

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

AMENDMENT NO. 1

TO

**FORM S-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**SNAP ONE HOLDINGS CORP.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**3670**  
(Primary Standard Industrial  
Classification Code Number)

**82-1952221**  
(I.R.S. Employer  
Identification Number)

**1800 Continental Boulevard, Suite 200  
Charlotte, North Carolina 28273  
(704) 927-7620**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**JD Ellis  
Chief Legal Officer  
11734 S Election Road  
Draper, Utah 84020  
(801) 523-3100**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

*With copies to:*

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**Approximate date of commencement of proposed sale to the public:  
As soon as practicable after the effective date of this registration statement.**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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 ☐  
Non-accelerated filer ☒

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 7(a)(2)(B) of the Securities Act. ☐

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered	Amount to be Registered <sup>(1)</sup>	Proposed Maximum Offering Price per Share <sup>(2)</sup>	Proposed Maximum Aggregate Offering Price <sup>(1)(2)</sup>	Amount of Registration Fee <sup>(3)</sup>
Common stock, \$0.01 par value per share	15,927,500	\$21.00	\$334,477,500.00	\$36,491.50

(1) Includes 2,077,500 shares that the underwriters have the option to purchase. See "Underwriting (Conflicts of Interest)."

(2) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended.

(3) \$10,910 of such fee was previously paid in connection with the initial filing of the Registration Statement on July 2, 2021.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

SUBJECT TO COMPLETION, DATED JULY 19, 2021

## Preliminary Prospectus

13,850,000 SHARES



## COMMON STOCK

This is Snap One Holdings Corp.'s initial public offering. We are selling 13,850,000 shares of our common stock.

We estimate the initial public offering price of our common stock to be between \$18.00 and \$21.00 per share. Prior to this offering, no public market existed for our common stock. We have applied to list our common stock on the Nasdaq Global Select Market ("Nasdaq") under the symbol "SNPO."

We are an "emerging growth company" as defined under the federal securities laws and, as such, have elected to comply with certain reduced public company reporting requirements. See "Prospectus Summary — Implications of Being an Emerging Growth Company." After the completion of this offering, certain investment funds advised by an affiliate of Hellman & Friedman LLC will continue to own a majority of the shares eligible to vote in the election of our directors. As a result, we will be a "controlled company" within the meaning of the corporate governance standards of Nasdaq. See "Management — Controlled Company Exception" and "Principal and Selling Stockholders."

Investing in the common stock involves risks. See "Risk Factors" beginning on page 22 of this prospectus.

	Per Share	Total
Public offering price	\$	\$
Underwriting discount <sup>(1)</sup>	\$	\$
Proceeds, before expenses, to us	\$	\$

(1) See "Underwriting (Conflicts of Interest)" for a description of the compensation payable to the underwriters and certain conflicts of interest.

The underwriters may exercise their option to purchase up to an additional 2,077,500 shares from us and the selling stockholders identified herein, at the public offering price, less the underwriting discount, for 30 days after the date of this prospectus to cover over-allotments. We will not receive any proceeds from the sale of shares by the selling stockholders, and the selling stockholders will only sell shares in this offering if the underwriters exercise such option.

At our request, the underwriters have reserved up to 692,500 shares, or 5% of the shares offered by this prospectus, for sale at the initial public offering price in a directed share program, to certain of our directors, employees and partner providers. See "Underwriting (Conflicts of Interest) — Directed Share Program."

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about , 2021.

**Morgan Stanley   J.P. Morgan   Jefferies   UBS Investment Bank**  
**BMO Capital Markets   Raymond James   Truist Securities   William Blair**  
**Drexel Hamilton   Penserra Securities LLC   R. Sealaus & Co., LLC   Siebert Williams Shank**

The date of this prospectus is , 2021.

The information in this prospectus is not complete and may be changed. Neither we nor the selling stockholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and neither we nor the selling stockholders are soliciting offers to buy the securities in any jurisdiction where the offer or sale is not permitted.



# Powering Smart Living



- ☒ Pro-Focused Value Proposition
  - ☒ Robust Solutions Portfolio
  - ☒ Leading Software Platforms
  - ☒ Omni-Channel Experience
  - ☒ Award-Winning Support
  - ☒ Pro Workflow Toolset
-

**2,800+**

**Proprietary SKUs**

**450+**

**Product Releases Annually**

**99%+**

**Delivery within 2 Days**

**50+**

**CE Pro Industry Awards**

**1**

**Partner That Pros Need**

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**By Integrators,  
For Integrators.**

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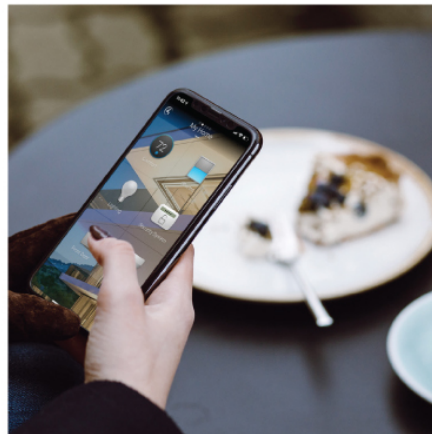




Making Our Integrators' Lives

# Easier And Their Businesses More Profitable

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Making Our End Consumers' Lives

# Enjoyable, Connected & Secure

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Through and including \_\_\_\_\_, 2021 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

We, the selling stockholders and the underwriters have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus, any amendment or supplement to this prospectus or any free writing prospectuses prepared by us or on our behalf. We, the selling stockholders and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus, any amendment or supplement to this prospectus or any applicable free writing prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus, any amendment or supplement to this prospectus or any applicable free writing prospectus is current only as of its date, regardless of the time of delivery of this prospectus, any amendment or supplement to this prospectus or any applicable free writing prospectus or any sale of the shares. Our business, financial condition, results of operations and prospects may have changed since such date.

For investors outside the United States: We, the selling stockholders and the underwriters have not done anything that would permit a public offering of the shares of our common stock or possession or distribution of this prospectus, any amendment or supplement to this prospectus or any applicable free writing prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus, any amendment or supplement to this prospectus or any applicable free writing prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of common stock and the distribution of this prospectus, any amendment or supplement to this prospectus or any applicable free writing prospectus outside of the United States.

Unless otherwise indicated or the context otherwise requires, references in this prospectus to the term:

- “2017 Incentive Plan” means the Crackle Holdings L.P. 2017 Incentive Plan;
- “2021 Incentive Plan” means the Snap One Holdings Corp. 2021 Incentive Plan, an equity incentive plan that our board of directors has adopted, and that we expect our stockholders to approve, prior to the completion of this offering;
- “2021 Employee Stock Purchase Plan” means the Snap One Holdings Corp. 2021 Employee Stock Purchase Plan, an employee stock purchase plan that our board of directors has adopted, and that we expect our stockholders to approve, prior to the completion of this offering;
- “Company” means Snap One Holdings Corp. and its consolidated subsidiaries;
- “Credit Agreement” means that certain Credit Agreement, dated as of August 4, 2017 (as amended and supplemented by that certain Amendment Agreement, dated as of November 1, 2017, that certain Incremental Agreement No. 1, dated as of February 5, 2018, that certain Incremental Agreement No. 2, dated as of October 31, 2018, and that certain Incremental Agreement No. 3, dated as of August 1, 2019) by and among Wirepath LLC, as borrower, Crackle Purchaser LLC, as holdings, the lenders and letter of credit issuers from time to time as parties thereto, UBS AG, Stamford Branch, as the administrative agent, collateral agent and swingline lender, and the other parties thereto, consisting of a \$265.0 million senior secured term loan (the “Initial Term Loan”), an additional \$390.0 million senior secured term loan (the “Incremental Term Loan”) and a \$60.0 million senior secured revolving credit facility (the “Revolving Credit Facility”);
- “Credit Facilities” means the Revolving Credit Facility and the term loan facilities under the Credit Agreement;
- “DGCL” means the Delaware General Corporation Law, as amended;
- “Equity Conversion” means (i) the distribution by the Investor of shares of common stock of the Company held by the Investor to the holders of vested Units of the Investor and (ii) the exchange of unvested Units for newly issued shares of restricted common stock of the Company, in each case, in accordance with the Partnership Agreement and in connection with this offering. Pursuant to the Partnership Agreement, the number of shares of (a) common stock to be distributed by the Investor to the holders of vested Units of the Investor or (b) restricted common stock exchanged by the Company with holders of unvested Units will, in each case, be on the basis of a ratio that takes into account the applicable distribution threshold applicable to such units and the value of distributions that the holder thereof would have been entitled to receive had the Investor liquidated on the date of such distribution in accordance with the terms of the distribution provisions set forth in the Partnership Agreement based on a valuation of the Company using the initial public offering price per share of our common stock in this offering;
- “Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended;
- “FCPA” means the U.S. Foreign Corrupt Practices Act;
- “GAAP” means U.S. generally accepted accounting principles;
- “GDPR” means the European Union’s General Data Protection Directive;
- “Hellman & Friedman” or “H&F” means those certain investment funds of Hellman & Friedman LLC and its affiliates;
- “Investor” means Crackle Holdings, LP, an affiliate of H&F and the entity that, until the completion of this offering, will hold all of our outstanding equity;
- “Incentive Units” means the Class B-1 Units and Class B-2 Units of the Investor;
- “NOLs” means net operating losses;
- “NPS” means Net Promoter Score. NPS is calculated based on a single question: “How likely is it that you would recommend Snap One to a friend or colleague?” Integrators who respond with a 6 or below are Detractors, a score of 7 or 8 are called Passives, and a 9 or 10 are Promoters. NPS is

calculated by subtracting the percentage of Detractors from the percentage of Promoters. For example, if 50% of respondents were Promoters and 10% were Detractors, NPS is a 40. NPS is a useful gauge of the loyalty of client relationships and can be compared across companies and industries. We use our NPS results to provide attention to Detractor customers and use those in the Promoter category as a predictive indicator of long-term customer relationships;

- “Partnership Agreement” means the limited partnership agreement of the Investor;
- “Securities Act” means the Securities Act of 1933, as amended;
- “SEC” means the U.S. Securities and Exchange Commission;
- “SOX” means the U.S. Sarbanes-Oxley Act of 2002, as amended;
- “TRA Participants” means certain pre-IPO owners that will participate in the tax receivable agreement;
- “U.K. Bribery Act” means the U.K. Bribery Act 2010;
- “underwriters” means the firms listed in the first table under the caption “Underwriting (Conflicts of Interest)”; and
- “Units” means Class A Units and Incentive Units of the Investor.

For ease of reference, we have repeated definitions for certain of these terms in other portions of the body of this prospectus. All such definitions conform to the definitions set forth above.

Numerical figures included in this prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in various tables may not be arithmetic aggregations of the figures that precede them.

### **Basis of Presentation**

We operate on a 52-week or 53-week fiscal year ending on the last Friday of December each year. Our fiscal year is divided into four quarters of 13 weeks, each beginning on a Saturday and containing one 5-week period followed by two 4-week periods. When a 53-week fiscal year occurs, we report the additional week in the fourth fiscal quarter. References to fiscal year 2020 are to our 52-week fiscal year ended December 25, 2020 and references to fiscal year 2019 are to our 52-week fiscal year ended December 27, 2019.

### **Trademarks and Service Marks**

The Snap One design logo, Snap One, Control4, OvrC, 4Sight, NEEQ, Parasol, WattBox, Araknis Networks, Triad and our other registered or common law trademarks, service marks or trade names appearing in this prospectus are our property. Solely for convenience, our trademarks, tradenames and service marks referred to in this prospectus appear without the ®, TM and SM symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks, tradenames and service marks. This prospectus contains additional trademarks, tradenames and service marks of other companies that are the property of their respective owners. We do not intend our use or display of other companies’ trademarks, trade names or service marks to imply ownership of them, nor relationships with, or endorsement or sponsorship of us by, these other companies.

### **Market, Industry and Other Data**

This prospectus contains statistical data that we obtained from industry publications and reports. These publications generally indicate that they have obtained their information from sources believed to be reliable. However, we have not independently verified any third-party information. In addition, some data and other information contained in this prospectus, such as certain market, ranking and industry data, including the size of certain markets and our size or position and the positions of our competitors within these markets, are also based on management’s estimates and calculations, which are derived from our review and interpretation of internal surveys and independent sources. While we believe such estimates and calculations are reliable, our internal data has not been verified by any independent source. In addition, assumptions and estimates of our and our industry’s future performance are necessarily subject to a high degree of

uncertainty and risk due to a variety of factors, including those described in “Risk Factors.” These and other factors could cause our future performance to differ materially from our assumptions and estimates. See “Special Note Regarding Forward-Looking Statements.”

### **Non-GAAP Financial Measures**

This prospectus contains “non-GAAP financial measures” that are financial measures that either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with GAAP. Specifically, we make use of the non-GAAP financial measures Adjusted EBITDA, Adjusted Net Income, Contribution Margin and Free Cash Flow.

Adjusted EBITDA, Adjusted Net Income and Contribution Margin have been presented in this prospectus as supplemental measures of financial performance and Free Cash Flow has been presented as a supplemental measure of liquidity. These measures are not required by, or presented in accordance with, GAAP, but we present them because we believe these supplemental measures assist investors and analysts in comparing our operating performance across reporting periods on a consistent basis, such as Adjusted EBITDA, Adjusted Net Income and Contribution Margin and by excluding items that we do not believe are indicative of our core operating performance. Management believes Adjusted EBITDA, Adjusted Net Income, Contribution Margin and Free Cash Flow are useful to investors in highlighting trends in our performance, while other measures can differ significantly depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which we operate, and capital investments. Management uses Adjusted EBITDA, Adjusted Net Income, Contribution Margin and Free Cash Flow to supplement GAAP measures of performance in the evaluation of the effectiveness of our business strategies, to make budgeting decisions, to establish discretionary annual incentive compensation and to compare our performance against that of other peer companies using similar measures. Management may supplement GAAP results with non-GAAP financial measures to provide a more complete understanding of the factors and trends affecting the business, which GAAP results alone may not provide.

Adjusted EBITDA, Adjusted Net Income, Contribution Margin and Free Cash Flow are not recognized terms under GAAP and should not be considered as an alternative to net loss or income (loss) from operations as a measure of financial performance or cash provided by (used in) operating activities as a measure of liquidity or any other performance measure derived in accordance with GAAP. Additionally, these measures are not intended to be a measure of free cash flow available for management’s discretionary use, as they do not consider certain cash requirements such as interest payments, tax payments and debt service requirements. The presentations of these measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Because not all companies use identical calculations, the presentations of these measures may not be comparable to other similarly titled measures of other companies and can differ significantly from company to company. For a discussion of the use of these measures and a reconciliation of the most directly comparable GAAP measures, see “Summary Consolidated Financial and Other Data.”

## PROSPECTUS SUMMARY

*This summary highlights information contained in greater detail elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should carefully read this entire prospectus, including our financial statements and the related notes included elsewhere in this prospectus, and the information set forth under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”*

*Unless otherwise indicated in this prospectus, references to the “Company,” “Snap One,” “we,” “us” and “our” refer to Snap One Holdings Corp. and its consolidated subsidiaries.*

### Our Vision

Bringing together people, integrators and products to deliver joy, connectivity and security in our everyday lives.

### Company Overview

Snap One powers smart living by enabling professional integrators to deliver seamless experiences in the connected homes and small businesses where people live, work and play. The combination of our end-to-end product ecosystem and our technology-enabled workflow solutions, which we refer to as our “Only Here” strategy, delivers a compelling value proposition to our loyal and growing network of over 16,000 professional do-it-for-me (“DIFM”) integrators. We believe that Only Here can integrators access a leading, comprehensive suite of products and software solutions that enable a “one-stop shop” experience. Only Here can integrators support their customers via our industry-leading remote management software platform, which reaches approximately 345,000 active homes and businesses as of March 26, 2021. Only Here can integrators enjoy the convenience of an e-commerce centric, omni-channel offering to support their workflow. Only Here can our third-party product partners efficiently access our expansive integrator network and connect with the broader Snap One product and software ecosystem. By partnering with Snap One, integrators can focus on their trade and leverage the tools and infrastructure that we deliver to build thriving and profitable businesses. We believe our Only Here value proposition becomes embedded into integrators’ workflow throughout the project lifecycle, creating re-occurring spending patterns that strengthen our integrator relationships and enhance our revenue visibility from our integrator base. Snap One was founded by integrators for integrators and we believe our Only Here experience makes us our integrators’ partner of choice.

The world we live in has become technology-centric. The home’s evolving importance as a place to live, work, and play, is fueling accelerated investment in smart living solutions. The smart living market continues to develop and currently reflects a highly fragmented set of point products and services from a broad spectrum of industry participants. While continued innovation drives consumer awareness of smart living experiences, it also creates significant complexity and challenges for end consumers and professionals seeking immersive, integrated, and supported systems. As a result, end consumers are increasingly turning to professionals to design, install, configure and enable personalized, user-friendly smart living experiences. Similarly, we believe professional integrators are seeking to standardize on technology-enabled platforms that enable them to operate successful businesses and to deliver high-quality smart living solutions for their customers.

Snap One is the partner of choice for professional integrators. Our leading end-to-end ecosystem of over 2,800 proprietary SKUs, alongside a curated set of third-party products, provides differentiated portfolio depth and the convenience of a “one-stop shop” experience for our integrators. Our industry-leading software solutions enhance the interoperability of our products and enable our emerging portfolio of subscription-based services sold to end consumers. We are vertically integrated, with approximately 70% of fiscal year 2020 net sales coming from our proprietary-branded, internally developed products that are only available to integrators directly from Snap One. These proprietary products are manufactured on an asset-light basis through our network of contract manufacturing and joint development suppliers primarily in Asia and support our strong net sales of \$814.1 million and Contribution Margin of 41.7%, in each case during fiscal year 2020. See “Summary Consolidated Financial Data” for information regarding our use of



Contribution Margin. In addition, we support our integrators with a comprehensive suite of technology-enabled workflow solutions. We engage with our integrators on an omni-channel basis, blending the benefits of our comprehensive e-commerce portal with the convenience of our local branch network for same-day product availability. We support our integrators throughout the entire lifecycle of their projects from pre-sale product research and system design to post-installation end consumer support via our proprietary OvrC software, which enables integrators to remotely manage, configure and troubleshoot devices in the field. We believe our solutions make it easier for professional integrators to operate and profitably grow their businesses, contributing to increased retention and wallet share growth with us over time. We believe our Only Here value proposition creates entrenched relationships and re-occurring spending patterns with our integrators. We believe these favorable integrator dynamics yield an attractive financial profile with a high degree of visibility into integrators' spending patterns.

We continue to successfully grow our business with a significant focus on operational excellence. We generated net sales of \$814.1 million in fiscal year 2020, a 37.8% increase from \$590.8 million in fiscal year 2019, and net sales of \$220.5 million for the fiscal quarter ended March 26, 2021, a 27.7% increase from \$172.6 million for the fiscal quarter ended March 27, 2020. On a pro forma basis to give effect to the acquisitions of Marketing Representatives, Inc. ("MRI"), Custom Plus Distributing, Inc. ("CPD") and Control4 Corporation ("Control4") as if they had occurred on the first day of fiscal year 2019, our combined net sales and net loss in fiscal year 2019 would have been \$763.8 million and \$69.4 million, respectively. For fiscal year 2020 and the fiscal quarter ended March 26, 2021 our net loss was \$25.2 million and \$6.0 million, respectively, and our Adjusted EBITDA was \$94.5 million and \$23.3 million, respectively. See "Summary Consolidated Financial Data" for information regarding our use of Adjusted EBITDA and a reconciliation to net loss.

### **Our Market Opportunity**

The continued evolution, enhancement, and ease of use of connected technology is providing homeowners and businesses access to previously unimagined experiences. The growing global residential and commercial technology market is comprised of Do-it-Yourself ("DIY") and Do-It-For-Me ("DIFM") end consumer spend, which Frost & Sullivan estimates is expected to grow at a 9.3% compound annual growth rate from \$329.2 billion in 2020 to \$513.1 billion in 2025.

The DIFM sub-market that we serve is distinct from the DIY sub-market, and is characterized by consumers with higher expectations, more complicated projects, higher disposable income, and greater use of professionals, contractors and service providers in other parts of their lives. DIFM consumers typically spend \$10,000 to \$20,000 for professional integrators to design, select the best products, and install and configure their systems. Frost & Sullivan estimates that integrator spend in the domestic DIFM sub-market (consisting of home technology, security, and commercial) will grow at an 8.7% compound annual growth rate from \$43.0 billion in 2020 to \$65.2 billion in 2025.

We believe the following trends will continue to accelerate the global home technology market and support the increasing importance of the DIFM integrator to deliver the experiences that end consumers seek.

#### ***Increasing Awareness and Adoption of Smart Living Solutions***

Consumer adoption of smart living solutions continues to rise, driven by increasing access to high-speed internet service and growth in smart connected devices, streaming services, voice assistants and simple and unified control experiences. Well-known technology leaders such as Alphabet, Amazon and Apple have created innovative and affordable point products that have broadened access to entry level smart living experiences and increased interest in the full potential of the home. According to Statista, smart home penetration in the United States is expected to increase to 57% in 2025 from 37% in 2020, and we believe consumers will increasingly demand more complete and complex systems.

#### ***Growing Desire for Entertainment, Security, Comfort, and Energy Efficiency in the Home***

Now more than ever before, people live, work and play at home. As a result, there is a growing demand to enhance the at-home experience with immersive, simple, integrated and supported products and systems. For example, end consumers want:

- High-end home entertainment systems to support direct-to-streaming movie releases;
- Multi-room audio systems to stream and listen to their favorite music from any place with the click of a button on their phone;
- Home security and video surveillance with smart phone and tablet accessibility to help ensure their family stays safe;
- Smart lighting, shades, heating, and cooling systems to manage their environment and make their home more energy-efficient;
- Reliable, whole-home networks that ensure connectivity for multiple simultaneous uses by the entire family such as video conferencing indoors while streaming a movie in the backyard; and
- Intuitive and flexible control solutions to unify the interactive experience in the home.

#### ***Consumer Pain Points Driving Increasing Need for Professional Integrators***

The direct-to-consumer smart living product category is highly fragmented, with thousands of disparate, unintegrated point products across multiple categories resulting in an experience that is frustrating, complicated and time-intensive for the end consumer. Mass market DIY products are intended to meet single-point tasks, and are not generally designed to seamlessly integrate across multiple manufacturers into a fully personalized smart living solution, nor to meet the exacting needs of high-end purchasers. We believe a large and growing segment of end consumers want the best available smart living experience and that they are willing to pay for professional assistance to create a fully integrated system and to service and upgrade it over time.

#### ***Challenges for Integrators Driving Need for a Partner that is a One-Stop Shop for All Their Needs***

The typical integrators we serve are small- to medium-sized businesses that enable smart living. They are experts experienced in designing, installing and servicing complex, fully-integrated connected home and business systems. These integrators serve DIFM consumers who typically spend \$10,000 to \$20,000 per job.

Due to their small size, integrators often face significant challenges to meet the needs of their end customers and operate their businesses efficiently. Integrators need a partner that can serve as a one-stop shop for the products, software, tools and training that they need day in and day out to efficiently operate their businesses and deliver great experiences for end consumers.

#### ***Our Differentiated Solution***

We believe our integrated platform of products, software and technology-enabled solutions that are embedded into the integrator's workflow is unmatched in the industry. We simplify the challenges associated with designing a smart living system and enable our integrators to create solutions that are cohesive, functional and efficient.

#### ***Our End-to-End Product Ecosystem***

We provide integrators with a leading, comprehensive suite of connected, infrastructure, entertainment and software solutions so the entire smart living experience is exceptional for the end consumer. Our product and service offerings encompass all of the design elements required by integrators to build integrated smart living systems that are easy to install and simple to manage, serving the needs of both integrators and end consumers.

- ***Proprietary Products and Software.*** We have developed a broad range of over 2,800 proprietary SKUs that encompass the spectrum of solutions needed to deliver integrated smart living systems. These products and software are sold under our proprietary brands and are only sold through Snap One with confidential wholesale prices that allow integrators to maximize their profitability. Through our proprietary software, Control4 OS3 and OvrC, we allow integration with thousands of products manufactured by hundreds of third-party manufacturers, and our products are compatible with connected devices from leading brands such as Alphabet, Amazon and Apple.

- **Third-Party Products.** In addition to our proprietary solutions, we have partnered with and sell a curated set of leading third-party products from brands such as Alphabet, Amazon, KEF, Klipsch, Lutron, Samsung, Sony, Sonos, Ubiquiti and Yamaha, which provide our integrators a one-stop shop for their product needs. We provide these third-party partners with differentiated access to our expansive network of integrators through our omni-channel model and compatibility with our leading software solutions, which ensures those products can be seamlessly integrated into a system and easily supported after installation.

#### ***Our Technology-Enabled Workflow Solutions***

Our differentiated technology and software-enabled workflow tools have been designed to support the integrator throughout the project lifecycle, enhancing their operations and helping them to profitably grow their businesses.

- **Integrator Job Lifecycle Service and Support.** We provide comprehensive certification and award-winning training and support services, enabling integrators' ongoing success and business efficiency. Our comprehensive services are delivered through multiple channels, including through our cloud software, on our e-commerce portal and at our local branches, and encompass every step of the integrator job lifecycle from research, training and on-the-job technical help, through post-installation support. We believe the 16 CE Pro Quest for Quality Awards we won in 2021 are a testament to the value of our service and support programs for integrators.
- **Cloud-Based Software.** We have developed a suite of proprietary cloud-based software solutions that are embedded in the integrator's workflow through the lifecycle of a project and enable remote management and monitoring of connected devices after installation. Our Control4 Composer tool provides an easy-to-use interface that helps integrators configure highly customized control systems for end consumers. OvrC is a free, cloud-based software, which enables integrators to remotely monitor, troubleshoot and manage connected devices on a system. By utilizing these software tools, integrators can significantly increase efficiency by reducing the need for service calls and ensuring that their customers' mission-critical systems are installed properly and supported thereafter.
- **Omni-Channel Model.** We provide a comprehensive e-commerce portal for smart living, which is tailored to allow integrators to research products, design projects, receive training and certifications, order products and solicit ongoing support. We supplement our e-commerce portal with a growing footprint of 26 local branches as of March 26, 2021. These local branches are key to supporting our growth strategy and delivering additional value to integrators by ensuring they can receive critical products on a same-day basis to support project requirements, while attending in-person trainings and using local demonstration rooms to test new products.

The integration of our end-to-end product and software ecosystem and technology-enabled workflow solutions drives industry-leading efficiency for our integrators, which in turn drives loyalty and increased use of our platform over time. During fiscal year 2020, our net dollar retention rate was over 100% for domestic integrators, highlighting the re-occurring nature of our business model as integrators continue to do business with Snap One. For domestic integrators who purchased from us in fiscal year 2019, "net dollar retention" is fiscal year 2020 spend of those integrators divided by their fiscal year 2019 spend.

#### **Our Competitive Strengths**

We believe the following competitive strengths distinguish us from our competitors and position us for continued leadership in enabling connectivity in the home:

- **Partner of Choice for Smart Living Integrators.** Snap One was founded by integrators for integrators. We intentionally designed our integrated platform through the lens of the integrator to enhance their operations by simplifying the product purchasing experience and delivering high-quality products at a good value, while at the same time providing technology-enabled tools and support services to help them run their businesses more efficiently. Snap One is a leading partner for professional integrators, transacting with over 20% of the domestic DIFM market. We believe our strong position with integrators is evidenced by our NPS of 55 among domestic integrators who have purchased from Snap One between March 2020 and March 2021, compared to competing brands' average NPS

of -2. In addition to a strong position with our integrators evidenced by our NPS, approximately 75% of our fiscal year 2020 e-commerce portal net sales came from integrators who have been our customers for at least five years (as represented by integrators whose first purchase was made in fiscal year 2015 or prior).

- *Self-Reinforcing Flywheel Drives Re-Occurring Growth.* We believe our significant scale combined with our high frequency, re-occurring and multi-layered relationship with our integrators drives profitable growth and a deep, up-to-the-minute understanding of the evolving needs of integrators and end consumers. This scale and insight fuels our investment in the sales experience and innovation across our end-to-end product and software ecosystem and our differentiated technology-enabled workflow solutions, which further reinforces our strong integrator relationships. This creates a self-reinforcing flywheel and is the key engine of our re-occurring revenue and growth. As we innovate, we make the integrator more efficient and provide end consumers with solutions and experiences that enhance the places they live, work and play. This in turn helps accelerate industry adoption, which drives strong growth for Snap One as integrators continue to return to us for their smart living needs project after project.
- *End-to-End Ecosystem of Products and Software.* We have built an end-to-end ecosystem across a broad portfolio of proprietary products and software that integrates with leading third-party products. Our approximately 2,800 proprietary SKUs, which represented over 70% of our fiscal year 2020 net sales, are sold under exclusive brands and in many cases are acknowledged as best in their category by industry groups. In addition to our proprietary products, we sell a curated set of leading third-party products which integrate into the broader Snap One product and software ecosystem. With our full suite of product and software solutions, integrators can find everything they need in one place and to deliver high-quality, reliable and configurable smart living systems to their customers.
- *Innovation to Drive Continuous Improvement.* We have a proven track record of innovation through significant investments in research and development (“R&D”) to build a robust, integrated platform of proprietary products, software and technology-enabled workflow solutions that power the smart living experience. Our product and software development process fosters an innovation feedback loop whereby we utilize the user and integrator feedback and learnings from our cloud software to continually enhance existing solutions to meet the demands of the connected homes and businesses of tomorrow. We believe this feedback loop combined with our joint-development model of partnering with manufacturers around the latest technologies, allows us to rapidly and efficiently bring new technology to market with lower R&D risk to Snap One.
- *Technology-Enabled Solutions Embedded in the Integrator Workflow Make it Easier to Do Business.* Our mission is to empower integrators to make it easier for them to profitably grow their businesses and deliver best-in-class immersive experiences to end consumers. Our scale allows us to continue to invest in and develop differentiated technology tools that are embedded into the integrator’s workflow to support their projects’ lifecycle needs. Our e-commerce platform has rich content to inform product research, design tools to enhance project planning, training materials and installation guides, and a robust forum where integrators can learn about and discuss solutions and technical issues before and during installation. We supplement this content with an experienced team of customer and technical support employees. We also offer a suite of proprietary cloud-based software solutions which allow integrators to configure the logic rules of a connected home or business and give integrators the ability to manage all connected devices remotely. We believe these technology tools and services drive stickiness as integrators build their businesses around these capabilities and train their employees to use our software and products.
- *E-Commerce Driven, Omni-Channel Strategy.* Our business model is built around an e-commerce centric, omni-channel go-to-market strategy. We provide a comprehensive e-commerce portal through which approximately 70% of our net sales in fiscal year 2020 were placed. Our digital “front door” is complemented by an extensive network of 26 local branches and seven distribution centers, as of March 26, 2021, which we expect to expand in the future. The local branch presence is an important part of our strategy as it allows us to better serve integrators locally by providing same day product availability when necessary, while creating a site for relationship building, training and product demonstration sessions. Integrators value the relationships and support we deliver at the local level, and we believe this further increases their stickiness with our business across channels.

### Our Growth Strategy

We believe that end consumers need a professionally integrated platform for the next generation of smart living spaces. The following are the central pillars to our growth strategy that we believe will enable us to provide integrators and end consumers with the solutions and workflow tools that will power the smart living spaces of tomorrow:

- *Consistent Innovation with New Products, Software and Solutions.* Our close relationship with our integrator base and learnings from our cloud-based software provide a continuous feedback loop to drive ongoing product and software enhancements. This feedback has helped us identify and enter new market segments such as speakers and networking, develop new products, and improve existing products. We will continue to invest in enhancing our product suite and software, and in developing technologies to make integrators more efficient.
- *Drive Wallet Share Gains with Existing Integrators.* We believe we have a significant wallet share expansion opportunity with our existing integrator base of over 16,000 domestic DIFM integrators with whom we do business. Across our entire base of domestic integrators, we capture on average approximately \$40,000 of annual spend and those integrators purchase on average approximately eight different product categories from us. Over time, we typically grow integrators' wallet share with us, as exemplified by the top ten percent of our domestic integrators spending on average approximately \$240,000 annually across approximately 17 different product categories with us. This is compared with Frost & Sullivan's estimate of over \$600,000 in average annual product spend for all domestic integrators. This suggests we have significant room to grow sales by increasing wallet share with existing integrators. Average wallet share with all of our integrators varies across DIFM markets, with particular strength in home technology, and demonstrated success in commercial and security. In a survey conducted by Frost & Sullivan, integrators indicated that on average they purchase product from twelve sources, and approximately 20% of respondents indicated that Snap One was their most used source for installation equipment from March 2020 to March 2021 (more than twice the share of the next highest source). As we continue to expand our omni-channel coverage, extend our product suite, bolster our support services and create deeper integration across our products, we believe we will be able to drive continued wallet share gains by making it compelling for integrators to use Snap One as their primary one-stop shop.
- *Grow Our Network of Integrators.* We are making investments to grow our network of integrators across home technology and the attractive security and commercial markets, where we have low market penetration today. According to Frost & Sullivan, integrator spend in the domestic DIFM security and commercial markets represented more than \$36.2 billion in 2020 and is expected to grow to more than \$52.8 billion in 2025, representing a compound annual growth rate of 7.8%. In addition, we believe the market for continued geographic expansion represents a significant opportunity for Snap One given our modest presence outside North America today. According to Frost & Sullivan, integrator spend in the international DIFM (consisting of home technology, security and commercial) market in 2020 was more than \$106.2 billion.
- *Efficiently Expand Our Software Solutions and Subscription-Based Revenue Models.* As we expand our penetration of connected homes and businesses domestically, we will continue to invest in the expansion of our existing subscription-based services and in the development of new subscription-based services. Given the reach of OvrC with approximately 345,000 active homes and businesses on the platform as of March 26, 2021, we can efficiently reach a large base of potential end consumers for subscription-based services. We believe our leadership position and expanding presence in the home will allow us to develop new high margin, recurring software-driven services.
- *Continue to Pursue Accretive Acquisitions.* Our disciplined acquisition strategy is core to our growth, with past acquisitions complementing our product suite and expanding our nationwide coverage. Over the last five years, we have successfully completed and integrated more than ten acquisitions targeting new products and geographies and enhancing our workflow solutions. We will continue to pursue future acquisitions that selectively enhance our products, software and workflow solutions and expand into adjacent markets that allow us to serve our integrator base.



### Risk Factor Summary

The following is a summary of the principal risks that could adversely affect our business, operations and financial results:

- Our quarterly results of operations have fluctuated and may continue to fluctuate. As a result, we may fail to meet or exceed the expectations of investors or securities analysts, which could cause our stock price to decline.
- If we are unable to manage our business growth and diverse and complex operations, our reputation in the market and our ability to generate net sales from new or existing integrators and end consumers may be harmed.
- The markets in which we participate are highly competitive and many companies, including large technology companies, retailers, electronics distributors, broadband and security service providers, as well as other managed service providers, are actively targeting our markets. Our failure to differentiate ourselves and compete successfully against these companies would make it difficult for us to add and retain customers, and our sales and profitability could be adversely affected.
- End consumers may choose to adopt products that provide discrete functionality or do-it-yourself (“DIY”) solutions rather than adopt our professionally-installed solutions. If we are unable to increase market acceptance of the benefits of our professionally-installed solutions, our net sales may not continue to grow, or they may decline.
- If we are unable to develop new solutions, sell our solutions into new markets, or further penetrate our existing markets, our net sales may not grow as expected or they may decline.
- We have entered into several strategic arrangements and intend to pursue additional strategic opportunities in the future. If the intended benefits from our strategic relationships are not realized, our results of operations may be harmed.
- Our strategy includes pursuing acquisitions and our potential inability to identify good opportunities and to successfully integrate newly-acquired technologies, assets, businesses, or personnel may harm our financial results.
- We have relatively limited visibility regarding the end consumers that ultimately purchase our products, and we often rely on information from third-party integrators to help us manage our business. If we are unable to obtain timely or accurate information, our ability to quickly react to market changes and effectively manage our business may be harmed.
- If we are unable to adapt to technological change and implement technological and aesthetic enhancements to our products, this could impair our ability to remain competitive.
- Product quality issues and a higher-than-expected number of warranty claims or returns could harm our business and operating results.
- We currently rely on contract manufacturers to manufacture our products and on component vendors to supply parts used in our products. We also distribute products manufactured by other companies. Any disruption in our supply chain, or our failure to successfully manage our relationships with our suppliers or logistics partners could harm our business.
- Our substantial indebtedness could materially adversely affect our financial condition and our ability to operate our business, react to changes in the economy or industry or pay our debts and meet our obligations under our debt and could divert our cash flow from operations for debt payments.
- We will be required to pay the TRA Participants for net operating losses and certain other tax benefits we may claim that arose prior to or in connection with this offering, which amounts are expected to be material.
- We may be required to make payments under our contingent value rights agreement with certain former holders.
- We are controlled by Hellman & Friedman, whose interests may be different from the interests of other holders of our securities.

## Recent Developments

### *Acquisition of Access Networks*

On May 28, 2021, we completed the acquisition of ANLA, Inc. (“Access Networks”), an enterprise-grade networking solutions provider offering network design, configuration, monitoring and support services and products. We expect that the acquisition will enhance our networking solutions for residential and commercial networks. Under the purchase agreement, we agreed to a purchase price of \$38.1 million, consisting of both cash and equity, plus contingent consideration of up to \$2.0 million based upon the achievement of specified financial targets.

### *Preliminary Financial Information*

The following information reflects our preliminary expectations of financial results for the fiscal quarter ended June 25, 2021 based on currently available information. We have provided ranges, rather than specific amounts, for the financial results below, primarily because all of our financial and other closing procedures for the fiscal quarter ended June 25, 2021 have not yet been completed and, as a result, our final results upon the completion of our closing procedures may vary from the preliminary estimates included herein. We anticipate that our consolidated financial statements for the fiscal quarter ended June 25, 2021 will not be available until after the date of this prospectus and will be included in our quarterly report on Form 10-Q filed with the SEC following this offering.

### *Preliminary Financial Results*

The following are our estimated preliminary financial results for the fiscal quarter ended June 25, 2021:

	Fiscal Quarter Ended		
	June 26, 2020	June 25, 2021	
	Actual	Low	High
	(in thousands)		
Statement of operations data:			
Net sales	\$189,119	\$248,850	\$253,850
Income (loss) from operations	5,281	5,840	8,660
Net loss attributable to noncontrolling interest	(16)	(10)	(10)
Net loss attributable to Company	(3,213)	(3,470)	(690)
Other financial data:			
Adjusted EBITDA <sup>(a)</sup>	\$ 24,409	\$ 26,920	\$ 29,690
Contribution Margin <sup>(b)</sup>	42.2%	39.7%	40.0%
		June 25, 2021	
		(in thousands)	
Balance sheet data:			
Cash and cash equivalents <sup>(c)</sup>			\$ 35,850
Total debt			\$651,468

(a) See footnote (1) under “— Summary Consolidated Financial and Other Data” below for description of Adjusted EBITDA.

(b) See footnote (2) under “— Summary Consolidated Financial and Other Data” below for description of Contribution Margin.

(c) Cash and cash equivalents as of June 25, 2021 has not been adjusted for the anticipated recognition of cash distributions to be made to pre-IPO owners in lieu of their participation in the tax receivable agreement of approximately \$13.1 million as described in “Capitalization.”

*Non-GAAP Financial Measures Reconciliation*

Adjusted EBITDA and Contribution Margin are non-GAAP measures used by management to measure our operating performance. In addition, please see footnote (1) to the table under the heading “— Summary Consolidated Financial and Other Data” for additional information about how we calculate Adjusted EBITDA and Contribution Margin, the reasons why we include these measures and certain limitations to their use.

The following table provides a reconciliation from our net loss to Adjusted EBITDA for the fiscal quarter ended June 26, 2020 and our preliminary estimates of net loss to preliminary estimates of Adjusted EBITDA for the fiscal quarter ended June 25, 2021 (at the low end and high end of the estimated ranges set forth above).

	Fiscal Quarter Ended		
	June 26, 2020	June 25, 2021	
	Actual	Low	High
	(in thousands)		
<b>Adjusted EBITDA:</b>			
Net loss	\$ (3,229)	\$ (3,480)	\$ (700)
Interest expense	11,742	9,540	9,540
Income tax benefit	(1,015)	80	120
Depreciation and amortization	14,500	14,200	14,200
Other (income) expense	(2,217)	(125)	(125)
Equity-based compensation	1,185	1,180	1,180
Fair value adjustment to contingent value rights <sup>(a)</sup>	(700)	1,530	1,530
Acquisition- and integration-related costs <sup>(b)</sup>	899	805	805
Initial public offering costs <sup>(c)</sup>	—	1,210	1,210
Deferred revenue purchase accounting adjustment <sup>(d)</sup>	280	140	140
Deferred acquisitions payments <sup>(e)</sup>	2,933	1,975	1,925
Other <sup>(f)</sup>	31	(135)	(135)
Adjusted EBITDA	<u>\$24,409</u>	<u>\$26,920</u>	<u>\$29,690</u>

- (a) Represents noncash losses recorded from fair value adjustments related to contingent value right liabilities. Contingent value right liabilities represent potential obligations to the prior sellers in conjunction with the Investor’s acquisition of the Company in August 2017 and are based on estimates of expected cash payments to the prior sellers based on specified targets for the Investor’s return on its original capital investment.
- (b) Represents costs directly associated with acquisitions and acquisition-related integration activities. For the fiscal quarters ended June 26, 2020 and June 25, 2021, the costs relate primarily to third-party consultant and information technology integration costs directly related to the Control4 acquisition. These costs also include certain restructuring costs (e.g., severance) and other third-party transaction advisory fees associated with the acquisitions.
- (c) Represents expenses related to professional fees in connection with preparation for our initial public offering.
- (d) Represents an adjustment related to the fair value of deferred revenue related to the Control4 acquisition.
- (e) Represents expenses incurred related to deferred payments to employees associated with our Control4 acquisition and other historical acquisitions. The deferred payments are cash retention awards for key personnel from the acquired companies and are expected to be paid to employees through 2022. Management does not believe such costs are indicative of our ongoing operations as they are one-time awards that are specific to acquisitions and are incremental to our typical compensation costs incurred and we do not expect such costs to be reflective of future increases in base compensation expenses.

- (f) Represents non-recurring expenses primarily related to consulting and restructuring fees which management believes are not representative of our operating performance.

The following table presents a reconciliation of net sales to Contribution Margin for the periods presented:

	Fiscal Quarter Ended		
	June 26, 2020	June 25, 2021	
	Actual	Low	High
	(\$ in thousands)		
Net sales	\$ 189,119	\$ 248,850	\$ 253,850
Cost of sales, exclusive of depreciation and amortization <sup>(a)</sup>	109,243	150,060	152,440
Net sales less cost of sales, exclusive of depreciation and amortization	\$ 79,876	\$ 98,790	\$ 101,410
Contribution Margin	42.2%	39.7%	40.0%

- (a) Cost of sales, exclusive of depreciation and amortization for fiscal quarter ended June 26, 2020 excludes depreciation and amortization of \$14,500.

#### *Inclusion of Preliminary Consolidated Financial Information*

The preliminary consolidated financial information included in this prospectus reflects management's estimates based solely upon information available to us as of the date of this prospectus and is the responsibility of management. The preliminary consolidated financial results presented above are not a comprehensive statement of our financial results for the fiscal quarter ended June 25, 2021 and have not been audited, reviewed or compiled by our independent registered public accounting firm, Deloitte & Touche LLP ("Deloitte"). Accordingly, Deloitte does not express an opinion and assumes no responsibility for, and disclaims any association with, such preliminary consolidated financial results. The preliminary consolidated financial results presented above are subject to the completion of our financial closing procedures, which have not yet been completed. Our actual results for the fiscal quarter ended June 25, 2021 will not be available until after this offering is completed and may vary from these estimates. For example, during the course of the preparation of the respective consolidated financial statements and related notes, additional items that would require adjustments to be made to the preliminary estimated consolidated financial results presented above may be identified. While we do not expect that our actual results for the fiscal quarter ended June 25, 2021 will vary materially from the preliminary consolidated financial results presented above, there can be no assurance that these estimates will be realized, and estimates are subject to risks and uncertainties, many of which are not within our control. See "Risk Factors" and "Special Note Regarding Forward-Looking Statements." These preliminary consolidated financial results should be read in conjunction with the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections and our consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

#### **Equity Conversion**

Prior to this offering, the Investor is our sole stockholder and holds 59,216,665 shares of our common stock. The unitholders of the Investor are Hellman & Friedman and certain of our directors, officers and other of our current and former employees. Immediately after the pricing of this offering, (i) the Investor will distribute all the shares of our common stock that it holds to holders of vested Units of the Investor and (ii) we will exchange the unvested Units, all of which are held by our officers and other of our current and former employees, for newly issued shares of our restricted common stock, in each case in accordance with the Partnership Agreement. In accordance with the Partnership Agreement, the number of shares of our (a) common stock to be distributed by the Investor to the holders of vested Units of the Investor or (b) restricted common stock exchanged by us with holders of unvested Units will, in each case, be on the basis of a ratio that takes into account the applicable distribution threshold applicable to such units and the value of the distributions that the holder thereof would have been entitled to receive had the Investor liquidated on the date of such distribution in accordance with the terms of distribution provisions set forth in the Partnership

Agreement, based on a valuation of the Company using the initial public offering price per share of our common stock in this offering. Promptly after such distribution and exchange have occurred, the Investor will not own any of our shares of common stock and will liquidate in accordance with the provisions of the Partnership Agreement. Assuming an initial public offering price of \$19.50 per share, which is the midpoint of the price range set forth on the cover of this prospectus, Hellman & Friedman will hold common stock equal to approximately 73.8% of our outstanding shares immediately after this offering (or 71.9% if the underwriters exercise in full their option to purchase additional shares) and the other vested unitholders will collectively hold common stock equal to approximately 5.2% of our outstanding shares (or 4.9% if the underwriters exercise in full their option to purchase additional shares), and the holders of unvested Units will collectively hold restricted common stock equal to approximately 2.6% of our outstanding shares, in each case immediately after the offering. See “Principal and Selling Stockholders.”

### **Our Sponsors**

Hellman & Friedman is a preeminent global private equity firm with a distinctive investment approach focused on large-scale equity investments in high quality growth businesses. H&F seeks to partner with world-class management teams where its deep sector expertise, long-term orientation and collaborative partnership approach enable companies to flourish. H&F targets outstanding businesses in select sectors including healthcare, software & technology, financial services, consumer & retail, and other business services.

Since its founding in 1984, H&F has invested in over 100 companies. The firm is currently investing its tenth fund, with over \$23 billion of committed capital, and has over \$70 billion in assets under management as of March 31, 2021.

### **Corporate Information**

We were incorporated in Delaware on June 14, 2017 as Crackle Intermediate Corp. On March 29, 2021, we changed our name to Snap One Holdings Corp. Our principal executive offices are located at 1800 Continental Boulevard, Suite 200 Charlotte, North Carolina 28273 and 11734 S Election Road, Draper, Utah 84020. Our telephone number is (704) 927-7620 or (801) 523-3100 for our Utah office. Our website address is [www.snapone.com](http://www.snapone.com). Information contained in, or that can be accessed through, our website does not constitute part of this prospectus, and inclusions of our website address in this prospectus are inactive textual references only.

### **Implications of Being an Emerging Growth Company**

We qualify as an “emerging growth company” as defined in the JOBS Act. For so long as we remain an emerging growth company, we are permitted and currently intend to rely on the following provisions of the JOBS Act that contain exceptions from disclosure and other requirements that otherwise are applicable to companies that conduct initial public offerings and file periodic reports with the SEC. These provisions include, but are not limited to:

- being permitted to present only two years of audited financial statements in this prospectus and only two years of related “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this prospectus;
- not being required to comply with the auditor attestation requirements of Section 404 of SOX;
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements, including in this prospectus; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We will remain an emerging growth company until:

- the first to occur of the last day of the fiscal year (i) that follows the fifth anniversary of the completion of this offering, (ii) in which we have total annual gross revenue of at least \$1.07 billion or (iii) in which we are deemed to be a “large accelerated filer,” as defined in the Exchange Act; or



- if it occurs before any of the foregoing dates, the date on which we have issued more than \$1 billion in non-convertible debt over a three-year period.

We have elected to take advantage of certain of the reduced disclosure obligations in this prospectus and may elect to take advantage of other reduced reporting requirements in our future filings with the SEC. As a result, the information that we provide to our stockholders may be different than what you might receive from other public reporting companies in which you hold equity interests.

We have elected to avail ourselves of the provision of the JOBS Act that permits emerging growth companies to take advantage of an extended transition period to comply with new or revised accounting standards until those standards apply to private companies. As a result, we will not be subject to new or revised accounting standards at the same time as other public companies that are not emerging growth companies.

For additional information, see “Risk Factors — Risks Related to this Offering and Ownership of Our Common Stock — We are an “emerging growth company” and the reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors.”

	<b>The Offering</b>
Common stock offered by us	13,850,000 shares.
Option to purchase additional shares	The underwriters have been granted an option to purchase up to 2,077,500 additional shares of common stock from us and the selling stockholders at any time within 30 days from the date of this prospectus to cover over-allotments.
Common stock to be outstanding immediately after this offering	74,985,528 shares, or 76,959,049 shares if the underwriters exercise their option to purchase additional shares of common stock in full.
Use of proceeds	<p>We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately \$248.6 million (or \$284.7 million if the underwriters exercise their option to purchase additional shares of common stock in full), based on an assumed initial public offering price of \$19.50 per share, which is the midpoint of the price range set forth on the front cover of this prospectus.</p> <p>We will not receive any proceeds from any exercise by the underwriters of their option to purchase additional shares from the selling stockholders. The selling stockholders will receive all of the net proceeds and bear all commissions and discounts, if any, from the sale of our common stock by the selling stockholders. See “Principal and Selling Stockholders.”</p> <p>We intend to use a portion the net proceeds received by us from this offering to repay a portion of the term loan outstanding under our Credit Agreement, plus accrued interest thereon, and the remainder for general corporate purposes. See “Use of Proceeds.”</p> <p>A \$1.00 increase (decrease) in the assumed initial public offering price of \$19.50 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, would increase (decrease) the net proceeds to us from this offering by \$13.0 million, assuming the number of shares offered by us, as set forth on the front cover of this prospectus, remains the same and after deducting the assumed underwriting discounts and commissions and estimated offering expenses payable by us. An increase (decrease) of 100,000 shares from the expected number of shares to be sold by us in this offering, assuming no change in the assumed initial public offering price per share, which is the midpoint of the price range set forth on the front cover of this prospectus, would increase (decrease) our net proceeds from this offering by \$1.8 million.</p>
Risk factors	See “Risk Factors” and the other information included in this prospectus for a discussion of the factors you should consider carefully before deciding to invest in our common stock.
Dividend policy	We currently do not intend to declare any dividends on our common stock in the foreseeable future. See “Dividend Policy.”
Directed share program	At our request, the underwriters have reserved up to 692,500 shares, or up to 5% of the common shares offered by this prospectus, for

	<p>sale at the initial public offering price through a directed share program to certain of our directors, employees and partner providers. The sales will be made at our direction by Morgan Stanley &amp; Co. LLC and its affiliates through a directed share program. The number of our shares available for sale to the general public in this offering will be reduced to the extent that such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus. Participants in the directed share program will not be subject to lock-up or market standoff restrictions with the underwriters or with us with respect to any shares purchased through the directed share program, except in the case of shares purchased by any of our directors or employees. For additional information, see “Underwriting (Conflicts of Interest) — Directed Share Program.”</p>
Conflicts of Interest	<p>Because an affiliate of UBS Securities LLC is a lender under our Credit Facilities and will receive 5% or more of the net proceeds of this offering due to the repayment of borrowings under the Credit Facilities, UBS Securities LLC, an underwriter in this offering, is deemed to have a “conflict of interest” under Rule 5121 of the Financial Industry Regulatory Authority, Inc., or FINRA. Accordingly, this offering will be conducted in compliance with the requirements of FINRA Rule 5121, which requires, among other things, that a “qualified independent underwriter” participate in the preparation of, and exercise the usual standards of “due diligence” with respect to, the registration statement and this prospectus. Morgan Stanley &amp; Co. LLC has agreed to act as a qualified independent underwriter for this offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act, specifically including those inherent in Section 11 thereof. Morgan Stanley &amp; Co. LLC will not receive any additional fees for serving as a qualified independent underwriter in connection with this offering. We have agreed to indemnify Morgan Stanley &amp; Co. LLC against liabilities incurred in connection with acting as a qualified independent underwriter, including liabilities under the Securities Act. See “Use of Proceeds” and “Underwriting (Conflicts of Interest)” for additional information.</p>
Nasdaq symbol	<p>“SNPO”</p>
	<p>Except as otherwise indicated, all information in this prospectus:</p> <ul style="list-style-type: none"> <li>• reflects a 150-for-1 forward stock split effected on July 15, 2021;</li> <li>• assumes no exercise by the underwriters of their option to purchase up to 2,077,500 additional shares of common stock from us and the selling stockholders;</li> <li>• assumes the effectiveness, at the time of this filing, of our amended and restated certificate of incorporation and our amended and restated bylaws, the forms of which are filed as exhibits to the registration statement of which this prospectus is a part;</li> <li>• assumes an initial public offering price of \$19.50 per share, which is the midpoint of the price range set forth on the cover of this prospectus;</li> <li>• includes the issuance of 1,918,863 shares of restricted common stock to be issued to holders of unvested Units in connection with the Equity Conversion; and</li> </ul>

- does not reflect (i) 10,500,000 shares of common stock available for future issuance under our 2021 Incentive Plan, including (a) 363,682 shares of common stock underlying the restricted stock units and (b) 4,988,530 shares of common stock issuable upon the exercise of options with an exercise price equal to or greater than the initial offering price we expect to award to certain employees in connection with this offering, or (ii) 750,000 shares of common stock available for future issuance under our 2021 Employee Stock Purchase Plan.

A \$1.00 increase in the assumed initial public offering price referred to above shall (i) modify the number of shares of restricted common stock to be received by the holders of unvested Units in connection with the Equity Conversion resulting in an increase to the number of shares of common stock to be outstanding immediately after this offering by 151,416 shares, (ii) decrease the number of shares of common stock underlying the restricted stock units we expect to award in connection with this offering by 17,678 shares and (iii) decrease the number of shares of common stock issuable upon exercise of the options we expect to award in connection with this offering by 243,361 shares.

A \$1.00 decrease in the assumed initial public offering price referred to above shall (i) modify the number of shares of restricted common stock to be received by the holders of unvested Units in connection with the Equity Conversion resulting in a decrease to the number of shares of common stock to be outstanding immediately after this offering by 167,822 shares, (ii) increase the number of shares of common stock underlying the restricted stock units we expect to award in connection with this offering by 19,526 shares and (iii) increase the number of shares of common stock issuable upon exercise of the options we expect to award in connection with this offering by 269,679 shares.

Until the completion of the Equity Conversion, all of our outstanding common stock will be held by the Investor.

### Summary Consolidated Financial and Other Data

The following table summarizes our consolidated financial and other data for the periods and dates indicated. The balance sheet data as of March 26, 2021 and the statements of operations and cash flow data for fiscal quarters ended March 26, 2021 and March 27, 2020 have been derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The statements of operations and cash flow data for fiscal years 2020 and 2019 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected in the future or any other period.

The summary consolidated financial data set forth below should be read in conjunction with “Risk Factors,” “Capitalization,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our audited consolidated financial statements included elsewhere in this prospectus.

	Fiscal Quarter Ended		Fiscal Year Ended	
	March 26, 2021	March 27, 2020	December 25, 2020	December 27, 2019
(in thousands)				
<b>Statement of operations data:</b>				
Net sales	\$220,468	\$172,611	\$814,113	\$590,842
<b>Costs and expenses:</b>				
Cost of sales, exclusive of depreciation and amortization	128,876	100,390	474,778	354,821
Selling, general and administrative expenses	75,357	67,386	267,240	209,986
Depreciation and amortization	13,712	14,483	57,972	39,657
Total costs and expenses	217,945	182,259	799,990	604,464
Income (loss) from operations	2,523	(9,648)	14,123	(13,622)
<b>Other expenses (income):</b>				
Interest expense	9,535	12,803	45,529	35,244
Other (income) expense	(213)	883	(1,827)	(1,048)
Total other expenses	9,322	13,686	43,702	34,196
Loss before income tax benefit	(6,799)	(23,334)	(29,579)	(47,818)
Income tax benefit	(763)	(4,316)	(4,351)	(13,357)
Net loss	(6,036)	(19,018)	(25,228)	(34,461)
Net loss attributable to noncontrolling interest	(22)	(24)	(344)	(97)
Net loss attributable to Company	<u>\$ (6,014)</u>	<u>\$ (18,994)</u>	<u>\$ (24,884)</u>	<u>\$ (34,364)</u>

	Fiscal Quarter Ended		Fiscal Year Ended	
	March 26, 2021	March 27, 2020	December 25, 2020	December 27, 2019
<b>Per share data:</b>				
Net loss per share, basic and diluted	\$ (0.10)	\$ (0.33)	\$ (0.42)	\$ (0.59)
Weighted average common shares outstanding, basic and diluted	59,216,665	58,140,138	58,864,723	58,102,891
Pro forma net loss per share, basic and diluted (unaudited) <sup>(i)</sup>	\$ (0.04)		\$ (0.17)	
Pro forma weighted average common shares outstanding, basic and diluted (unaudited) <sup>(i)</sup>	72,632,848		72,280,798	

- (i) The supplemental pro forma net loss per share data has been computed, assuming an initial public offering price of \$19.50 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, to give effect to the number of shares whose proceeds would be used (a) to repay a portion of the term loan outstanding under our Credit Agreement, plus accrued interest thereon and (b) to pay a dividend to the Investor prior to the closing of this offering, the proceeds of which will be used to pay certain pre-IPO owners in lieu of their participation in the tax receivable agreement (approximately \$13.1 million as of March 26, 2021).



	Fiscal Quarter Ended		Fiscal Year Ended	
	March 26, 2021	March 27, 2020	December 25, 2020	December 27, 2019
(\$ in thousands)				
<b>Cash flow data:</b>				
Net cash provided by (used in):				
Operating activities	\$ (23,867)	\$ (13,675)	\$ 64,227	\$ (4,099)
Investing activities	\$ (2,479)	\$ (2,383)	\$ (9,566)	\$ (588,602)
Financing activities	\$ (2,146)	\$ 45,087	\$ (10,863)	\$ 617,904
<b>Non-GAAP metrics:</b>				
Adjusted EBITDA <sup>(1)</sup>	\$ 23,342	\$ 13,062	\$ 94,458	\$ 64,946
Adjusted Net Income <sup>(1)</sup>	\$ 9,034	\$ (2,707)	\$ 28,311	\$ 19,694
Contribution Margin <sup>(1)</sup>	41.5%	41.8%	41.7%	39.9%
Free Cash Flow <sup>(1)</sup>	\$ (25,917)	\$ (16,080)	\$ 53,982	\$ (8,595)
	As of March 26, 2021		As of	
	Actual	As adjusted <sup>(2)</sup>	December 25, 2020	December 27, 2019
(in thousands)				
<b>Balance sheet data:</b>				
Cash and cash equivalents	\$ 48,943	\$ 35,887	\$ 77,458	\$ 33,177
Total assets	\$ 1,477,930	\$ 1,467,629	\$ 1,497,538	\$ 1,506,585
Total liabilities	\$ 865,219	\$ 737,956	\$ 879,799	\$ 869,658
Total stockholders' equity	\$ 612,711	\$ 729,673	\$ 617,739	\$ 636,927
<p>(1) We define Adjusted EBITDA as net loss, plus interest expense, net, income tax benefit, depreciation and amortization, further adjusted to exclude equity-based compensation, acquisition- and integration-related costs and certain other non-recurring, non-core, infrequent or unusual charges. We define Adjusted Net Income as net loss plus amortization, further adjusted to exclude equity-based compensation, acquisition- and integration-related costs and certain non-recurring, non-core, infrequent or unusual charges, including the estimated tax impacts of these adjustments. We describe these adjustments reconciling net loss to Adjusted EBITDA and Adjusted Net Income in the table below and in Management's Discussion and Analysis of Financial Condition and Results of Operations. We define Free Cash Flow as net cash provided by (used in) operating activities less capital expenditures (which consist of purchases of property and equipment as well as purchases of information technology, software development and leasehold improvements). We believe it is useful to exclude capital expenditures from our Free Cash Flow (in order to measure the amount of cash we generate without the effect of capital expenditures) because the timing of such capital investments made may not directly correlate to the underlying financial performance of our business operations. We define Contribution Margin for a particular period as net sales less cost of sales, exclusive of depreciation and amortization, divided by net sales.</p> <p>We present Adjusted EBITDA, Adjusted Net Income, Contribution Margin and Free Cash Flow because we believe they are useful indicators of our operating performance and liquidity. Our management uses Adjusted EBITDA, Adjusted Net Income and Contribution Margin principally as a measure of our operating performance and Free Cash Flow principally as an indicator of liquidity, and believes that Adjusted EBITDA, Adjusted Net Income, Contribution Margin and Free Cash Flow are useful to investors because they are frequently used by analysts, investors and other interested parties to evaluate companies in our industry. We also believe Adjusted EBITDA, Adjusted Net Income, Contribution Margin and Free Cash Flow are useful to our management and investors as a measure of comparative operating performance, in the case of Adjusted EBITDA, Adjusted Net Income and Contribution Margin, and liquidity, in the case of Free Cash Flow, from period to period.</p>				

Adjusted EBITDA, Adjusted Net Income, Contribution Margin and Free Cash Flow are non-GAAP financial measures and should not be considered as an alternative to net loss or income (loss) from operations as a measure of financial performance or cash provided by operating activities as a measure of liquidity, or any other performance measure derived in accordance with GAAP and they should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. In evaluating Adjusted EBITDA, Adjusted Net Income, Contribution Margin and Free Cash Flow, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted EBITDA, Adjusted Net Income, Contribution Margin and Free Cash Flow should not be construed to imply that our future results will be unaffected by any such adjustments. Management compensates for these limitations by primarily relying on our GAAP results in addition to using Adjusted EBITDA, Adjusted Net Income, Contribution Margin and Free Cash Flow and supplementally.

Our Adjusted EBITDA, Adjusted Net Income Contribution Margin and Free Cash Flow measures have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- they do not reflect costs or cash outlays for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;
- they do not reflect period to period changes in taxes, income tax expense or the cash necessary to pay income taxes;
- they do not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and they do not reflect cash requirements for such replacements; and
- other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

Because of these limitations, Adjusted EBITDA, Adjusted Net Income, Contribution Margin and Free Cash Flow should not be considered as measures of discretionary cash available to invest in business growth or to reduce indebtedness.

The following table provides a reconciliation of net loss to Adjusted EBITDA for the periods presented:

	<b>Fiscal Quarter Ended</b>		<b>Fiscal Year Ended</b>	
	<b>March 26, 2021</b>	<b>March 27, 2020</b>	<b>December 25, 2020</b>	<b>December 27, 2019</b>
	<b>(in thousands)</b>			
Net loss	\$ (6,036)	\$(19,018)	\$(25,228)	\$(34,461)
Interest expense	9,535	12,803	45,529	35,244
Income tax benefit	(763)	(4,316)	(4,351)	(13,357)
Depreciation and amortization	13,712	14,483	57,972	39,657
Other (income) expense	(213)	883	(1,827)	(1,048)
Equity-based compensation	1,060	1,362	4,284	3,673
Fair value adjustment to contingent value rights <sup>(a)</sup>	1,310	(300)	800	314
Acquisition- and integration-related costs <sup>(b)</sup>	14	3,478	5,341	20,179
Initial public offering costs <sup>(c)</sup>	1,711	—	542	—
Deferred revenue purchase accounting adjustment <sup>(d)</sup>	148	370	1,012	831
Deferred acquisitions payments <sup>(e)</sup>	2,152	3,302	9,649	13,615
Other <sup>(f)</sup>	712	15	735	299
<b>Adjusted EBITDA</b>	<b>\$23,342</b>	<b>\$ 13,062</b>	<b>\$ 94,458</b>	<b>\$ 64,946</b>

- (a) Represents noncash losses recorded from fair value adjustments related to contingent value right liabilities. Contingent value right liabilities represent potential obligations to the prior sellers in conjunction with the Investor's acquisition of the Company in August 2017 and are based on estimates of expected cash payments to the prior sellers based on specified targets for the Investor's return on its original capital investment.
- (b) Represents costs directly associated with acquisitions and acquisition-related integration activities. For fiscal year 2020 and the fiscal quarter ended March 27, 2020, the costs relate primarily to third-party consultant and information technology integration costs directly related to the Control4 acquisition. For fiscal year 2019, the costs primarily relate to third-party professional fees and integration costs related to the Control4 acquisition as well as similar costs incurred in connection with the MRI and CPD acquisitions. These costs also include certain restructuring costs (e.g., severance) and other third-party transaction advisory fees associated with the acquisitions.
- (c) Represents expenses related to professional fees in connection with preparation for our initial public offering.
- (d) Represents an adjustment related to the fair value of deferred revenue related to the Control4 acquisition.
- (e) Represents expenses incurred related to deferred payments to employees associated with our Control4 acquisition and other historical acquisitions. The deferred payments are cash retention awards for key personnel from the acquired companies and are expected to be paid to employees through 2022. Management does not believe such costs are indicative of our ongoing operations as they are one-time awards that are specific to acquisitions and are incremental to our typical compensation costs incurred and we do not expect such costs to be reflective of future increases in base compensation expenses.
- (f) Represents non-recurring expenses primarily related to consulting and restructuring fees which management believes are not representative of our operating performance.

The following table presents a reconciliation of net loss to Adjusted Net Income for the periods presented:

	Fiscal Quarter Ended		Fiscal Year Ended	
	March 26, 2021	March 27, 2020	December 25, 2020	December 27, 2019
	(in thousands)			
Net loss	\$ (6,036)	\$(19,018)	\$(25,228)	\$(34,461)
Amortization	11,888	11,875	47,491	31,488
Foreign currency (gains) losses	(48)	1,142	(172)	(1,101)
(Gain) loss on sale of business	—	—	(979)	561
Equity-based compensation	1,060	1,362	4,284	3,673
Fair value adjustment to contingent value rights <sup>(a)</sup>	1,310	(300)	800	314
Acquisition and integration related costs <sup>(b)</sup>	14	3,478	5,341	20,179
Initial public offering costs <sup>(c)</sup>	1,711	—	542	—
Deferred revenue purchase accounting adjustment <sup>(d)</sup>	148	370	1,012	831
Deferred acquisition payments <sup>(e)</sup>	2,152	3,302	9,649	13,615
Other <sup>(f)</sup>	690	(62)	760	225
Income tax effect of adjustments <sup>(g)</sup>	(3,855)	(4,856)	(15,189)	(15,630)
Adjusted Net Income	<u>\$ 9,034</u>	<u>\$ (2,707)</u>	<u>\$ 28,311</u>	<u>\$ 19,694</u>

- (a) Represents noncash losses recorded from fair value adjustments related to contingent value right liabilities. Contingent value right liabilities represent potential obligations to the prior sellers in conjunction with the Investor's acquisition of the Company in August 2017 and are based on

estimates of expected cash payments to the prior sellers based on specified targets for the Investor's return on its original capital investment.

- (b) Represents costs directly associated with acquisitions and acquisition-related integration activities. For fiscal year 2020 and the fiscal quarter ended March 27, 2020, the costs relate primarily to third-party consultant and information technology integration costs directly related to the Control4 acquisition. For fiscal year 2019, the costs primarily relate to third-party professional fees and integration costs related to the Control4 acquisition as well as similar costs incurred in connection with the MRI and CPD acquisitions. These costs also include certain restructuring costs (e.g., severance) and other third-party transaction advisory fees associated with the acquisitions.
- (c) Represents expenses related to professional fees in connection with preparation for the IPO.
- (d) Represents an adjustment related to the fair value of deferred revenue related to the Control4 acquisition.
- (e) Represents expenses incurred related to deferred payments to employees associated with our Control4 acquisition and other historical acquisitions. The deferred payments are cash retention awards for key personnel from the acquired companies and are expected to be paid to employees through 2022. Management does not believe such costs are indicative of our ongoing operations as they are one-time awards that are specific to acquisitions and are incremental to our typical compensation costs incurred and we do not expect such costs to be reflective of future increases in base compensation expenses.
- (f) Represents non-recurring expenses primarily related to consulting and restructuring fees which management believes are not representative of our operating performance.
- (g) Represents the tax impacts with respect to each adjustment noted above after taking into account the impact of permanent differences using the statutory tax rate related to the applicable federal and foreign jurisdictions and the blended state tax rate.

The following table presents a reconciliation of net sales to Contribution Margin for the periods presented:

	Fiscal Quarter Ended		Fiscal Year Ended	
	March 26, 2021	March 27, 2020	December 25, 2020	December 27, 2019
	(\$ in thousands)			
Net sales	\$220,468	\$172,611	\$814,113	\$590,842
Cost of sales, exclusive of depreciation and amortization <sup>(a)</sup>	128,876	100,390	474,778	354,821
Net sales less cost of sales, exclusive of depreciation and amortization	\$ 91,592	\$ 72,221	\$339,335	\$236,021
Contribution Margin	41.5%	41.8%	41.7%	39.9%

- (a) Cost of sales, exclusive of depreciation and amortization for fiscal quarters ended March 26, 2021 and March 27, 2020 excludes depreciation and amortization of \$13,712 and \$14,483, respectively. Cost of sales, exclusive of depreciation and amortization for fiscal years 2020 and 2019 excludes depreciation and amortization of \$57,972 and \$39,657, respectively.
- (2) The as adjusted balance sheet data as of March 26, 2021 gives effect to (i) the sale by us of 13,850,000 shares of our common stock in this offering at an assumed initial public offering price of \$19.50 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us and (ii) the application of the net proceeds received by us from this offering, as described in "Use of Proceeds." Cash and cash equivalents on an as adjusted basis reflects cash distributions made to pre-IPO owners in lieu of their participation in the tax receivable agreement (approximately \$13.1 million as of March 26, 2021).

The following table presents a reconciliation of net cash provided by (used in) operating activities to Free Cash Flow for the periods presented:

	Fiscal Quarter Ended		Fiscal Year Ended	
	March 26, 2021	March 27, 2020	December 25, 2020	December 27, 2019
	(in thousands)			
Net cash provided by (used in) operating activities	\$(23,867)	\$(13,675)	\$ 64,227	\$(4,099)
Purchases of property and equipment	(2,050)	(2,405)	(10,245)	(4,496)
Free Cash Flow	<u>\$(25,917)</u>	<u>\$(16,080)</u>	<u>\$ 53,982</u>	<u>\$(8,595)</u>

The as adjusted information discussed above is illustrative only and will depend on the actual initial public offering price and other terms of this offering determined at pricing. A \$1.00 increase or decrease in the assumed initial public offering price of \$19.50 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, would decrease or increase, as applicable, total liabilities by \$12.6 million and increase or decrease, as applicable, on an as adjusted basis, total stockholders' equity by \$13.0 million, in each case, assuming the number of shares offered by us, as set forth on the front cover of this prospectus, remains the same and after deducting the assumed underwriting discounts and commissions and estimated offering expenses payable by us and the application of the net proceeds thereof as described in "Use of Proceeds." An increase or decrease of 100,000 shares in the number of shares sold in this offering by us would decrease or increase, as applicable, total liabilities by \$1.8 million and increase or decrease, as applicable, on an as adjusted basis, total stockholders' equity by \$1.8 million, in each case, assuming an initial public offering price of \$19.50 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us and the application of the net proceeds thereof as described in "Use of Proceeds."

## RISK FACTORS

*Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors together with other information in this prospectus, including our consolidated financial statements and related notes included elsewhere in this prospectus, before deciding whether to invest in shares of our common stock. The occurrence of any of the events described below could harm our business, financial condition, results of operations and growth prospects. In such an event, the trading price of our common stock may decline and you may lose all or part of your investment.*

### Risks Related to Our Business and Industry

***Our quarterly results of operations have fluctuated and may continue to fluctuate. As a result, we may fail to meet or exceed the expectations of investors or securities analysts, which could cause our stock price to decline.***

Our quarterly net sales and results of operations have fluctuated and may continue to fluctuate as a result of a variety of factors, many of which are outside of our control. If our quarterly net sales or results of operations fall below the consensus expectations of investors or securities analysts in the future, the price of our common stock could decline, perhaps substantially.

Fluctuations in our results of operations may be due to a number of factors, including but not limited to:

- Demand for and market acceptance of our solutions;
- Our ability to continue to develop and maintain relationships with productive independent integrators and incentivize them to continue to market, sell, install and support our solutions;
- The ability of our contract manufacturers to continue to manufacture high-quality products, and to supply sufficient products to meet our demands;
- The timing and success of acquisitions, new product introductions or upgrades by us or by our competitors;
- The strength of regional, national and global economies;
- The strength of the U.S. dollar relative to other currencies and the impact this has on integrator and distributor margins and their ability to competitively sell our solutions to end consumers;
- The impact of harsh seasonal weather, natural disasters or manmade problems such as war or terrorism;
- Changes in our business and pricing policies, or those of our competitors;
- Competition, including entry into the industry by new competitors and new offerings by existing competitors;
- Macroeconomic conditions adversely affecting integrators' businesses;
- The impact of seasonality on our business and/or the business of integrators;
- A systemic impairment or failure of one or more of our solutions that erodes integrator and/or end consumer confidence;
- Changes in applicable tax and tariff rates;
- Political or regulatory changes in the markets in which we operate;
- The cost and availability of component parts used in our solutions;
- The cost and availability of third-party products that we distribute but do not manufacture;
- Aggressive business tactics by our competitors, including: selling at a discount, offering products on a bundled basis at no charge, extensive marketing efforts and providing financing incentives;
- The amount and timing of expenditures, including those related to expanding our operations, increasing research and development, introducing new solutions or costs related to disputes and litigation; and



- Temporary discounts or permanent changes in the price or payment terms for our solutions.

Due to the foregoing factors and the other risks discussed herein, you should not rely on quarter-to-quarter comparisons of our results of operations as an indication of our future performance, nor should you consider any net sales growth or results of operations in any quarter to be indicative of our future performance.

***If we are unable to manage our business growth and diverse and complex operations, our reputation in the market and our ability to generate net sales from new or existing integrators and end consumers may be harmed.***

Because our operations are geographically diverse and complex, our personnel resources and infrastructure could become strained and our reputation in the market and our ability to successfully implement our business plan may be harmed. The growth in the size, complexity and diverse nature of our business and the expansion of our product lines and customer base, including through acquisitions, have placed increased demands on our management and operations, and further growth, if any, may place additional strains on our resources in the future. Our ability to effectively compete and to manage our plan to continue to expand our headcount and operations may depend on, among other things:

- Maintaining institutional knowledge by retaining and expanding the core competencies critical to our operations in our senior management and key personnel;
- Increasing the productivity of our existing employees and attracting new talent;
- Maintaining existing productive relationships and developing new productive relationships with independent contract manufacturers, integrators, and third-party products suppliers;
- Improving our operational, financial and management controls; and
- Improving our information reporting systems and procedures.

If we do not manage the size, complexity and diverse nature of our business effectively, we could experience delayed product releases and longer response times by our integrators in assisting our end consumers in implementing our solutions, and could lack adequate resources to support our end consumers on an ongoing basis, any of which could harm our reputation in the market, our ability to successfully implement our business plan and our ability to generate net sales from new or existing end consumers.

***The markets in which we participate are highly competitive and many companies, including large technology companies, retailers, electronics distributors, broadband and security service providers, as well as other managed service providers, are actively targeting our markets. Our failure to differentiate ourselves and compete successfully against these companies would make it difficult for us to add and retain end consumers, and our sales and profitability could be adversely affected.***

The markets for our solutions are highly competitive and continually evolving. A number of technology companies, including industry leaders such as Amazon, Apple, Google, Honeywell, Lutron and Samsung, offer devices with capabilities similar to many of our products and services and are engaged in ongoing development efforts to address even broader segments of various markets, including our core professionally installed electronics markets. These large technology companies already have broad customer awareness and sell a variety of devices for home and business, and end consumers may choose their offerings instead of ours, even if we offer differentiating features such as broader interoperability or remote management and control services, as well as superior products and services. Additionally, these and other companies may further expand into our industry by developing additional solutions or by acquiring other providers. Similarly, many managed service providers, such as cable TV, telephone and security companies, are offering products and services that may compete directly with our solutions, including remote management, automation, and control features. For example, Vivint and ADT have made significant efforts to market smart home services that incorporate these companies' traditional security offerings. These managed service providers have the advantage of leveraging their existing customer base, network of installation and support technicians and name recognition to gain traction in our core markets. In addition, end consumers may prefer the monthly service fee with little to no upfront cost offered by some of these managed service providers over a larger upfront cost with little to no monthly service fees.

We expect competition from these large technology companies, retailers, managed service providers and other companies to increase in the future. This increased competition could result in pricing pressure, reduced sales, lower margins or the failure of our solutions to achieve or maintain broad market acceptance. To remain competitive and to maintain our position as a leading provider of professionally installed electronics solutions for connected homes and businesses, we will need to invest continuously in product development, marketing, integrator service and support, and product delivery infrastructure. We may not have sufficient resources to continue to make the investments in all of the areas needed to maintain our competitive position. In addition, many of our competitors have longer operating histories, greater name recognition, larger customer bases and significantly greater financial, technical, sales, marketing and other resources than us, which may provide them with an advantage in developing, marketing or servicing new solutions. Increased competition could reduce our market share, net sales and operating margins, increase our operating costs, harm our competitive position or otherwise harm our business and results of operations.

In addition, we believe it is likely that some of our existing competitors will consolidate or be acquired. Some of our competitors may enter into new alliances with each other or may establish or strengthen cooperative relationships with systems integrators, distributors, third-party consulting firms or other parties. Additional consolidations, acquisitions, alliances or cooperative relationships, or new product introductions by companies in our industry, could lead to pricing pressure, reduce our market share or result in a competitor with greater financial, technical, marketing, service and other resources than ours, all of which may have a material adverse effect on our business, results of operations and financial condition.

***If we are unable to develop new solutions, sell our solutions into new markets, or further penetrate our existing markets, our net sales may not grow as expected or they may decline.***

Our ability to increase sales will depend in large part on our ability to enhance and improve our solutions, to introduce new solutions in a timely manner, to sell into new markets and to further penetrate our existing markets. The success of any enhancement or new product or solution depends on several factors, including the timely completion, introduction and market acceptance of enhanced or new solutions, the ability to attract, retain and effectively train product development, sales and marketing personnel (among others), the ability to retain and expand our offered third-party solutions, the ability to develop relationships with independent integrators and the effectiveness of our marketing programs. Any new product or solution we develop, distribute or acquire may not be introduced in a timely or cost-effective manner, and may not achieve the broad market acceptance necessary to generate significant net sales. Any new markets into which we attempt to sell our solutions, including new vertical markets, new local distribution locations, and new countries or regions, may not be receptive. Our ability to further penetrate our existing markets depends on the quality of our solutions and our ability to design our solutions to meet customer demand. Moreover, we are frequently required to enhance and update our solutions as a result of changing standards and technological developments, which makes it difficult to recover the cost of development and forces us to continually qualify new solutions with our end consumers and may render our solutions obsolete. In addition, we expect to derive an increasing portion of our net sales in the future from subscription-based services. This subscription model may give rise to risks that could harm our business. For example, we may be unable to predict subscription renewal or upgrade rates and the impact these rates may have on our future net sales and operating results. If we are unable to successfully develop, distribute, or acquire new solutions, enhance our existing solutions to meet customer requirements in a timely manner, sell solutions into new markets, or sell our solutions to additional end consumers in our existing markets, our net sales may not grow as expected or they may decline.

***End consumers may choose to adopt products that provide discrete functionality or DIY solutions rather than adopt our professionally-installed solutions. If we are unable to increase market acceptance of the benefits of our professionally-installed solutions, our net sales may not continue to grow, or they may decline.***

Many vendors have emerged, and may continue to emerge, to provide point products with advanced functionality for use in home and commercial applications, such as a thermostats, lighting, power distribution units, doorbell or surveillance systems that can be controlled by an application on a smartphone or control panel. We expect more and more consumer electronics and appliance products to be network-aware and connected — each very likely to have its own smart device (phone or tablet) application. In addition to point solutions, other such disruptive DIY solutions include networking, remote monitoring, and

audio and audiovisual distribution products that do not require professional assistance to deploy. End consumers may be attracted to the relatively low costs and ease of installation of these DIY products and the ability to expand solutions over time with minimal upfront costs, despite the disadvantages of this approach. While we have built our solutions to be flexible and in many cases support third-party DIY products, the adoption of these products may reduce the revenue we receive for each installation. It is therefore important that we provide attractive top-quality solutions in many areas, such as networking, lighting, audio, video, thermostats, surveillance, security, power, and remote monitoring and management, and establish broad market awareness and acceptance of these solutions as well as the advantages of integrating them in a unified solution supported by a professional integrator. If a significant number of end consumers in our target markets choose to rely solely on the functionality included in DIY solutions rather than acquiring our unified solutions, then our business, financial condition and results of operations may be harmed, and we may not be able to achieve sustained growth or our business may decline.

***We have relatively limited visibility regarding the end consumers that ultimately purchase our solutions, and we often rely on information from third-party distributors and integrators to help us manage our business. If we are unable to obtain timely or accurate information, our ability to quickly react to market changes and effectively manage our business may be harmed.***

We sell our solutions through independent businesses, including integrators and distributors. These integrators and distributors work with end consumers to design, install, update and maintain their systems. While we are able to track orders from integrators and have access to certain information about the configurations of our systems they install that we receive through our platform such as OvrC and Control4, we also rely on these integrators to provide us with information about customer behavior, product and system feedback, customer demographics, buying patterns and information about our competitors. We use this channel sell through data, along with other metrics, to assess customer demand for our solutions, develop new solutions, adjust pricing and make other strategic business decisions. Our channel sell through data is subject to limitations due to collection methods and the third-party nature of the data and thus may not be complete or accurate. In addition, from time to time we collect information directly from end consumers through surveys that we conduct and other methods, but the end consumers who choose to participate self-select and vary by geographic region and from period to period, which may impact the usefulness of the results. Customer information is further limited in certain of our business models where a large portion of solutions we sell may not be installed with our platforms and thus further limit our visibility into end consumer behavior, including local distribution, and third-party products sales. If we do not receive customer information on a timely or accurate basis, or if we do not properly interpret this information, our ability to quickly react to market changes and effectively manage our business may be harmed.

In addition, because the production of certain of our products requires long lead times, we enter into agreements for the manufacture and purchase of certain of our products well in advance of the time in which those products will be sold. These contracts are based on our best estimates of our near-term product needs. If we underestimate customer demand, we may forego revenue opportunities, lose market share and damage our relationships. Conversely, if we overestimate customer demand, we may purchase more inventory than we are able to sell at any given time, or at all. If we fail to accurately estimate demand for our solutions, we could have excess or obsolete inventory, resulting in a decline in the value of our inventory, which would increase our costs of net sales and reduce our liquidity. Our failure to accurately manage inventory relative to demand would adversely affect our results of operations.

***Our strategy includes pursuing acquisitions and our potential inability to identify good opportunities and to successfully integrate newly-acquired technologies, assets, businesses, or personnel may harm our financial results.***

We believe part of our growth will be driven by acquisitions of other companies or their technologies, assets and businesses, but we may not be able to acquire the targeted technologies, assets and businesses we identify as desirable for a price we consider to be reasonable or at all. For example, on February 26, 2021, we entered into an asset purchase agreement with HCA Distributing, LLC (“HCA Distributing”), a local distribution store. Under the asset purchase agreement, we agreed to pay a purchase price of \$1,350,000 for substantially all of HCA Distributing's assets. Other recent acquisitions include Control4 and Custom

Plus Distributing in 2019, and NEEO, MRI Premium Distributing Services, and Volutone in 2018. These acquisitions and any future acquisitions we evaluate and complete will give rise to risks, including:

- Incurring higher than anticipated capital expenditures and operating expenses;
- Failing to assimilate the operations and personnel, or failing to retain the key personnel of the acquired company or business;
- Failing to integrate the acquired technologies, or incurring significant expense to integrate acquired technologies into our solutions;
- Disrupting our ongoing business;
- Dissipating or diverting our management resources;
- Failing to maintain uniform standards, controls and policies;
- Incurring significant accounting charges;
- Impairing relationships with employees, integrators, distributors, partners or end consumers;
- Finding that the acquired technology, assets or business does not further our business strategy, that we overpaid for the technology, assets or business, or that we may be required to write off acquired assets or investments partially or entirely;
- Failing to realize the expected synergies of the transaction;
- Being exposed to unforeseen liabilities and contingencies that were not identified and mitigated during diligence conducted prior to acquiring the company, including but not limited to the risk that the products or services of the acquired company violate third-party intellectual property rights or regulatory standards or contain other vulnerabilities;
- Requiring us to raise debt or equity capital to finance the acquisition, which may not be available on advantageous terms;
- To the extent that we pursue acquisitions in non-U.S. markets, becoming subject to new regulatory regimes in which we have limited experience; and
- Being unable to generate sufficient net sales from acquisitions to offset the associated acquisition costs.

Fully integrating acquired technology, asset, business, or personnel into our operations may take a significant amount of time and resources.

Acquisitions could include significant goodwill and intangible assets. The amortization of such intangible assets would reduce our profitability and there may be future impairment charges that would reduce our stated earnings. We may incur significant costs in our efforts to engage in strategic transactions and these expenditures may not result in successful acquisitions.

In addition, we may pursue business opportunities that diverge from our current business model, including expanding our solutions into lines of business with which we have minimal experience, investing in new and unproven technologies, and expanding our existing sales channels or adding new sales channels. We can offer no assurance that any such new business opportunities will prove to be successful. Among other negative effects, our pursuit of such business opportunities could reduce operating margins and require more working capital, or may have a material adverse effect on our business, results of operations and financial condition. Acquisitions also could impact our financial position and capital needs, or could cause fluctuations in our quarterly and annual results of operations. To the extent we do not successfully avoid or overcome the risks or problems related to any such acquisitions, our results of operations and financial condition could be harmed.

***We have entered into several strategic arrangements and intend to pursue additional strategic opportunities in the future. If the intended benefits from our strategic relationships are not realized, our results of operations may be harmed.***

We are working to develop relationships with strategic partners in order to increase awareness of our solutions and to attempt to reach markets that we cannot currently address in a cost effective manner. If

these relationships do not develop in the manner we intend, our future growth could be impacted. Any loss of a major partner, distribution channel or other channel disruption could harm our results of operations and make us more dependent on alternate channels, damage our reputation, increase pricing and promotional pressures from other partners and distribution channels, increase our marketing costs, or harm buying and inventory patterns, payment terms or other contractual terms.

***Growth of our business may depend on market awareness and a strong brand, and any failure to develop, broaden, protect and enhance market awareness of our solutions could hurt our ability to retain or attract integrators and/or end consumers.***

Because of the competitive nature of the professionally installed electronics market, and other markets where we operate, we believe that building and maintaining market awareness, brand recognition and goodwill may be material to our success. Doing so will depend largely on our ability to continue to provide high-quality solutions, and we may not be able to do so effectively. We may choose to engage in broader marketing campaigns to further promote our brand, but this effort may not be successful. Our efforts in developing our brand may be affected by the marketing efforts of our competitors, negative publicity and social media commentary, and by our reliance on our independent integrators, distributors and strategic partners to install our solutions and promote our brand effectively. In addition, these marketing efforts may not yield the results we anticipate and may prove more expensive than we currently anticipate, and our net sales may not increase sufficiently to offset these higher expenses. If we are unable to maintain and increase positive awareness of our brand in a cost-effective manner, it may have a material adverse effect on our business, results of operations and financial condition.

***We operate in an emerging and evolving market, which may develop more slowly or differently than we expect. If our core market does not grow as we expect, or if we cannot expand our solutions to meet the demands of this market, our net sales may suffer, and we may incur operating losses.***

The market for professionally installed electronics is evolving, and it is uncertain whether our solutions will achieve and sustain high levels of demand and market acceptance. Some integrators and/or end consumers may be reluctant or unwilling to use our solutions for a number of reasons, including satisfaction with other solutions, concerns about cost, and lack of awareness of our solutions. Unified solutions such as ours have traditionally been luxury purchases for the high end of the residential market, and are also popular in commercial markets, and while our solutions target luxury residential and commercial markets, we also have solutions that target middle- and entry-level homeowners and those who live in or operate multi dwelling units. Our ability to expand the sales of our solutions to a broader customer base depends on several factors, including market awareness of our solutions, the timely completion, introduction and market acceptance of our solutions, our ability to discern and respond effectively to trends in end consumer preferences and changing technology, the ability to attract, retain and effectively train sales and marketing personnel, the effectiveness of our marketing programs, the ability to develop effective relationships with independent integrators and other strategic partners, the cost and functionality of our solutions and the success of our competitors. If we are unsuccessful in developing and marketing our home automation solutions to integrators and/or end consumers, or if these integrators and/or end consumers do not perceive or value the benefits of our solutions, the market for our solutions might not continue to develop or might develop more slowly than we expect, either of which would harm our net sales and growth prospects.

***Downturns in general economic and market conditions, including but not limited to downturns in housing and commercial real estate markets and reductions in consumer spending, may reduce demand for our solutions, which could harm our net sales, results of operations, financial condition and cash flows.***

Our net sales, results of operations and cash flows depend on the overall demand for our solutions and the willingness of our sales channel to invest in marketing our solutions, both of which can be significantly reduced in economic environments characterized by market and interest rate volatility, decreased consumer confidence, high unemployment, declines in residential remodeling and housing starts, decreased demand for commercial real estate and associated renovations, fluctuating exchange rates, and diminished growth expectations in the U.S. economy and abroad. During periods of weak or unstable economic and market conditions, providers of products and services that represent discretionary purchases, such as our home automation and audiovisual solutions, are typically disproportionately affected. In addition, during these

periods, the number of independent integrators may decline, which may have a corresponding impact on our growth prospects. Moreover, many of our integrators are small and mid-size businesses and thus more likely to be negatively impacted by downturns in general economic and market conditions than larger businesses. For example, during challenging economic times, end consumers and integrators may face issues in gaining timely access to sufficient credit, which could impair their ability to make timely payments. There is also an increased risk during these periods that an increased percentage of our integrators will file for bankruptcy protection or otherwise become insolvent, which may harm our reputation, net sales, profitability and results of operations. We cannot predict the timing, strength, duration or impact on our business of any economic slowdown, instability or recovery, generally or within any particular geography or industry. For example, as domestic and international end consumers are released from quarantines and other restrictions related to COVID-19, the demand for our solutions may decrease despite positive macroeconomic trends. Any downturns in the general economic conditions of the geographies and industries in which we operate, or any other factors negatively impacting housing markets or consumer spending, may have a material adverse effect on our business, results of operations and financial condition.

***We have credit exposure to our integrators.***

Any adverse trends in our customers' businesses could cause us to suffer credit losses. As is customary in our industry, we extend credit to our customers. A portion of our customers are small contractors with inconsistent cash flow. As such, they rely on us to provide their businesses with credit and to carry specified inventory to support their operations. We may be unable to collect on receivables if our customers experience decreases in demand for their products and services, do not manage their businesses adequately, or otherwise become less able to pay due to adverse economic conditions or refinancing events. While we evaluate our customers' qualifications for credit and monitor our extensions of credit, these efforts cannot prevent all credit losses, and increased credit losses would negatively impact our performance and financial position. In addition, for financial reporting purposes, we establish reserves based on our historical experience of credit losses. To the extent that our credit losses exceed those reserves, our financial performance will be negatively impacted. If there is deterioration in the collectability of our receivables, or we fail to take other actions to adequately mitigate this credit risk, our earnings and cash flows could deteriorate. In addition, if we are unable or unwilling to extend credit to our customers, we may experience loss of certain contracts or business.

Extending credit to international customers involves additional risks. It is often more difficult to evaluate credit of a customer or obtain credit protections in our international operations. Also, credit cycles and collection periods are typically longer in our international operations. We are also subject to credit risk associated with customer concentration. If one or more of our largest international customers were to become bankrupt or insolvent, or otherwise were unable to pay for our solutions, we may incur significant write-offs of accounts that may have a material adverse effect on our business, financial condition, results of operations and cash flows. As a result of these factors and other challenges in extending credit to international customers, we generally face greater credit risk from sales internationally compared to domestic sales.

***Our failure to raise additional capital or generate cash flows necessary to expand our operations, invest in new technologies and otherwise respond to business opportunities or unforeseen circumstances in the future could reduce our ability to compete successfully and harm our results of operations.***

While we believe that our existing cash and cash equivalents will be sufficient to meet our anticipated cash requirements for at least the next 12 months, at some point we may need to raise additional funds, and we may not be able to obtain additional debt or equity financing on favorable terms, if at all. If we raise additional equity financing, our security holders may experience significant dilution of their ownership interests and the value of shares of our common stock could decline. If we engage in debt financing, we may be required to accept terms that restrict our ability to incur additional indebtedness, force us to maintain specified liquidity or other ratios or restrict our ability to pay dividends or make acquisitions. If we need additional capital and cannot raise it on acceptable terms, we may not be able to, among other things:

- develop and enhance our solutions;
- continue to expand our research and development, sales and marketing organizations;



- hire, train and retain employees;
- respond to competitive pressures or unanticipated working capital requirements; or
- pursue acquisition opportunities.

Our inability to do any of the foregoing could reduce our ability to compete successfully and harm our results of operations.

### **Risks Related to Our Products**

***If we are unable to adapt to technological change and implement technological and aesthetic enhancements to our solutions, this could impair our ability to remain competitive.***

The market for professionally installed electronics is characterized by rapid technological change, frequent introductions of new solutions and evolving industry standards. However, product development often requires significant lead-time and upfront investment and our ability to attract new consumers and increase net sales from existing consumers will depend in significant part on our ability to accurately anticipate changes in industry standards and to continue to appropriately fund development or acquisition efforts to enhance existing solutions or introduce new solutions in a timely basis to keep pace with technological developments. This is true of all our solutions but is particularly important with respect to our user interface and other direct customer interface products including touch screens, remotes, keypads, and televisions. Similarly, if any of our competitors implement new technologies us, those competitors may be able to provide more effective or lower-cost products than ours, which could impact sales and decrease our market share. Any delay or failure in the introduction of new or enhanced solutions may have a material adverse effect on our business, results of operations and financial condition.

***Product quality issues and a higher-than-expected number of warranty claims or returns could harm our business and operating results.***

The products that we sell could contain defects in design or manufacture. Defects could also occur in the products or components that are supplied to us. There can be no assurance we will be able to detect and remedy all defects in the hardware and software we sell, which could result in product recalls, product redesign efforts, loss of net sales, reputational damage and significant warranty and other remediation expenses. Similar to other electronics, our products have a risk of overheating and fire in the course of usage or upon malfunction. We sell power distribution products that may allow damage to connected devices upon malfunction. We sell a range of racks, mounts, brackets, and other products that support large amounts of weight, over 2,000 pounds in some instances, which may fail to support weight upon malfunction. Any of the aforementioned defects could result in harm to property or in personal injury, which could subject us to liability. If we determine that a product does not meet product quality standards or may contain a defect, the launch of such product could be delayed until we remedy the quality issue or defect. The costs and loss of net sales associated with any protracted delay necessary to remedy a quality issue or defect in a new product could be substantial.

We provide warranties on our products ranging from one-year to lifetime. In certain countries we may lengthen product warranties due to various local laws and regulations. The occurrence of any material defects in our products could expose us to liability for damages and warranty claims in excess of our current reserves, and we could incur significant costs to correct any defects, warranty claims or other problems. In addition, if any of our product designs are defective or are alleged to be defective, we may be required to participate in a recall campaign. In part due to the terms of our warranty policy, any failure rate of our products that exceeds our expectations may result in unanticipated losses. Any negative publicity related to the perceived quality of our products could affect our brand image and decrease customer confidence and demand, which could adversely affect our operating results and financial condition. Further, accidental damage coverage and extended warranties are regulated in the United States at the state level and are treated differently within each state. Additionally, outside the United States, regulations for extended warranties and accidental damage vary from country to country. Changes in interpretation of the regulations concerning extended warranties and accidental damage coverage on a federal, state, local or international level may cause us to incur costs or have additional regulatory requirements to meet in the future in order to continue

to offer our support services. Our failure to comply with past, present and future similar laws could result in reduced sales of our products, reputational damage, penalties and other sanctions, which may have a material adverse effect on our business, results of operations and financial condition.

In addition to failures due to product defects, because our solutions are installed by independent integrators, if integrators do not install or maintain our solutions correctly or if the underlying network or infrastructure in a home or business is not sufficiently robust, our solutions may not function properly. Our end consumers generally judge our performance through their interactions with our integrators and distributors, as well as their day-to-day interactions with the product and the mobile application. If the improper installation or maintenance of our solutions leads to service failures of a product or solution, we could experience harm to our branded reputation, claims by our end consumers, integrators, strategic partners or developers and we may incur increased expense to remedy the problem, any of which may have a material adverse effect on our business, results of operations and financial condition.

***The performance of and demand for our solutions are impacted in part by factors not entirely within our control including compatibility and ease of integration with third-party products and services, as well as enabling technology, connectivity, software and intellectual property that we do not own or control.***

Our solutions are designed to interoperate with a wide range of other third-party products, including products in the areas of audio, video, lighting, temperature, power, networking, and security, and we benefit from our relationships with partners that allow our platforms, including OvrC and Control4, to integrate with, and provide features such as control and remote management to, over 16,000 third-party devices and services. If we do not support the continued integration of our solutions with third-party products and applications, including new and additional products, demand for our solutions could decline and we could lose sales. In addition, companies that provide certain point solutions have eliminated or restricted, and may in the future eliminate or restrict, our ability to integrate with, control, remotely manage, and otherwise be compatible with these products. As a result, we may not be successful in making our solutions compatible with these third-party products and applications or lose functionality in existing systems to the extent that they depend on the ability to integrate with third-party products, which could reduce demand for our solutions. In addition, if prospective consumers require customized features or functions that we do not offer, then the market for our solutions may be harmed.

Our solutions are deployed in many different locations and user environments. The ability of our solutions to operate effectively can be negatively impacted by many different elements unrelated to our solutions including the performance of enabling technology, integration services, intellectual property that we do not own or control, and the performance of integrators. For example, a user's experience may suffer from an incorrectly deployed network or other key infrastructure such as cabling or wires. Such perceptions, even if incorrect, could harm our business and reputation.

***The prices and costs of the products we manufacture or purchase may be subject to large and significant price fluctuations. We might not be able to pass cost increases through to our end consumers, and we may experience losses in a rising price environment. In addition, we might have to lower our prices in a declining price environment, which could also lead to losses.***

We purchase and sell a wide variety of products, the price and availability of which may fluctuate, and which may be subject to large and significant price increases. Our business is exposed to these fluctuations, as well as to fluctuations in our costs for transportation and distribution. Changes in prices for the products that we purchase affect our net sales and cost of goods sold, as well as our working capital requirements, levels of debt and financing costs. We might not always be able to reflect cost increases in our own pricing. Any inability to pass cost increases on to end consumers may adversely affect our business, financial condition and results of operations. In addition, if market prices for the products we sell decline, we may realize reduced profitability levels from selling such products and lower revenues from sales of existing inventory stocks of such products.

## Risks Related to Our Manufacturing and Supply Chain

***We currently rely on contract manufacturers to manufacture our products and on component vendors to supply parts used in our products. We also distribute products manufactured by other companies. Any disruption in our supply chain, or our failure to successfully manage our relationships with our suppliers or logistics partners could harm our business.***

Our reliance on contract manufacturers to produce many of our products reduces our control over the assembly process, exposing us to risks, including reduced control over quality assurance, production costs and product supply. These risks are heightened because a significant portion of our net sales comes from proprietary products. We rely on a limited number of contract manufacturers to manufacture most of our products and components, and in many cases one of these manufacturers is our only source for a particular product or product family. We also do business with a number of component vendors, and the parts they supply may not perform as expected. We also distribute products supplied by other companies. Most of our contract manufacturers and component vendors, and some of our distributed product suppliers, are located outside of the United States, and all of them may be subject to political, economic, social, regulatory and legal uncertainties that may harm our relationships with them. If we fail to manage our relationships with our suppliers or logistics partners effectively, or if our suppliers or logistics partners experience delays, disruptions, capacity constraints, shortage of raw materials or components, or quality control problems in their operations, our ability to ship products may be impaired and our competitive position and reputation could be harmed. In addition, any adverse change in our suppliers or logistics partners' financial or business condition could disrupt our ability to supply quality products to our integrators and distributors. While we aim to maintain redundancy throughout our supply chain, in some cases we rely upon one or a few partners to provide critical services. Such reliance increases our risks of various supply chain disruptions. For example, the majority of our United States shipping is supported by a single logistics partner. If we are required to change or replace suppliers or logistics partners we may lose net sales, incur increased costs or damage our relationships, or we might be unable to find a new contract manufacturer, component vendor, or supplier of similar distributed products, on acceptable terms, or at all. In addition, qualifying a new supplier or logistics provider could be an expensive and lengthy process. If we experience increased demand that our suppliers are unable to fulfill, or if they are unable to provide us with adequate supplies of high-quality products for any reason, we could experience a delay in our order fulfillment, and it may have a material adverse effect on our business, results of operations and financial condition.

Furthermore, we expect our suppliers, service providers and other business partners to comply with all legal requirements relating to health and safety, labor relations, the environment, supply chain ethics and transparency. If any of our suppliers engages in or is perceived to have engaged in ethics violations, we may be unable to continue our relationship with that supplier. If we are required to find alternative sources of supply, qualification of alternative suppliers and the establishment of reliable supplies could result in delays and a possible loss of sales, which may have a material adverse effect on our business, results of operations and financial condition.

Even when we effectively manage our suppliers and logistics partners, forces outside of our control may still disrupt our supply chain. Such factors may include catastrophic events, such as the COVID-19 pandemic or recent semiconductor and chipset factory fires, raw material price volatility, and geopolitical conflict. For example, global semiconductor shortages may disrupt our ability to fulfill demand for our products. Additionally, recent copper and steel price increases may impact the availability and cost of products containing a high percentage of metal content such as bulk wire, cables, racks, and mounts.

## Risks Related to Our Distribution Channels

***We rely on our independent integrators to sell our solutions, and if our integrators fail to perform and grow their businesses, our ability to sell and distribute our solutions will be limited, and our results of operations may be harmed.***

Most of our net sales are generated through the sales of our solutions by our authorized integrators and other types of integrators, as well as distributors in certain markets. As of December 25, 2020, we had over 16,000 active integrators authorized to sell our solutions. Our integrators are independent businesses that

voluntarily sell both our solutions and the products of other companies to end consumers. We provide our integrators with specific training programs to assist them in selling, installing and servicing our solutions. We have observed, and expect to continue to observe, high volatility in the monthly, quarterly and annual sales performance of individual integrators. Although we can make estimated forecasts of cumulative sales of large numbers of integrators, we cannot assure their accuracy collectively or individually. Accordingly, if our actual sales fall short of our expectations, we may not be able to reduce or slow our spending quickly enough to protect margins. We expect that our net sales, results of operations and cash flows may fluctuate significantly on a quarterly basis. Therefore, period-to-period comparisons of our net sales, results of operations and cash flows should not be relied upon as an indication of future performance.

Our independent integrators may be unsuccessful in marketing, selling, installing and supporting our solutions. If we are unable to provide high-quality products in a timely manner at competitive prices and to develop and maintain effective sales incentive programs for our integrators, we may not be able to incentivize them to sell our solutions. Our integrators may also market, sell and support products and services that are competitive with ours, and may devote more resources to the marketing, sales, and support of such competitive products. Our integrators may have incentives to promote our competitors' products to the detriment of our own or may cease selling our solutions altogether. Our agreements with our integrators may generally be terminated without penalty for any reason by either party with advance notice. We cannot assure that we will retain agreements with these integrators, or that we will be able to secure additional or replacement integrators.

In addition, while we take certain steps to protect ourselves from liability for the actions of independent integrators, such as including contractual provisions limiting our liability with both end consumers and integrators, end consumers may seek recovery from us for damages caused by integrators in connection with product installations or servicing, or the failure of products to perform properly due to incorrect installations by integrators. In the event of litigation with respect to these matters, we cannot guarantee that our contractual protections will be enforced or that integrators will have the financial wherewithal or maintain insurance to meet their contractual obligations. Furthermore, integrators may initiate claims against us related to any failure or perceived failure to operate our business in accordance with our contracts and the law. Integrators may engage in wrongdoing, including unethical or illegal acts and may use our name and our brand in ways we do not authorize. Any such improper integrator behavior may harm our reputation or expose us to liability for their actions. If our sales partners engage in marketing practices that are not in compliance with local laws and regulations, we may be in breach of such laws and regulations, which may result in regulatory proceedings and potential penalties that could have a material adverse effect on our business. In addition, unauthorized activities in connection with sales efforts by our sales partners, including calling end consumers in violation of the Telephone Consumer Protection Act and fraudulent misrepresentations, could subject us to governmental investigations and class action lawsuits for, among others, false advertising and deceptive trade practice damage claims, against which we will be required to defend. Such defense efforts will be costly and time-consuming, and there can be no assurance that such defense efforts will be successful, all of which could have negatively impact our business, results of operations and financial condition.

Moreover, in order to continue our growth and expand our business, it is important that we continue to attract and add new integrators and ensure that most of our existing relationships remain productive. We must also work to expand our network of integrators to ensure that we have sufficient geographic coverage and technical expertise to address new markets and technologies. If we are unable to attract, train, and retrain integrators, if we saturate the available integrator pool, or if market or other forces cause the available pool of integrators to decline, it may be increasingly difficult to grow our business. It is important that we enhance our integrator footprint by broadening the expertise of our integrators, providing tools and training that enable our integrators to be more effective, and expanding our line of solutions that our integrators offer. If we are unable to expand our network of independent integrators, or maintain the relationships with our existing integrators, our business could be harmed.

Finally, we are dependent on a finite number of integrators, many of which are small businesses, to meet demand for our solutions. If our and their operations, infrastructure and business processes fail to keep pace with our business and customer requirements, end consumers may experience disruptions in service or support or we may not scale the business efficiently, which could adversely affect our reputation and our

net sales. There is no guarantee that we and our integrators will be able to continue to develop and expand our infrastructure and business processes at the pace necessary to scale the business, and our failure to do so may have an adverse effect on our business and brand identity.

***Because we distribute a portion of our solutions through e-commerce platforms, our operations may be materially adversely affected by technological problems and failure to improve our platforms to meet customer needs.***

A significant portion of our sales are transacted through e-commerce platforms including our website. Our integrators rely upon these sales platforms to conduct vital business activities including purchasing products, obtaining technical support and training, and learning about new products and services. Any failure of these platforms to operate reliably and meet customer needs may impact our business performance. For example, technological failures, both caused by us and those outside of our control, may result in platform downtime, and result in lost sales and customer loyalty. Additionally, if we do not continue to improve our e-commerce platforms to meet customer needs, we may also lose sales and customer loyalty. As we continue to improve customer experience and engage in strategic acquisitions, we may consolidate e-commerce platforms. Such platform consolidation attempts present risks for both technological disruptions and failure to meet customer needs, which may adversely affect our operations.

***Because we distribute a portion of our solutions through highly dispersed brick-and-mortar locations across the United States, our operations may be materially adversely affected by inconsistent practices, and the operating results of individual branches may vary.***

We operate a portion of our product distribution business through a network of highly dispersed locations throughout the United States, supported by leadership located in central offices, with local branch management retaining responsibility for day-to-day operations and adherence to applicable local laws. Our operating structure could make it difficult for us to coordinate procedures across our operations in a timely manner or at all. We may have difficulty attracting and retaining qualified local personnel. In addition, our branches may require significant oversight and coordination from headquarters to support their growth. Inconsistent implementation of corporate strategy and policies at the local level could materially and adversely affect our overall profitability, prospects, business, results of operations, financial condition and cash flows. In addition, the operating results of an individual branch may differ from that of another branch for a variety of reasons, including market size, management practices, competitive landscape, regulatory requirements and local economic conditions. As a result, certain of our branches may experience higher or lower levels of growth than other branches.

#### **Risks Related to Laws and Regulations**

***Failure to comply with laws and regulations could harm our business.***

We conduct our business in the United States and in various other countries. We are subject to regulation by various federal, state, local and foreign governmental agencies, including, but not limited to, agencies and regulatory bodies or authorities responsible for monitoring and enforcing product safety and consumer protection laws, data privacy and security laws and regulations, employment and labor laws, workplace safety laws and regulations, environmental laws and regulations, antitrust laws, federal securities laws and tax laws and regulations.

Our global operations require us to import from and export to several countries, which increases the number of jurisdictions' laws with which we must comply. We are also subject to anti-money laundering laws such as the USA PATRIOT Act and may be subject to similar laws in other jurisdictions. Our platforms and solutions are subject to various export control and import laws and regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations, and various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control, in part because our software contains encryption technologies. Exports of our platforms and solutions must be made in compliance with these laws and regulations. We may also be subject to import/export laws and regulations in other jurisdictions in which we conduct business. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to substantial civil or criminal penalties, including the

possible loss of export or import privileges; fines, which may be imposed on us and responsible employees or managers; and, in extreme cases, the incarceration of responsible employees or managers. As a result, our access to technologies needed to improve our platforms and solutions may be impaired and the demand for our platforms and solutions outside of the United States may be limited. Any penalties, costs and restrictions on export or import privileges could harm our results of operations. We maintain policies and procedures reasonably designed to ensure compliance with applicable trade accounting requirements, laws and restrictions, including prohibiting the export, re-export or transfer of technology to companies on the Entity List maintained by the U.S. Department of Commerce's Bureau of Industry and Security, as well as prohibiting the sale of our products in certain countries. However, due to the size of our global operations, we cannot ensure that our policies and procedures, including related safeguards, will effectively prevent violations, including the unauthorized diversion of products to countries or persons that are the target of OFAC sanctions, the export, re-export or transfer of technology to companies on the Entity List, failure to comply with accounting rules related to import and export of products, appropriate import product classifications, or other trade accounting requirements, laws, and restrictions.

Moreover, if our service provider partners fail to obtain appropriate import, export or re-export licenses or authorizations, we may also be adversely affected through reputational harm and penalties. Obtaining the necessary authorizations, including any required license, for a particular component or sale may be time-consuming, is not guaranteed and may result in the delay or loss of sales opportunities. In addition, changes in our platforms or solutions or changes in applicable export or import laws and regulations may create delays in the introduction and sale of our platforms and solutions in the U.S. and international markets, prevent our service provider partners with from deploying our platforms and solutions, prevent us from importing or exporting components of some of our solutions, or, in some cases, prevent the export or import of our platforms and solutions to the United States and certain other countries, governments or persons altogether. Any change in export or import laws and regulations, shift in the enforcement or scope of existing laws and regulations, or change in the countries, governments, persons or technologies targeted by such laws and regulations, could also result in decreased use of our platforms and solutions, in our decreased ability to export or sell our platforms and solutions to existing or potential service provider partners with international operations or increased costs and difficulties associated with access to some components used in our solutions. Any decreased use of our platforms and solutions or limitations on our ability to export or sell our platforms and solutions or limitations on our ability to acquire or export components of our solutions would likely adversely affect our business, financial condition, cash flows and results of operations.

Furthermore, there is currently significant uncertainty about the future political relationship between the United States and various other countries, including China, the European Union, Canada, Vietnam and Mexico, with respect to trade policies, treaties, import/export regulations and restrictions and trade embargoes, tariffs and customs duties, and taxes. In 2019, the U.S. administration imposed significant changes to U.S. trade policy with respect to China. Tariffs have subjected certain of our products manufactured overseas to additional import duties of up to 25%. The amount of the import tariff and the number and types of products subject to tariffs, trade embargoes and import/export regulations and restrictions have changed numerous times based on action by the U.S. administration. Furthermore, the U.S. Federal Communications Commission ("FCC") and congress are considering additional restrictions targeting certain manufacturers of telecommunications, surveillance and security products. We are addressing the risks related to these imposed and announced tariffs, other regulations and restrictions and proposed FCC or congressional actions which have affected, or have the potential to affect, at least some of our imports. To the extent additional regulations or restrictions are imposed on us prior authorizations for existing products are revoked for manufacturers that we use, for example the manufacturer of our surveillance solutions, and we are unable to shift our production or otherwise reduce the impact before the imposition of any applicable restrictions or regulatory changes, our business, financial condition, cash flows, and results of operations could be adversely affected. Potential future changes to tariff and duty rates, trade embargoes, and import/export regulations and restrictions could similarly adversely affect our business.

Our integrators are required to abide by various national, state and local regulatory requirements, including obtaining certifications and licenses in order to install and maintain certain products and technologies. For example, certain lighting products may only be installed by certified electricians. Other products, such as certain low-voltage products, may not require certifications or licenses in certain jurisdictions. National, state, or local regulatory requirements may change and require our integrators to



obtain additional licenses, permits, and certifications to install our products. Such regulatory changes may make it more difficult and expensive for our integrators to install our products and therefore make it more difficult for us to sell our products.

Changes in laws that apply to us could result in increased regulatory requirements and compliance costs or the inability to import or export products or components from or to certain markets, which could harm our business, financial condition, cash flows and results of operations. In certain jurisdictions, regulatory requirements may be more stringent than in the United States. Noncompliance with applicable regulations or requirements could subject us to whistleblower complaints, investigations, sanctions, settlements, mandatory product recalls, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties or injunctions, suspension or debarment from contracting with certain governments or other end consumers, the loss of export privileges, multi-jurisdictional liability, reputational harm and other collateral consequences. If any governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, financial condition, cash flows and results of operations could be materially harmed. In addition, responding to any action will likely result in a materially significant diversion of management's attention and resources and an increase in defense costs and other professional fees. Enforcement actions and sanctions could further harm our business, financial condition, cash flows and results of operations.

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), we are required to adhere to certain reporting and other requirements regarding the use of certain minerals and derivative metals (referred to as "conflict minerals," regardless of their actual country of origin) in our products. Some of these metals are commonly used in electronic equipment and devices, including our products. These requirements require that we investigate, disclose and report whether or not any such metals in our products originated from the Democratic Republic of Congo or adjoining countries. We do not directly source any of our own raw conflict minerals; rather we have a complex supply chain, with numerous suppliers for the components and parts used in each of our products. As a result, we incur costs to comply with the diligence and disclosure requirements of Dodd-Frank Act. In addition, because our supply chain is so complex, we may not be able to sufficiently verify the origin of all relevant metals used in our products through the due diligence procedures that we implement. We may incur reputational damage if we determine that any of our products contain minerals or derivative metals that are not conflict free or if we are unable to sufficiently verify the source for all conflict minerals used in our products through the procedures we may implement. Furthermore, key components and parts that can be shown to be "conflict free" may not be available to us in sufficient quantity, or at all, or may only be available at significantly higher cost to us. If we are not able to meet customer requirements, end consumers may choose to disqualify us as a supplier. Any of these outcomes may have a material adverse effect on our business, results of operations and financial condition.

### **Risks Related to Cybersecurity and Privacy**

***Failure to maintain the security of our information and technology networks, including information relating to our integrators, distributors, vendors, partners, consumers and employees, could adversely affect our business. In addition, if security breaches in connection with the delivery of our products and services allow unauthorized third parties to obtain control of or otherwise access consumers' networks or appliances, our reputation, business, results of operations and financial condition could be harmed.***

The legal, regulatory and contractual environment surrounding information security, privacy and internet fraud is constantly evolving and companies that collect and retain information are under increasing attack by cyber-criminals around the world. We are dependent on information technology networks and systems, including the Internet, to process, transmit and store electronic information and, in the normal course of our business, we collect and retain certain information, including financial information and personally identifiable information, from and pertaining to our integrators, distributors, partners, consumers and employees. The protection of integrator, distributor, vendor, other partner, consumer and employee data is important to us, and we devote significant resources to addressing security vulnerabilities in our products and information technology systems, and regularly engage with security experts to conduct penetration testing to help us uncover vulnerabilities in our systems. However, the policies and security measures that we put in place could prove to be inadequate and cannot guarantee our systems will be secure,

and our information technology infrastructure may be vulnerable to cyber-attacks, data security incidents or other vulnerabilities. Cyber-attacks are increasingly sophisticated, constantly evolving, and often go undetected until after an attack has been launched. We may fail to identify such new and complex methods of attack or fail to invest sufficient resources in security measures. As a result of the COVID-19 pandemic, we may also face increased cybersecurity risks due to our reliance on internet technology and the number of our employees who are working remotely, which may create additional opportunities for cybercriminals to exploit vulnerabilities. We have previously and will continue to experience cyber-attacks, and we cannot be certain that advances in our cybersecurity capabilities or other developments will prevent compromises or breaches of the networks that access our products and services and the repositories where we store our data.

We have acquired companies over the years and may continue to do so in the future. While we make significant efforts to address any information technology security issues with respect to our acquisitions, we may still inherit such risks when we integrate the acquired products and systems.

In addition, consumers can use our tools for authorized, remote access to their systems, and certain of our employees and independent integrators can be provided authorized access to monitor and update certain of our products and services remotely. Security breaches by third parties or by, or originating from, one or more of our integrators or employees, that allow unauthorized access to or control over our consumers' appliances or data through our products could harm our reputation, business, results of operations and financial condition.

It is difficult to determine what harm may result from any specific interruption or security breach. Any failure or perceived failure to maintain performance, reliability, security and availability of systems or the actual or potential theft, loss, unauthorized use of our products or associated confidential information, including personally identifiable data of an integrator, distributor, partner, end consumer and employee, could result in:

- harm to our reputation or brand, which could lead some consumers to stop using certain of our products or services, reduce or delay future purchases of our products or services, use competing products or services, or materially and adversely affect the overall market perception of the security and reliability of our services and home automation products generally;
- individual and/or class action lawsuits, which could result in financial settlements or judgments against us and that would cause us to incur legal fees and costs;
- legal or regulatory enforcement action, which could result in fines and/or penalties and which would cause us to incur legal fees and costs; and/or
- additional costs associated with responding to the interruption or security breach, such as investigative and remediation costs, the costs of providing individuals and/or data owners with notice of the breach, legal fees, the costs of any additional fraud detection activities, or the costs of prolonged system disruptions or shutdowns.

Any of these actions may have a material adverse effect on our business, results of operations and financial condition.

***Because we store, process and use data, some of which contains personal information, we are subject to complex and evolving federal, state and foreign laws and regulations regarding privacy, data protection and other matters. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in investigations, claims, changes to our business practices, increased cost of operations and declines in user growth, retention or engagement, any of which could seriously harm our business.***

Our products and services rely heavily on the collection and use of information, including personal information. Because we store, process and use data, some of which contains personal information, we are subject to complex and evolving federal, state and foreign laws and regulations regarding privacy and data protection. Both in the United States and abroad, these laws and regulations are constantly evolving. In the United States in addition to certain regulations at the federal level, each state has its own statutory approach to privacy regulation, and recently states such as California have been very active in pursuing new regulations that are typically more restrictive than other jurisdictions. The application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in

which we operate. Continually implementing up-to-date data security tools and procedures and maintaining privacy standards that comply with ever-changing privacy regulations in multiple jurisdictions is challenging. If we are found to have breached any consumer protection laws or regulations in any such market, we may be subject to enforcement actions that require us to change our business practices in a manner which may negatively impact our net sales, as well as expose ourselves to litigation, fines, civil and/or criminal penalties and adverse publicity that could cause our end consumers to lose trust in us, negatively impacting our reputation and business in a manner that harms our financial position.

In recent years, there has been an increase in attention to and regulation of data protection and data privacy across the globe, including the Federal Trade Commission (“FTC”)’s increasingly active approach to enforcing data privacy in the United States, as well as the enactment of the European Union’s General Data Protection Regulation (“GDPR”), which took effect in May 2018, the United Kingdom’s transposition of GDPR into its domestic laws following its withdrawal from the European Union, and the California Consumer Privacy Act (“CCPA”), which took effect in January 2020. In Europe, the GDPR introduced stringent requirements (which will continue to be interpreted through guidance and decisions over the coming years) and requires organizations to erase an individual’s information upon request and implement mandatory data breach notification requirements and includes strict protections on how data may be transferred outside of the European Economic Area (“EEA”). Recent legal developments in Europe have created complexity and uncertainty regarding transfers of personal data from the EEA to the United States. For example, on July 16, 2020, the European Court of Justice struck down a permitted personal data transfer mechanism between the EEA and the United States, invalidating the use of the EU-U.S. Privacy Shield Framework and further casting doubt on the use of another main transfer mechanism, the standard contractual clauses. While standard contractual clauses remain a valid mechanism to transfer data from the EEA to the United States, uncertainty remains as to what, if any, additional steps may be required to remain in compliant with the GDPR. GDPR imposes fines for violation of up to 20 million Euros or up to four percent of the annual global revenues, whichever is greater. Further, following the United Kingdom’s withdrawal from the European Union, and the end of the related transition period, as of January 1, 2021, companies may be subject to both GDPR and the United Kingdom GDPR (“UK GDPR”), which, together with the amended UK Data Protection Act 2018, retains the GDPR in UK national law. The UK GDPR mirrors the fines under the GDPR, i.e., fines up to the greater of 20 million Euros (£17.5 million) or four percent of global turnover. The relationship between the United Kingdom and the European Union in relation to certain aspects of data protection law, including with respect to data transfers, remains unclear, and it is unknown how United Kingdom data protection laws and regulations will develop in the medium to longer term, and how data transfers to and from the United Kingdom will be regulated in the long term. Currently, the European Commission is considering whether to enable free transfer of personal data between the European Union and United Kingdom and published a draft adequacy decision to enable such transfers on February 19, 2021. If adopted, the decision will enable data transfers from European Union member states to the United Kingdom for a four-year period, subject to subsequent extensions. These changes may lead to additional costs and increase our overall risk exposure.

In the United States, CCPA requires companies that process personal information of California residents make new disclosures to consumers about their data collection, use and sharing practices, allows consumers to opt out of certain data sharing with third parties, and provides a new private cause of action for certain specified data breaches. CCPA provides for civil penalties for violations, with enforcement actions coming from the California Attorney General. The effects of CCPA are potentially significant and may require us to modify our data collection or processing practices and policies and to incur substantial costs and expenses to comply. Further, the California Privacy Rights Act, amending and expanding CCPA, was passed via ballot initiative during the November 2020 election, which will further strengthen privacy laws in California and create a new privacy regulatory agency in the state, which could result in greater numbers of enforcement actions and fines. Additionally, the FTC and many state attorneys general are interpreting federal and state consumer protection laws to impose standards for the online collection, use, dissemination and security of data. Each of these privacy, security and data protection laws and regulations could impose significant limitations, require changes to our business, or restrict our use or storage of personal information, which may increase our compliance expenses and make our business more costly or less efficient to conduct.

We publicly post our privacy policies and practices concerning our processing, use and disclosure of personal information. Our privacy policy and other statements we publish provide promises and assurances about privacy and security that could subject us to potential regulatory action or other liabilities if: (a) such statements are found to be deceptive or misrepresentative of our practices, (b) we fail to take adequate measures to ensure that we adhere to applicable regulations, or (c) our third-party data processors fail to adequately protect personal information that they process on our behalf. While we select our third-party data processors carefully, we do not control their actions. Any problems experienced by these third parties, including those resulting from breakdowns or other disruptions in the services provided by such parties or cyber-attacks and security breaches, could adversely affect our ability to service or otherwise conduct our business.

### **Risks Related to Intellectual Property**

#### ***If we fail to protect our intellectual property and proprietary rights adequately, our business could be harmed.***

We believe that proprietary technology is essential to establishing and maintaining our leadership position. We seek to protect our intellectual property through trade secrets, our confidentiality, non-compete, non-solicitation and nondisclosure agreements, and by registering numerous patents, trademarks, and domain names in various jurisdictions, as well as using other measures, some of which may afford only limited protection. We rely on a combination of patent, trademark, trade secret, copyright and other similar laws to protect our intellectual property. Our means of protecting our proprietary rights may not be adequate or our competitors may independently develop similar or superior technology, or design around our intellectual property.

In addition to patents, we rely on unpatented proprietary technology. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our technology or obtain and use information that we regard as proprietary. It is possible that others will independently develop the same or similar technology or otherwise obtain access to our unpatented technology. To protect our trade secrets and other proprietary information, we require employees, consultants, and independent contractors to enter into confidentiality agreements. However, such agreements may not be enforceable in full or in part in all jurisdictions and regardless of enforceability, any breach of these agreements could have a negative effect on our business and our remedies may be limited. We cannot assure you that these agreements or other steps we take to protect our proprietary and confidential information, including our trade secrets, will provide meaningful protection for our confidential and proprietary information. If we are unable to maintain the proprietary nature of our technologies, our business could be materially adversely affected.

We also rely on our trademarks, trade names, and brand names to distinguish our solutions from the products of our competitors and have registered or applied to register many of these trademarks in the United States and certain countries outside the United States. As we rely in part on brand names and trademark protection to enforce our intellectual property rights, efforts by third parties to limit use of our brand names or trademarks and barriers to the registration of brand names and trademarks in various countries may restrict our ability to promote and maintain a cohesive brand throughout our key markets. There can also be no assurance that pending or future U.S. or foreign trademark applications will be approved in a timely manner or at all, or that such registrations will effectively protect our brand names and trademarks. Third parties may also oppose our trademark applications, or otherwise challenge our use of the trademarks. In the event that our trademarks are successfully challenged, we could be forced to rebrand, which could result in loss of brand recognition and would require us to devote resources to advertising and marketing new brands.

In addition, the laws of some foreign countries do not protect our proprietary rights to as great an extent as the laws of the United States. Intellectual property protections may also be unavailable, limited or difficult to obtain and enforce in some countries, which could make it easier for competitors to capture market share. For example, many foreign countries limit the enforceability of patents against certain third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit. Effective trade secret protection may also not be available in every country in which our products are available or where we have employees or independent contractors. In addition, any changes in,

or unexpected interpretations of, the trade secret, intellectual property, or employment laws in any country in which we operate may compromise our ability to enforce our trade secret and other intellectual property rights.

To prevent substantial unauthorized use of our intellectual property rights, it may be necessary to prosecute actions for infringement and/or misappropriation of our proprietary rights against third parties. Any such action could result in significant costs and diversion of our resources and management's attention, and we cannot assure that we will be successful in such action. Furthermore, many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce their intellectual property rights (or to contest claims of infringement) than we do. Accordingly, despite our efforts, we may not be able to prevent third parties from knowingly or unknowingly infringing upon or misappropriating our intellectual property rights. If we are unable to protect our intellectual property rights (including aspects of our software and platform protected other than by patent rights), we will find ourselves at a competitive disadvantage to others who need not incur the additional expense, time and effort required to create our platform and other innovative products that have enabled us to be successful to date.

***An assertion by a third-party that we are infringing its intellectual property could, regardless of merit, subject us to costly and time-consuming litigation and could further lead to expensive licenses or significant liabilities in the event of an adverse judgment.***

The industry in which we compete is characterized by the existence of a large number of patents, copyrights, trademarks and trade secrets, and by frequent litigation based on allegations of infringement or other violations of intellectual property rights. There may be third-party intellectual property rights, including issued or pending patents, that cover significant aspects of our technologies or business methods. As we face increasing competition and our public profile increases, the possibility of intellectual property rights claims against us may also increase. We have been subject to intellectual property litigation in the past and we may be subject to similar litigation in the future. Given that some of our core product lines are, or integrate with, network aware products, the risk that our solutions may be subject to these allegations may be exacerbated because of the litigious environment for connectivity technologies. Further, we may face exposure to third-party intellectual property infringement, misappropriation, or violation actions if we engage software engineers or other personnel who were previously engaged by competitors or other third parties and those personnel inadvertently or deliberately incorporate proprietary technology of third parties into our products. A loss of key personnel or their work product in connection with such actions could hamper or prevent our ability to develop, market, and support potential products or enhancements, which could harm our business. Any intellectual property claims, with or without merit, could be very time-consuming and expensive to settle or litigate.

We are defendants in legal proceedings related to intellectual property rights from time to time, and in the past, we have entered into settlement agreements relating to contractual claims and alleged patent infringements, which have included future royalty payments on certain products, the payment of a lump sum amount for alleged past damages and/or the payment of a fixed amount in exchange for a covenant not to sue.

We might not prevail in any current or future intellectual property infringement litigation given the complex legal and technical issues and inherent uncertainties in such litigation. Defending such claims, regardless of their merit, could be time-consuming and distracting to management, result in costly litigation or settlement, cause development delays or require us to enter into royalty or licensing agreements. In addition, we currently have a limited portfolio of issued patents compared to some of our competitors, and therefore may not be able to effectively utilize our intellectual property portfolio to assert defenses or counterclaims, or negotiate cross-licenses in response to patent infringement claims or litigation brought against us by third parties. Further, litigation may involve patent holding companies or other adverse patent owners who have no relevant products or revenues and against which our potential patents provide no deterrence, and many other potential litigants have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. If our solutions exceed the scope of in-bound licenses or violate any third-party proprietary rights, we could be required to withdraw those solutions from the market, re-develop those solutions or seek to obtain licenses from third parties, which might not be available on reasonable terms or at all. Any efforts to re-develop

our solutions, obtain licenses from third parties on favorable terms or license a substitute technology might not be successful and, in any case, might substantially increase our costs and harm our business, financial condition and results of operations. If we were compelled to withdraw any of our solutions from the market, it may have a material adverse effect on our business, results of operations and financial condition.

We have agreed to indemnify our independent integrators and other partners for certain intellectual property infringement claims regarding our products and other materials we provide to them. As a result, in the case of infringement claims against these partners, we could be required to indemnify them for losses resulting from such claims. We expect that some of our partners may seek indemnification from us in connection with infringement claims brought against them. We evaluate each such request on a case-by-case basis and we may not succeed in refuting any such claim we believe to be unjustified. If a partner elects to invest resources in enforcing a claim for indemnification against us that we believe is unjustified, we could incur significant costs in disputing it. If we do not succeed in disputing it, we could face substantial liability.

***The use of open source software in our solutions may expose us to additional risks and harm our intellectual property.***

Some of our solutions use or incorporate software that is subject to one or more open source licenses. If we combine or link our proprietary software with certain open source software and distribute or make available such software to third parties, we could, under the terms of the applicable open source licenses, be required to disclose part or all of the source code of our proprietary software publicly or to allow further modification and redistribution of such software on potentially unfavorable terms or at no cost. This could provide an advantage to our competitors or other entrants to the market, allow them to create similar products with lower development effort and time, and ultimately result in a loss of sales for us. We may also be required to spend time and effort to remediate such uses of open source software.

The terms of many open source licenses to which we are subject have not been interpreted by U.S. or foreign courts, and accordingly there is a risk that those licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to commercialize our solutions. In that event, we could be required to seek licenses from third parties in order to continue offering our solutions, to redevelop our solutions, to discontinue sales of our solutions or to release our proprietary software code under the terms of an open source license, any of which could harm our business. Enforcement activity for open-source licenses can also be unpredictable. From time to time, companies that use third-party open source software have also faced claims challenging the use of such open source software and their compliance with the terms of the applicable open source license. We may be subject to suits by parties claiming ownership of what we believe to be open source software, or claiming non-compliance with the applicable open source licensing terms. Were it determined that our use was not in compliance with a particular license, we may be required to release our proprietary source code, defend claims, pay damages for breach of contract or copyright infringement, grant licenses to our patents, re-engineer our products, discontinue distribution in the event re-engineering cannot be accomplished on a timely basis, or take other remedial action that may divert resources away from our product development efforts, any of which could negatively impact our business. Open source compliance problems can also result in damage to reputation and challenges in recruitment or retention of engineering personnel. Any related litigation could be costly for us to defend, have a material adverse effect on our business, results of operations and financial condition, or require us to devote additional research and development resources to change our solutions.

***We rely on the availability of third-party licenses and our inability to maintain those licenses could harm our business and results of operations.***

We rely on third-party licensed technology, which we have incorporated into our products. Some of our agreements with our licensors may be terminated by them for convenience, or otherwise provide for a limited term. In addition, we may need to seek additional licenses for existing or new products, which may not be available on acceptable terms, or at all. The inability to obtain certain licenses or other rights, or to obtain those licenses or rights on favorable terms, or the need to engage in litigation regarding these matters, could result in our inability to include certain features in our products or delays in product releases, force us to acquire or develop alternative technology, which we may be unable to do in a commercially feasible manner or at all, and require us to use alternative technology of lower quality or performance standards. Any of



the foregoing would disrupt the distribution and sale of our products and harm our business, results of operations and financial condition.

Any errors or defects in third-party software could also result in errors or a failure of products. Moreover, the inclusion in our products of intellectual property licensed from third parties on a nonexclusive basis could limit our ability to protect our proprietary rights in our products. We cannot be certain that our licensors do not or will not infringe on the intellectual property rights of third parties or that our licensors have or will have sufficient rights to the licensed intellectual property in all jurisdictions in which we may sell our products, or that our remedies in the event of such infringement will be sufficient.

### **Risks Related to Our International Operations**

#### ***We are subject to a number of risks associated with international sales and operations.***

We have a limited history of marketing, selling, and supporting our products and services internationally. However, international net sales accounted for 11.6% of our total net sales for fiscal year 2020, and that percentage may grow in the future. As a result, we must hire and train experienced personnel to staff and manage our foreign operations. To the extent that we experience difficulties in recruiting, training, managing, and retaining international integrators, distributors, and international staff, and specifically staff related to sales management and sales personnel, we may experience difficulties in productivity in foreign markets.

If we are not able to increase the sales of our solutions to consumers located outside of North America, our results of operations or net sales growth may be harmed. In addition, in connection with our expansion into foreign markets, we are a receiver of currencies other than the U.S. dollar. Accordingly, changes in exchange rates, and in particular a strengthening of the U.S. dollar, will negatively affect our net sales as expressed in U.S. dollars. There is also a risk that we will have to adjust local currency product pricing due to competitive pressures when there has been significant volatility or changes in foreign currency exchange rates.

Conducting and launching operations on an international scale requires close coordination of activities across multiple jurisdictions and time zones and consumes significant management resources. Our limited experience in operating our business in certain countries outside of the United States increases the risk that our current and any future international expansion efforts will not be successful. Conducting international operations subjects us to risks that, generally, we do not face in the United States, including:

- Fluctuations in currency exchange rates, including as a result of the United Kingdom's ("U.K.") withdrawal from the European Union ("E.U."), commonly referred to as "Brexit";
- Unexpected changes in foreign regulatory requirements;
- Longer accounts receivable payment cycles and difficulties in collecting accounts receivable;
- Difficulties in managing and staffing international operations, including differences in labor laws, which may result in higher personnel-related liabilities and expenses;
- Potentially adverse tax consequences, including the complexities of foreign value added tax systems and restrictions on the repatriation of earnings;
- Localization of our solutions and other materials, including translation into foreign languages and associated expenses;
- Localization of applicable agreements under applicable foreign law and differing legal standards and risks;
- The burdens of complying with a wide variety of foreign laws and different legal standards, including laws and regulations related to import/export, privacy, the transfer of personal information across borders, data security and limitations on liability;
- Increased financial accounting and reporting burdens and complexities;
- Political, social and economic instability abroad, terrorist attacks and security concerns in general, including crime and cyber security; and

- Reduced or varied protection for intellectual property rights in some countries.

The impact of any one of these could harm our international business and, consequently, our results of operations generally. Moreover, operating in international markets also requires significant management attention and financial resources. We cannot be certain that the investment and additional resources required in establishing, acquiring or integrating operations and personnel in other countries will produce desired levels of net sales or profitability.

***Due to the global nature of our business, we could be harmed by violations of the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act or similar anti-corruption laws in other jurisdictions in which we operate, or various international trade and export laws.***

The global nature of our business creates various domestic and local regulatory challenges, including compliance with applicable anti-corruption laws and regulations. Where they apply, the U.S. Foreign Corrupt Practices Act (the “FCPA”), the U.K. Bribery Act 2010 (the “U.K. Bribery Act”), and similar anti-corruption laws in other jurisdictions generally prohibit companies and their directors, officers, employees and intermediaries from making improper payments to foreign government officials for the purpose of obtaining or retaining business or securing an improper business advantage. The U.K. Bribery Act and other anti-corruption laws that could apply to our business also prohibit non-governmental “commercial” bribery and accepting bribes. In addition, U.S.-listed companies are required to maintain books records that accurately and fairly represent their transactions and to implement and enforce an adequate system of internal accounting controls.

Our global operations expose us to the risk of violating, or being accused of violating, anti-corruption laws and regulations. Our business requires us to import from and export to several countries, which exposes us to corruption risks, and we rely heavily on intermediaries to support our sales and marketing operations, including integrators and distributors, and we could potentially face liability if these intermediaries engage in misconduct related to our business. We also operate in areas of the world that have elevated corruption risks and, in certain circumstances, compliance with anti-corruption laws may conflict with local customs and practices. Although our policies and procedures prohibit bribery and we periodically train our employees and agents about these anti-corruption laws, we cannot assure compliance by our personnel or intermediaries with such anti-corruption laws, which could harm our business, financial condition and results of operations. Our employees or other agents may engage in prohibited conduct and render us responsible under the FCPA, the U.K. Bribery Act or similar anti-corruption laws. If we are found to be in violation of the FCPA, the U.K. Bribery Act or other anti-corruption laws, this may expose us to reputational harm, investigation costs, or significant sanctions, including disgorgement of profits, injunctions and suspension or debarment from government contracts, criminal or civil penalties or other sanctions, which could harm our business.

#### **Risks Related to Our Indebtedness**

***Our substantial indebtedness could materially adversely affect our financial condition and our ability to operate our business, react to changes in the economy or industry or pay our debts and meet our obligations under our debt and could divert our cash flow from operations for debt payments.***

We have substantial indebtedness under the term loan portion of our Credit Agreement. As of March 26, 2021, our total term loan borrowings under our Credit Agreement was \$670.9 million. We plan to use a portion of the proceeds from this offering to repay indebtedness, and we will continue to have a significant amount of indebtedness following this offering. See “Use of Proceeds.” In addition, as of March 26, 2021, we had a \$60 million revolving credit facility (the “Revolving Credit Facility”) under our Credit Agreement under which we had \$55.1 million of availability after giving effect to outstanding letters of credit. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources.” In addition, subject to restrictions in the agreements governing our Credit Facilities, we may incur additional debt.

Our substantial indebtedness could have negative consequences, including the following:

- it may be difficult for us to satisfy our obligations, including debt service requirements under our outstanding debt, resulting in possible defaults on and acceleration of such indebtedness;
- our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions or other general corporate purposes may be impaired;
- a substantial portion of cash flow from operations may be dedicated to the payment of principal and interest on our debt, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures, future business opportunities, acquisitions and other purposes;
- we are more vulnerable to economic downturns and adverse industry conditions and our flexibility to plan for, or react to, changes in our business or industry is more limited;
- our ability to capitalize on business opportunities and to react to competitive pressures, as compared to our competitors, may be compromised due to our high level of debt; and
- our ability to borrow additional funds or to refinance debt may be limited.

Furthermore, all of our debt under our Credit Agreement bears interest at variable rates based on LIBOR. If these rates were to increase significantly, our debt service obligations would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, would correspondingly decrease. Accordingly, our ability to borrow additional funds may be reduced and risks related to our substantial indebtedness would intensify. Each quarter-point increase in the LIBOR would increase interest expense on our current variable rate debt by approximately \$1.8 million during 2021.

On July 27, 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. It is unclear if LIBOR will cease to exist at that time or if new methods of calculating LIBOR will be established such that it continues to exist after 2021. On November 30, 2020, the ICE Benchmark Administration ("IBA"), the administrator of LIBOR, with the support of the United States Federal Reserve and the United Kingdom's Financial Conduct Authority, announced plans to consult on ceasing publication of USD LIBOR on December 31, 2021 for only the one week and two month USD LIBOR tenors, and on June 30, 2023 for all other USD LIBOR tenors. While this announcement extends the transition period to June 2023, the United States Federal Reserve concurrently issued a statement advising banks to stop new USD LIBOR issuances by the end of 2021. In light of these recent announcements, the future of LIBOR at this time is uncertain and any changes in the methods by which LIBOR is determined or regulatory activity related to LIBOR's phaseout could cause LIBOR to perform differently than in the past or cease to exist. Although regulators and the IBA have made clear that the recent announcements should not be read to say that LIBOR has ceased or will cease, in the event LIBOR does cease to exist, we may need to renegotiate our Credit Agreement and other related agreements, which may result in interest rates and/or payments that do not correlate over time with the interest rates and/or payments that would have been our obligations if LIBOR was available in its current form. Changes in the method of calculating LIBOR, or the replacement of LIBOR with an alternative rate or benchmark, may adversely affect interest rates and result in higher borrowing costs. This could materially and adversely affect our results of operations, cash flow and liquidity.

We and our subsidiaries may be able to incur substantial additional debt in the future. Although our Credit Agreement governing our Credit Facilities contains restrictions on the incurrence of additional debt, these restrictions are subject to a number of qualifications and exceptions, and the debt incurred in compliance with these restrictions could be substantial. Additionally, we may successfully obtain waivers of these restrictions. These restrictions also do not prevent us from incurring obligations, such as trade payables, that do not constitute indebtedness as defined under our Credit Agreement. If we incur additional debt above the levels currently in effect, the risks associated with our leverage, including those described above, would increase.

***Servicing our debt requires a significant amount of cash. Our ability to generate sufficient cash depends on numerous factors beyond our control, and we may be unable to generate sufficient cash flow to service our debt obligations.***

Our business may not generate sufficient cash flow from operating activities to service our debt obligations. Our ability to make payments on and to refinance our debt and to fund planned capital

expenditures depends on our ability to generate cash in the future. To some extent, this is subject to general and regional economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

If we are unable to generate sufficient cash flow from operations to service our debt and meet our other commitments, we may need to refinance all or a portion of our debt, sell material assets or operations, delay capital expenditures or raise additional debt or equity capital. We may not be able to affect any of these actions on a timely basis, on commercially reasonable terms or at all, and these actions may not be sufficient to meet our capital requirements. In addition, the terms of our existing or future debt agreements may restrict us from pursuing any of these alternatives.

***Restrictive covenants in our Credit Agreement governing our indebtedness may restrict our ability to pursue our business strategies, and failure to comply with any of these restrictions could result in acceleration of our debt.***

The operating and financial restrictions and covenants in our Credit Agreement may materially adversely affect our ability to distribute monies to our stockholders, finance future operations or capital needs or engage in other business activities. Such agreements limit our ability, among other things, to:

- incur additional indebtedness and guarantee indebtedness;
- pay dividends on or make distributions in respect of our common stock or make other restricted payments;
- make loans and investments;
- sell or otherwise dispose of assets;
- incur liens;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into agreements restricting our subsidiaries' ability to pay dividends;
- enter into certain transactions with our affiliates; and
- designate our subsidiaries as unrestricted subsidiaries.

In addition, the covenants in our Credit Agreement require us to maintain a specified first lien secured net leverage ratio when a certain percentage of our Revolving Credit Facility commitments are borrowed and outstanding as of the end of each fiscal quarter. The Revolving Credit Facility under our Credit Agreement is subject to a first lien secured net leverage ratio of 8.15 to 1:00, tested quarterly if, and only if, the aggregate principal amount from the revolving facility, letters of credit (to the extent not cash collateralized or backstopped or, in the aggregate, not in excess of the greater of \$5.0 million and the stated face amount of letters of credit outstanding on the initial closing date of the Credit Agreement) and swingline loans outstanding and/or issued, as applicable, exceeds 35% of the total amount of the Revolving Credit Facility commitments. In certain circumstances, our ability to meet this financial covenant may be affected by events beyond our control.

A breach of the covenants under our Credit Agreement could result in a default or an event of default under the Credit Agreement. Such a default or event of default might allow the creditors to accelerate all amounts outstanding under our Credit Agreement and might result in the acceleration of any other debt or the termination of other third-party contracts to which a cross-acceleration or cross-default provision applies. In addition, an event of default under our Credit Agreement would permit the lenders to terminate all commitments to extend further credit to us. Furthermore, we have pledged a significant portion of our assets as collateral to secure our debt, and if we were unable to repay the amounts due and payable, those creditors could proceed against the collateral. In the event our lenders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness.

As a result of all of these restrictions, we and/or our subsidiaries, as applicable, may be:

- limited in how we conduct our business;

- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities.

These restrictions might hinder our ability to service our indebtedness or grow in accordance with our business strategy.

Furthermore, the terms of any future indebtedness we may incur could have further additional restrictive covenants. We may not be able to maintain compliance with these covenants in the future, and in the event that we are not able to maintain compliance, we cannot assure you that we will be able to obtain waivers from the lenders or amend the covenants.

***A downgrade in our credit ratings could increase our cost of funding and/or adversely affect our access to debt financing and working capital, as well as result in a loss of business and materially adversely affect our financial condition and results of operations.***

Our credit ratings are important to our cost and availability of capital. The major rating agencies routinely evaluate our credit profile and assign credit ratings to us. This evaluation is based on a number of factors, which include financial strength, business and financial risk, as well as transparency with rating agencies and timeliness of financial reporting. The addition of further leverage to our capital structure could result in a downgrade to our credit ratings in the future. As such, failure to maintain our current credit rating could adversely affect our cost of funding and our liquidity by limiting the access to capital markets or the availability of funding potential lenders. In addition, we purchase material and services from some suppliers on extended terms based on our overall credit rating. Negative changes in our credit rating may impact suppliers' willingness to extend terms and increase the cash requirements of the business.

### **Risks Related to Our Financial Statements**

***We may be subject to additional tax liabilities, which could materially adversely affect our financial condition, results of operations or cash flows.***

We are subject to income, sales, use, value added, tariffs and other taxes in the United States and other countries in which we conduct business, which laws and rates vary greatly by jurisdiction. Certain jurisdictions in which we do not collect sales, use, value added, tariffs or other taxes on our sales may assert that such taxes are applicable, which could result in tax assessments, penalties and interest, and we may be required to collect such taxes in the future. Significant judgment is required in determining our worldwide provision for income taxes and evaluating our uncertain tax positions. These determinations are highly complex and require detailed analysis of the available information and applicable statutes and regulatory materials. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be different from our historical tax practices, provisions and accruals. If we receive an adverse ruling as a result of an audit, or we unilaterally determine that we have misinterpreted provisions of the tax regulations to which we are subject, our tax provision, results of operations or cash flows could be harmed. In addition, liabilities associated with taxes are often subject to an extended or indefinite statute of limitations period. Therefore, we may be subject to additional tax liability (including penalties and interest) for any particular year for extended periods of time depending on the specific statute of limitations in the relevant jurisdiction.

***We have a recent history of losses and expect to incur increased operating costs in the future, and we may not achieve or sustain profitability or current revenue growth.***

We have recorded net losses and negative cash flows from our operations in the past. We expect our operating expenses to increase in the future as we expand our operations and execute on our product roadmap and strategy. We also plan to make significant future expenditures related to the expansion of our business and our product offerings including investments in:

- research and development to continue to introduce innovative new products and enhance existing products;

- sales and marketing to expand our brand awareness, promote new products, increase our customer base and expand sales within our existing customer base; and
- legal, accounting, information technology and other administrative expenses to sustain our operations as a public company.

If our net sales do not continue to grow to offset any increased expenses, we may continue to record net losses. We may incur significant losses in the future for a number of reasons, including without limitation the other risks and uncertainties described herein. Additionally, we may encounter unforeseen operating or legal expenses, difficulties, complications, delays in manufacturing and selling our products and other unknown factors that may result in losses in future periods. If these losses exceed our expectations or our net sales growth expectations are not met in future periods, our operating results could be adversely affected and our stock price could be harmed and we may need to establish a valuation allowance for our U.S. federal and state deferred tax assets again in the future and our stock price may fall.

***We may be required to recognize an impairment of our goodwill and other identifiable intangible assets, which represent a significant portion of our total assets.***

As of March 26, 2021, we had \$559.7 million of goodwill and \$606.2 million of unamortized identifiable intangible assets recorded on our balance sheet. We test such assets for impairment at least annually on the last day of the third quarter of each year or on an interim basis whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Impairment may result from, among other things, deterioration in performance, adverse market conditions, adverse changes in applicable laws or regulations, including changes that restrict the activities of or affect the solutions we offer, challenges to the validity of certain registered intellectual property, reduced sales of certain products or services incorporating registered intellectual property, increased attrition and a variety of other factors. The amount of any quantified impairment must be expensed immediately as a charge to results of operations. Depending on future circumstances, it is possible that we may never realize the full value of our intangible assets. An impairment of all or a part of our goodwill or other identifiable intangible assets may have a material adverse effect on our business, financial condition, and results of operations. Refer to “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” and Note 7 to our consolidated financial statements included elsewhere in this prospectus for further discussion of our goodwill and other intangible assets.

***Changes in accounting standards issued by the Financial Accounting Standards Board (the “FASB”), or other standard-setting bodies may adversely affect trends and comparability of our financial results.***

We are required to prepare our financial statements in accordance with GAAP, which is periodically revised and/or expanded. From time to time, we are required to adopt new or revised accounting standards issued by recognized authoritative bodies, including the FASB and the SEC. It is possible that future accounting standards we are required to adopt may require additional changes to the current accounting treatment that we apply to our financial statements and may result in significant changes to our results, disclosures and supporting reporting systems. Such changes could result in a material adverse impact on our results of operations and financial condition.

***Trends in research and development spending could adversely affect our growth potential, business, results of operations, financial condition and/or cash flows.***

Our business operates in competitive markets characterized by changing consumer preferences and rapid technological innovation. We have made and expect to continue to make significant investments in research and development and related product opportunities. For fiscal year 2020, we invested \$52 million in research and development activities. High levels of investment for research and development could harm our results of operations, especially if not offset by corresponding future net sales increases. We believe that we must continue to dedicate a significant amount of resources to our research and development efforts to maintain our competitive position. However, it is difficult to estimate when, if ever, we will generate significant net sales as a result of these investments which could adversely impact our operating results as well as our reputation.

***We may be required to make payments under our contingent value rights agreement with certain former holders.***

Subject to the terms and conditions of the Agreement and Plan of Merger dated June 19, 2017 (the “Merger Agreement”) by and among us, former holders of the Company (the “Former Holders”) and the other parties thereto, the Former Holders received non-transferable contingent value rights (“CVRs”), which collectively entitle the Former Holders to receive from us, in certain circumstances, aggregate payments in an aggregate of up to \$25 million. Each CVR gives a Former Holder the ability to earn cash payments based on the return of the Investor original investment hitting stated thresholds in relation to the proceeds received from disposition of the Investor’s initial ownership units. The CVRs were issued at two thresholds. The first CVR is payable to the Former Holders when the Investor’s return on investment grows to between 2.25 and 2.5 times the Investor’s original investment. The second CVR is payable to the Former Holders when the Investor’s return on investment grows to between 2.5 and 2.67 times the Investor’s original investment. To the extent we are required to make a payment to the Former Holders under the Merger Agreement, our liquidity may be adversely affected. For additional information on our obligations under the Merger Agreement, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Contingent Valuation Rights (“CVRs”).”

**Risks Related to This Offering and Our Common Stock*****We are controlled by Hellman & Friedman, whose interests may be different from the interests of other holders of our securities.***

Upon the completion of this offering, certain investment funds advised by an affiliate of Hellman & Friedman will own approximately 73.8% of our outstanding common stock, or approximately 71.9% if the underwriters exercise in full their option to purchase additional shares, and will have the ability to nominate of the members of our board of directors. As a result, Hellman & Friedman is able to control actions to be taken by us, including future issuances of our common stock or other securities, the payment of dividends, if any, on our common stock, amendments to our organizational documents and the approval of significant corporate transactions, including mergers, sales of substantially all of our assets, distributions of our assets, the incurrence of indebtedness and any incurrence of liens on our assets.

The interests of Hellman & Friedman may be materially different than the interests of our other stakeholders. In addition, Hellman & Friedman may have an interest in pursuing acquisitions, divestitures and other transactions that, in their judgment, could enhance their investment, even though such transactions might involve risks to you. For example, Hellman & Friedman may cause us to take actions or pursue strategies that could impact our ability to make payments under our Credit Agreement or cause a change of control. In addition, to the extent permitted by our Credit Agreement, Hellman & Friedman may cause us to pay dividends rather than make capital expenditures or repay debt. Hellman & Friedman is in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. Our amended and restated certificate of incorporation will provide that Hellman & Friedman, its affiliates and any director who is not employed by us (including any non-employee director who serves as one of our officers in both his director and officer capacities) or his or her affiliates will not have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. Hellman & Friedman also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us.

So long as Hellman & Friedman continue to own a significant amount of our outstanding common stock, even if such amount is less than 50%, they will continue to be able to strongly influence or effectively control our decisions and, so long as Hellman & Friedman continues to own shares of our outstanding common stock, they will have the ability to nominate individuals to our board of directors pursuant to a stockholders agreement to be entered into in connection with this offering. See “Certain Relationships and Related Party Transactions — Stockholders Agreement.” In addition, Hellman & Friedman will be able to determine the outcome of all matters requiring stockholder approval and will be able to cause or prevent a change of control of our company or a change in the composition of our board of directors and could preclude any unsolicited acquisition of our company. The concentration of ownership could deprive you



of an opportunity to receive a premium for your shares of common stock as part of a sale of our company and ultimately might affect the market price of our common stock.

***We will be a “controlled company” within the meaning of the Nasdaq rules and the rules of the SEC. As a result, we will qualify for exemptions from certain corporate governance requirements that provide protection to stockholders of other companies.***

After completion of this offering, Hellman & Friedman will continue to own a majority of our outstanding common stock. As a result, we will be a “controlled company” within the meaning of the corporate governance standards of Nasdaq. Under these rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a “controlled company” and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of our board of directors consist of “independent directors” as defined under the rules of the Nasdaq;
- the requirement that we have a compensation committee that is composed entirely of directors who meet the independence standards for compensation committee members with a written charter addressing the committee’s purpose and responsibilities; and
- the requirement that our director nominations be made, or recommended to our full board of directors, by our independent directors or by a nominations committee that consists entirely of independent directors and that we adopt a written charter or board resolution addressing the nominations process.

Following this offering, we do not intend to utilize these exemptions. However, if we utilize any of these exemptions in the future, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the Nasdaq.

***No public market for our common stock currently exists, and an active public trading market may not develop or be sustained following this offering.***

No public market for our common stock currently exists. An active public trading market may not develop following the completion of this offering or, if developed, may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair value of your shares. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration. We cannot predict the prices at which our common stock will trade. It is possible that in one or more future periods our results of operations may be below the expectations of public market analysts and investors and, as a result of these and other factors, the price of our common stock may fall.

***You will incur immediate dilution in the net tangible book value of the shares you purchase in this offering.***

The initial public offering price of our common stock is higher than the net tangible book value per share of outstanding common stock prior to completion of this offering. Based on our net tangible book value as of March 26, 2021, upon the issuance and sale of 13,850,000 shares of common stock by us at an assumed initial public offering price of \$19.50 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, if you purchase our common stock in this offering, you will suffer immediate dilution of approximately \$25.32 per share in net tangible book value. Dilution is the amount by which the offering price paid by purchasers of our common stock in this offering will exceed the pro forma net tangible book value per share of our common stock upon completion of this offering. A total of 10,500,000 and 750,000 shares of common stock have been reserved for future issuance under the 2021 Incentive Plan and 2021 Employee Stock Purchase Plan, respectively. You may experience additional dilution upon future equity issuances or the exercise of stock options to purchase common stock granted to our directors, officers and employees under our current and future stock incentive plans, including the 2021 Incentive Plan, as well as the 2021 Employee Stock Purchase Plan. See “Dilution.”

***Our stock price may change significantly following this offering, and you may not be able to resell shares of our common stock at or above the price you paid or at all, and you could lose all or part of your investment as a result.***

The trading price of our common stock is likely to be volatile. The stock market has experienced extreme volatility. This volatility often has been unrelated or disproportionate to the operating performance of particular companies. We and the underwriters have negotiated to determine the initial public offering price. You may not be able to resell your shares at or above the initial public offering price due to a number of factors such as those listed in other portions of this “Risk Factors” section and the following:

- actual or anticipated fluctuations in our quarterly financial and operating results, including our Contribution Margin;
- introduction of new products, solutions or services by us or our competitors;
- our ability to integrate operations, technology, products and services;
- issuance of new or changed securities analysts’ reports or recommendations;
- sales, or anticipated sales, of large blocks of our stock;
- additions or departures of key personnel;
- changing economic conditions;
- industry developments; and
- any default on our indebtedness.

These broad market and industry fluctuations may materially adversely affect the market price of our common stock, regardless of our actual operating performance. In addition, price volatility may be greater if the public float and trading volume of our common stock are low.

In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation.

***We will be required to pay the TRA Participants for net operating losses and certain other tax benefits that arose prior to or in connection with this offering and make a cash distribution to certain pre-IPO owners that are not TRA Participants, which amounts are expected to be material.***

As described in “Certain Relationships and Related Party Transactions — Tax Receivable Agreement” in connection with this offering, we expect to be able to utilize certain net operating losses and certain other tax benefits that arose prior to or in connection with this offering and are therefore attributable to the TRA Participants. These tax benefits will reduce the amount of tax that we would otherwise be required to pay in the future.

We will enter into a tax receivable agreement with the TRA Participants that will provide for the payment by us to the TRA Participants of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that we actually realize, or are deemed to realize (calculated using certain assumptions), as a result of the utilization of such tax benefits subject to the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. The actual amount and utilization of the tax benefits subject to the tax receivable agreement, as well as the amount and timing of any payments under the tax receivable agreement, will vary depending upon a number of factors, including the amount, character and timing of our taxable income in the future. In addition, actual tax benefits realized by us may differ from the tax benefits calculated under the tax receivable agreement as a result of the use of certain assumptions in the tax receivable agreement, including the use of an assumed state and local income tax rate to calculate tax benefits. We expect that the payments that we may make under the tax receivable agreement will be material. The payments under the tax receivable agreement are not conditioned upon the continued ownership of us by the TRA Participants. With respect to certain pre-IPO owners that are not TRA Participants, we intend to make a cash distribution of approximately \$13.1 million to the Investor, which will be used in part to pay such pre-IPO owners for their interests in the sum of (i) the current fair market value

of the tax receivable and (ii) the total cash distribution that will be made to such pre-IPO owners in lieu of their participation in the tax receivable agreement. A portion of the cash distribution to pre-IPO owners in lieu of their participation in the tax receivable agreement are subject to vesting requirements and will be held in escrow. The cash distribution will be in addition to any payments we make under the tax receivable agreement and will not reduce the amounts we will otherwise be required to pay under the tax receivable tax receivable agreement.

***In certain cases, payments under the tax receivable agreement may be accelerated and/or significantly exceed the actual cash savings we realize in respect of the tax benefits subject to the tax receivable agreement.***

The tax receivable agreement provides that if we breach any of our material obligations under the tax receivable agreement, whether as a result of a failure to make any payment when due, failure to honor any other material obligation required thereunder or by operation of law as a result of the rejection of the tax receivable agreement in a case commenced under the federal bankruptcy laws or otherwise, upon the occurrence of certain bankruptcy or insolvency proceedings involving us, upon certain changes of control, or if, at any time, we elect an early termination of the tax receivable agreement, our obligations under the tax receivable agreement would be automatically accelerated and would be immediately due and payable, and such obligations would be calculated by reference to the value of all future payments that the TRA Participants would have been entitled to receive under the tax receivable agreement using certain assumptions, including that we will have sufficient taxable income to fully utilize the net operating losses, credits, and certain other tax benefits subject to the tax receivable agreement. Our ability to fully utilize the net operating losses, credits, and certain other tax benefits subject to the tax receivable agreement will depend upon a number of factors, including the amount, character and timing of our taxable income in the future. In periods prior to the occurrence of a change of control and absent circumstances requiring an early termination payment, we are only obligated to make payments under the tax receivable agreement as and when we realize cash tax savings from the tax benefits subject to the tax receivable agreement (calculated using certain assumptions contained therein). Accordingly, we will generally not be required (absent a change of control, material breach, or circumstances requiring an early termination payment) to make payments under the tax receivable agreement for a taxable year in which we do not have taxable income because no cash tax savings will have been realized. In addition, recipients of payments under the tax receivable agreement will not reimburse us for any payments previously made under the tax receivable agreement if the tax attributes or our utilization of tax attributes underlying the relevant tax receivable agreement payment are successfully challenged by the Internal Revenue Service (“IRS”) (although any such detriment would be taken into account as an offset against future payments due to the relevant recipient under the tax receivable agreement). However, unutilized deductions that do not result in realized benefits in a given tax year as a result of insufficient taxable income may be applied to taxable income in future years and accordingly would impact the amount of cash tax savings in such future years and the amount of corresponding payments under the tax receivable agreement in such future years.

Accordingly, it is possible that the actual cash tax savings we realize may be significantly less than the corresponding tax receivable agreement payments. There may be a material negative effect on our liquidity if the payments under the tax receivable agreement exceed the actual cash tax savings that we realize in respect of the tax benefits subject to the tax receivable agreement. Based upon certain assumptions described in greater detail below under “Certain Relationships and Related Party Transactions — Tax Receivable Agreement,” we estimate that if we were to exercise our termination right immediately following this offering, the aggregate amount of these termination payments would be approximately \$116.1 million. The foregoing number is merely an estimate and the actual payments could differ materially. We may need to incur additional indebtedness to finance payments under the tax receivable agreement to the extent our cash resources are insufficient to meet our obligations under the tax receivable agreement as a result of timing discrepancies or otherwise, and these obligations could have the effect of delaying, deferring or preventing certain mergers, asset sales, other form of business combinations or other changes of control.

***We are a holding company with no operations and rely on our operating subsidiaries to provide us with funds necessary to meet our financial obligations.***

We are a holding company with no material direct operations. Our principal assets are the equity interests of Wirepath Home Systems, LLC (“Wirepath”) that we hold indirectly through our subsidiaries.

Wirepath, together with its subsidiaries, owns substantially all of our operating assets. As a result, we are dependent on loans, dividends and other payments from our subsidiaries to generate the funds necessary to meet our financial obligations. Our subsidiaries are legally distinct from us and may be prohibited or restricted from paying dividends or otherwise making funds available to us, including restrictions under the covenants of the agreements governing our Credit Agreement. If we are unable to obtain funds from our subsidiaries, we may be unable to meet our financial obligations.

***We currently do not intend to declare dividends on our common stock in the foreseeable future and, as a result, your only opportunity to achieve a return on your investment is if the price of our common stock appreciates.***

We currently do not expect to declare any dividends on our common stock in the foreseeable future. Instead, we anticipate that all of our earnings in the foreseeable future will be used to provide working capital, to support our operations and to finance the growth and development of our business. Any determination to declare or pay dividends in the future will be at the discretion of our board of directors, subject to applicable laws and dependent upon a number of factors, including our earnings, capital requirements and overall financial condition. In addition, our ability to pay dividends on our common stock is currently limited by the covenants of our Credit Facilities and may be further restricted by the terms of any future debt or preferred securities. Accordingly, your only opportunity to achieve a return on your investment in our company may be if the market price of our common stock appreciates and you sell your shares at a profit. The market price for our common stock may never exceed, and may fall below, the price that you pay for such common stock.

***Future sales, or the perception of future sales, by us or our existing stockholders in the public market following this offering could cause the market price for our common stock to decline.***

After this offering, the sale of shares of our common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

Upon consummation of this offering, we will have a total of 74,985,528 shares of common stock outstanding. All shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except for any shares held by our affiliates, as that term is defined under Rule 144 of the Securities Act ("Rule 144"), including our directors, executive officers and other affiliates, which may be sold only in compliance with the limitations described in "Shares Eligible for Future Sale," and any shares purchased in our directed share program which are subject to the lock-up agreements described in "Underwriting (Conflicts of Interest)."

The 60,306,256 shares held by our directors, officers, employees and affiliates immediately following the consummation of this offering (or 60,202,277 if the underwriters exercise in full their option to purchase additional shares) will represent approximately 80.4% of our total outstanding shares of common stock following this offering (or 78.2 % if the underwriters exercise in full their option to purchase additional 2,077,500 shares and in either case do not include any shares that may be purchased by these holders through our directed share program), based on the number of shares outstanding as of the date of this prospectus. Such shares will be "restricted securities" within the meaning of Rule 144 and subject to certain restrictions on resale following the consummation of this offering. Restricted securities may be sold in the public market only if they are registered under the Securities Act or are sold pursuant to an exemption from registration such as Rule 144, as described in "Shares Eligible for Future Sale."

In connection with this offering, we, our directors, executive officers and significant equity holders, have each agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of our or their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of certain representatives of the underwriters. All remaining holders of common stock or securities convertible into or exchangeable for shares of common stock outstanding immediately prior to the consummation of this offering are subject to a market standoff

agreement with us that restricts certain transfers of such securities for at least 180 days after the date of this prospectus. See “Underwriting” for a description of these lock-up agreements and market standoff agreements.

Upon the expiration of the contractual lock-up and market standoff agreements pertaining to this offering, an additional 61,135,528 shares will be eligible for sale in the public market (or 61,031,549 shares if the underwriters exercise in full their option to purchase additional shares), of which 60,306,256 are held by directors, executive officers and other affiliates and will be subject to volume, manner of sale and other limitations under Rule 144 (or 60,202,277 if the underwriters exercise in full their option to purchase additional shares), excluding, in each case, shares of restricted stock that are unvested as of the date of this prospectus. Following completion of this offering, shares covered by registration rights would represent approximately 77.6% of our outstanding common stock (or 75.4%, if the underwriters exercise in full their option to purchase additional shares). Registration of any of these outstanding shares of common stock would result in such shares becoming freely tradable without compliance with Rule 144 upon effectiveness of the registration statement. See “Shares Eligible for Future Sale.”

As restrictions on resale end or if these stockholders exercise their registration rights, the market price of our shares of common stock could drop significantly if the holders of these shares sell them or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of our shares of common stock or other securities.

In addition, the shares of our common stock reserved for future issuance under the 2021 Incentive Plan and the 2021 Employee Stock Purchase Plan will become eligible for sale in the public market once those shares are issued, subject to provisions relating to various vesting agreements, lock-up agreements and Rule 144, as applicable. A total of 10,500,000 and 750,000 shares of common stock have been reserved for future issuance under the 2021 Incentive Plan and the 2021 Employee Stock Purchase Plan, respectively.

***Provisions in our organizational documents and stockholders agreement could delay or prevent a change of control.***

Certain provisions of our amended and restated certificate of incorporation, amended and restated bylaws and amended and restated stockholders agreement may have the effect of delaying or preventing a merger, acquisition, tender offer, takeover attempt or other change of control transaction that a stockholder might consider to be in its best interest, including attempts that might result in a premium over the market price of our common stock.

These provisions provide for, among other things:

- the division of our board of directors into three classes, as nearly equal in size as possible, with directors in each class serving three-year terms and with terms of the directors of only one class expiring in any given year;
- that at any time when Hellman & Friedman and certain of its affiliates beneficially own, in the aggregate, less than 40% in voting power of the stock of our company entitled to vote generally in the election of directors, directors may only be removed for cause, and only by the affirmative vote of the holders of at least two-thirds in voting power of all the then-outstanding shares of stock entitled to vote thereon, voting together as a single class;
- the ability of our board of directors to issue one or more series of preferred stock with voting or other rights or preferences that could have the effect of impeding the success of an attempt to acquire us or otherwise effect a change of control;
- advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at stockholder meetings;
- the right of Hellman & Friedman and certain of its affiliates to nominate the majority of the members of our board of directors and the obligation of certain of our other pre-IPO stockholders to support such nominees;
- certain limitations on convening special stockholder meetings; and

- that certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws may be amended only by the affirmative vote of the holders of at least two-thirds in voting power of all the then-outstanding shares of our stock entitled to vote thereon, voting together as a single class, if Hellman & Friedman certain of its affiliates beneficially own, in the aggregate, less than 40% in voting power of our stock entitled to vote generally in the election of directors.

These provisions could make it more difficult for a third-party to acquire us, even if the third-party's offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares. See "Description of Capital Stock."

***We are an "emerging growth company" and the reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors.***

We are an "emerging growth company," as defined in the JOBS Act. We will remain an emerging growth company until the earliest to occur of: the last day of the fiscal year in which we have more than \$1.07 billion in annual revenue; the date we qualify as a "large accelerated filer," with at least \$700 million of equity securities held by non-affiliates; the issuance, in any three-year period, by us of more than \$1.0 billion in non-convertible debt securities; or the last day of the fiscal year ending after the fifth anniversary of our initial public offering. For so long as we remain an emerging growth company, we are permitted by SEC rules and plan to rely on exemptions from certain disclosure requirements that are applicable to other SEC-registered public companies that are not emerging growth companies. These exemptions include not being required to comply with the requirement for an auditor attestation of the effectiveness of our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act ("SOX"), not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, reduced disclosure obligations regarding executive compensation and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result, the information we provide stockholders will be different than the information that is available with respect to other public companies. In this prospectus, we have not included all of the executive compensation related information that would be required if we were not an emerging growth company. We cannot predict whether investors will find our common stock less attractive if we rely on these exemptions.

If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

In addition, an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this exemption from new or revised accounting standards and, therefore, we will not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

***Our management team will be required to evaluate the effectiveness of our internal control over financial reporting. If we are unable to maintain effective internal control over financial reporting, investors may lose confidence in the accuracy of our financial reports.***

As a privately-held company, we were not required to evaluate our internal control over financial reporting in a manner that meets the standards of publicly traded companies required by Section 404(a) of the Sarbanes-Oxley Act, or Section 404. As a public company, we will be required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. Section 404 of the Sarbanes-Oxley Act requires that we evaluate and determine the effectiveness of our internal control over financial reporting.

When evaluating our internal control over financial reporting, we have in the past and may in the future identify material weaknesses that we may not be able to remediate in time to meet the applicable



deadline imposed upon us for compliance with the requirements of Section 404. If we identify any material weaknesses in our internal control over financial reporting or are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is ineffective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, we could fail to meet our reporting obligations or be required to restate our financial statements for prior periods.

In addition, our internal control over financial reporting will not prevent or detect all errors and fraud. Because of the inherent limitations in all control systems, no evaluation can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

If there are material weaknesses or failures in our ability to meet any of the requirements related to the maintenance and reporting of our internal control, investors may lose confidence in the accuracy and completeness of our financial reports and that could cause the price of our common stock to decline. In addition, we could become subject to investigations by the applicable stock exchange, the SEC or other regulatory authorities, which could require additional management attention and which could adversely affect our reputation and business.

***We have identified a material weakness in our internal controls over financial reporting and if our remediation of such material weakness is not effective, or if we fail to develop and maintain an effective system of disclosure controls and internal controls over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired.***

Recently, in connection with the preparation of our consolidated financial statements as of December 25, 2020 and for the year then ended, we identified a material weakness in our internal controls over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal controls over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. We did not design or maintain an effective control environment over certain information technology (“IT”) general controls or information systems and applications that are relevant to the preparation of our consolidated financial statements. Specifically, we did not design and maintain (i) program change management controls to ensure that IT program and data changes affecting financial IT applications and underlying accounting records that are relevant to the preparation of our financial statements are identified, tested, authorized and implemented appropriately, and (ii) access controls to ensure access to programs and data is authorized and entitlements and privileges are recertified on a periodic basis to validate that only authorized individuals have access to the company’s data.

These IT deficiencies, when aggregated, could impact effective segregation of duties as well as the effectiveness of IT-dependent controls. None of the control deficiencies described above resulted in the identification of a material misstatement to our annual or interim consolidated financial statements. However, the deficiencies described above could result in a misstatement of one or more account balances or disclosures potentially leading to a material misstatement to our annual or interim consolidated financial statements which may not be prevented or timely detected and, accordingly, management determined that these control deficiencies constitute a material weakness.

To address this material weakness, we have hired personnel with public company experience and engaged an external advisor to assist with evaluating and documenting the design and operating effectiveness of our internal controls over financial reporting and assisting with the remediation of deficiencies, including implementing new controls and processes. We intend to continue to take steps to remediate the material weakness described above through additional measures that include hiring additional personnel with public company experience, and further evolving our accounting and business processes related to internal controls over financial reporting, including a plan for future system enhancements. We will not be able to fully remediate this material weakness until these steps have been completed and have been operating effectively for a sufficient period of time.

Furthermore, we cannot assure you that the measures we have taken to date, and actions we may take in the future, will be sufficient to remediate the control deficiencies that led to this material weakness in our



internal controls over financial reporting or that they will prevent or avoid potential future material weaknesses. Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal controls over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our annual or interim financial statements.

Neither our management nor our independent registered public accounting firm has performed an evaluation of our internal controls over financial reporting in accordance with the SEC rules because no such evaluation has been required. Our independent registered public accounting firm is not expected to formally attest to the effectiveness of our internal controls over financial reporting until at least the filing of our second Annual Report on Form 10-K following this offering. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal controls over financial reporting is documented, designed, or operating. Any failure to implement and maintain effective internal controls over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal controls over financial reporting that we will eventually be required to include in our periodic reports that are filed with the SEC. Ineffective disclosure controls and procedures and internal controls over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the Nasdaq.

***Our amended and restated certificate of incorporation will provide, subject to limited exceptions, that the Court of Chancery of the State of Delaware and, to the extent enforceable, the federal district courts of the United States of America will be the sole and exclusive forums for certain stockholder litigation matters, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.***

Our amended and restated certificate of incorporation will provide, subject to limited exceptions, that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for any (i) derivative action or proceeding brought on behalf of our company, (ii) action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of our company to the Company or our stockholders, (iii) action asserting a claim against the Company or any director, officer or other employee of the Company arising pursuant to any provision of the Delaware General Corporation Law, (the "DGCL"), or our amended and restated certificate of incorporation or our amended and restated bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware or (iv) action asserting a claim against the Company or any director, officer or other employee of the Company governed by the internal affairs doctrine. These provisions shall not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction and our stockholders cannot waive compliance with federal securities laws and the rules and regulations thereunder. Unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to the forum provisions in our amended and restated bylaws.

These choice of forum provisions may limit a stockholder's ability to bring a claim in a different judicial forum, including one that it may find favorable or convenient for disputes with us or any of our directors, officers or other employees which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provisions that will be contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition. For example,

the Court of Chancery of the State of Delaware recently determined that a provision stating that U.S. federal district courts are the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act is not enforceable. However, this decision may be reviewed and ultimately overturned by the Supreme Court of the State of Delaware.

***Our board of directors will be authorized to issue and designate shares of our preferred stock in additional series without stockholder approval.***

Our certificate of incorporation will authorize our board of directors, without the approval of our stockholders, to issue 50,000,000 shares of our preferred stock, subject to limitations prescribed by applicable law, rules and regulations and the provisions of our certificate of incorporation, as shares of preferred stock in series, to establish from time to time the number of shares to be included in each such series and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof. The powers, preferences and rights of these additional series of preferred stock may be senior to or on parity with our common stock, which may reduce its value.

***We may invest or spend the proceeds of this offering in ways with which you may not agree or in ways which may not yield a return.***

A portion of the net proceeds from this offering may be used for general corporate purposes, including working capital. We may also use a portion of the net proceeds to acquire complementary businesses, products, services or technologies. Our management will have considerable discretion in the application of the net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. The net proceeds may be invested with a view towards long-term benefits for our stockholders and this may not increase our operating results or market value. The failure by our management to apply these funds effectively may adversely affect the return on your investment.

### **General Risks**

***Our business, results of operations and financial condition have been adversely affected and could in the future be adversely affected by the COVID-19 pandemic.***

The COVID-19 pandemic has negatively impacted the global economy and global supply chains, and created significant disruption of global financial markets. Governments, public institutions and other organizations in many countries and localities where COVID-19 has been detected have taken certain emergency measures and may from time to time take additional emergency measures, to combat its spread, including imposing lockdowns, shelter-in-place orders, quarantines, restrictions on travel and gatherings and the extended shutdown of non-essential businesses that cannot be conducted remotely. These emergency measures remain in place to varying degrees. While the potential economic impact brought by, and the duration of, the COVID-19 pandemic is difficult to assess or predict, it has and may continue to:

- disrupt our hardware supply chain;
- disrupt our ability to conduct product development activities and other activities necessary to improve products and bring new products to market;
- disrupt and restrict our integrators' ability to travel and to meet with residential and commercial end consumers who use our solutions;
- cause cancellations or postponement of certain events; and
- cause temporary closures of our facilities, including manufacturing centers and critical product distribution locations, or the facilities of our service providers or suppliers.

The COVID-19 pandemic has also resulted in significant disruption of global financial markets, which may reduce our ability to access capital and which could negatively affect our liquidity in the future. This economic and financial uncertainty may also negatively impact pricing for our platform or cause end consumers to reduce or postpone purchasing our solutions, which may, in turn, negatively affect our net

sales, cash flows, results of operations and financial condition. The increased uncertainty and disruption to global markets may also negatively impact our growth opportunities whether organically or through acquisitions.

The uncertainty caused by and the unprecedented nature of the current COVID-19 pandemic make the potential impact of the pandemic difficult to predict and the extent to which it may negatively affect our industry, our supply of hardware products, our business operations or our operating results is uncertain. Weak global economic conditions, additional business disruptions or closures and spikes or surges in COVID-19 infection, also may exacerbate the impact of the pandemic. Further, we do not yet know the full effects of the COVID-19 pandemic on our suppliers and service providers. However, if the economy fails to fully recover or there is another shutdown of non-essential businesses due to a resurgence of COVID-19, we anticipate that our net sales growth rate may be lower in future periods if some end consumers defer or cancel previously anticipated purchases, with a corresponding reduction in hardware net sales, or if demand for home-based solutions decreases as a result of the lifting of COVID-19 related restrictions.

The ultimate impact to our results will depend to a large extent on currently unknowable developments, including the length of time the disruption and uncertainty caused by COVID-19 will continue, which will, in turn, depend on, among other things, the actions taken by authorities and other entities to contain COVID-19 or treat its impact, including the impact of any re-opening plans, additional closures and spikes or surges in COVID-19 infection, and individuals' and companies' risk tolerance regarding health matters going forward, all of which are beyond our control. These potential impacts, while uncertain, could harm our business and adversely affect our operating results. In addition, to the extent the ongoing COVID-19 pandemic adversely affects our business and results of operations, it may also have the effect of heightening many of the other risks and uncertainties described in this "Risk Factors" section which may have a material adverse effect on our business, results of operations and financial condition.

***Risks associated with our labor force could have a significant adverse effect on our business.***

We had approximately 1,302 employees as of March 26, 2021. Various national, federal and state labor laws govern our relationships with our employees and affect our operating costs. These laws include employee classifications as exempt or non-exempt, minimum wage requirements, unemployment tax rates, workers' compensation rates, overtime, family leave, anti-discrimination laws, safety standards, payroll taxes, employment agreements, citizenship requirements and other wage and benefit requirements for employees classified as non-exempt. As our employees may be paid at rates that relate to the applicable minimum wage, further increases in the minimum wage could increase our labor costs. Employees may make claims against us under national, federal, or state laws, which could result in significant costs. Significant additional government regulations could materially affect our business, financial condition and results of operations.

None of our U.S. employees is currently covered by collective bargaining or other similar labor agreements. However, if a large number of our U.S. employees were to unionize, including in the wake of any future legislation that makes it easier for employees to unionize, our business could be negatively affected. Any inability by us to negotiate collective bargaining arrangements could cause strikes or other work stoppages, and new contracts could result in increased operating costs. If any such strikes or other work stoppages occur, or if other employees become represented by a union, we could experience a disruption of our operations and higher labor costs.

In addition, certain of our suppliers and logistics providers may have unionized work forces. Strikes, work stoppages or slowdowns could result in slowdowns or closures of facilities where the products that we sell are manufactured or could affect the ability of our suppliers to deliver such products to us. Any interruption in the production or delivery of these products could delay or reduce availability of these products and increase our costs.

Given the complex nature of the technology on which our business is based and the speed with which such technology advances, our future success is dependent, in large part, upon our ability to attract and retain highly qualified executive, managerial, engineering, operations, and sales and marketing personnel. Competition for talented personnel is intense, and we cannot be certain that we can retain our executive, managerial, engineering, operations, and sales and marketing personnel, or that we can attract, assimilate or

retain such personnel in the future. Our inability to attract and retain such personnel may have a material adverse effect on our business, results of operations and financial condition.

***Increases in operating costs could adversely impact our business, financial position, results of operations and cash flows.***

Our financial performance is affected by the level of our operating expenses, such as wages and salaries, leases of distribution centers and sales and marketing offices, advertising and marketing, employee benefits, health care, insurance premiums, as well as various regulatory compliance costs, all of which may be subject to inflationary pressures. In particular, our financial performance is adversely affected by increases in these operating costs.

***Our business is subject to the risks of earthquakes, hurricanes, fire, power outages, floods and other catastrophic events, and to interruption by man-made problems such as political unrest, information systems compromise, riots and terrorism.***

A significant natural disaster, such as an earthquake, hurricane, fire or a flood, or a significant power outage could harm our business, results of operations and financial condition. Natural disasters could affect our manufacturing vendors' or logistics providers' ability to perform services such as manufacturing products or assisting with shipments on a timely basis. In the event our manufacturing vendors' information technology systems or manufacturing or logistics abilities are hindered by any of the events discussed above, shipments could be delayed or cancelled, adversely affecting product deliveries, net sales and profitability, integrator and customer satisfaction, and our competitive standing. Further, if a natural disaster occurs in a region from which we derive a significant portion of our net sales, such as metropolitan areas in North America, end consumers in those regions may delay or forego purchases of our solutions from integrators, which may harm our results of operations for a particular period. In addition, acts of terrorism, including cyber terrorism or crime, acts of war, financial crises, trade friction or geopolitical and social turmoil in those parts of the world that serve as markets for our solutions, could cause disruptions in our business or the business of our manufacturers, logistics providers, integrators or the economy as a whole. These uncertainties may cause our end consumers to reduce discretionary spending and make it difficult for us to accurately plan future business activities. Given our typical concentration of sales at the end of each month and quarter, any disruption in the business of our manufacturers, logistics providers, integrators, and end consumers that impacts sales at the end of our quarter could have a greater impact on our quarterly results. All of the aforementioned risks may be augmented if the disaster recovery plans for us and our suppliers and integrators prove to be inadequate. To the extent that any of the above results in delays or cancellations of orders, or delays in, or cancellations of the manufacture, deployment or shipment of our products, it may have a material adverse effect on our business, results of operations and financial condition.

***We will incur increased costs as a result of operating as a publicly traded company, and our management will be required to devote substantial time to new compliance initiatives.***

As a publicly traded company, and particularly after we are no longer an emerging growth company, we will incur additional legal, accounting and other expenses that we did not previously incur. Although we are currently unable to estimate these costs with any degree of certainty, they may be material in amount. In addition, SOX, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and the rules of the SEC, and the stock exchange on which our common shares are listed, have imposed various requirements on public companies. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives as well as investor relations. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to incur additional costs to maintain the same or similar coverage.

***If securities or industry analysts do not publish research or reports about our business, or publish negative reports about our business, our share price and trading volume could decline.***

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about our business. We do not have any control over these analysts, activist

investors, or those who short our stock. If one or more of the foregoing analysts who cover us, activist investors, or those who short our stock downgrade our shares, change their opinion of our shares, or publish negative or false reports for their own purposes, our share price will likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish research or reports on us, we could lose visibility in the financial markets, which could cause our stock price or trading volume to decline.

***Future acquisitions of technologies, assets or businesses that are paid for partially or entirely through the issuance of stock or stock rights could dilute the ownership of our existing stockholders.***

We expect that the consideration we might pay for any future acquisitions of technologies, assets or businesses could include stock, rights to purchase stock, cash or some combination of the foregoing. If we issue stock or rights to purchase stock in connection with such future acquisitions, net income (loss) per share and then-existing holders of our common stock may experience dilution.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements made in this prospectus that are not statements of historical fact, including statements about our beliefs and expectations, are forward-looking statements, and should be evaluated as such. Forward-looking statements include information concerning possible or assumed future results of operations, including descriptions of our business plan and strategies. These statements often include words such as “anticipate,” “expect,” “suggest,” “plan,” “believe,” “intend,” “project,” “forecast,” “estimates,” “targets,” “projections,” “should,” “could,” “would,” “may,” “might,” “will,” and other similar expressions. These forward-looking statements are contained throughout this prospectus, including the “Prospectus Summary,” “Risk Factors,” “Capitalization,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business.”

We base these forward-looking statements on our current expectations, plans and assumptions, which we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances and at this time. As you read and consider this prospectus, you should understand that these statements are not guarantees of performance or results. The forward-looking statements contained herein are subject to and involve risks, uncertainties and assumptions, and therefore you should not place undue reliance on these forward-looking statements or projections. Although we believe that these forward-looking statements and projections are based on reasonable assumptions at the time they are made, you should be aware that many factors could affect our actual financial results, and therefore actual results might differ materially from those expressed in the forward-looking statements and projections. Factors that might materially affect such forward-looking statements include:

- Risks Related to Our Business and Industry;
- Risks Related to Our Products;
- Risks Related to Our Manufacturing and Supply Chain;
- Risks Related to Our Distribution Channels;
- Risks Related to Laws and Regulations;
- Risks Related to Cybersecurity and Privacy;
- Risks Related to Intellectual Property;
- Risks Related to Our International Operations;
- Risks Related to Our Indebtedness;
- Risks Related to Our Financial Statements;
- Risks Related to this Offering and Our Common Stock; and
- the other factors discussed under “Risk Factors.”

The preceding list is not intended to be an exhaustive list of all of our forward-looking statements. The forward-looking statements are based on our beliefs, assumptions and expectations of future performance, taking into account the information currently available to us. These statements are only predictions based upon our current expectations about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. Other sections of this prospectus may include additional factors that could adversely impact our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time and it is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Before investing in our common stock, investors should be aware that the occurrence of the events described under the caption “Risk Factors” and elsewhere in this prospectus could have a material adverse effect on our business, results of operations and future financial performance.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or occur. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this prospectus to conform these statements to actual results or to changes in our expectations.



## USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately \$248.6 million from the sale of shares of our common stock in this offering, based on an assumed initial public offering price of \$19.50 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters exercise in full their option to purchase additional shares, the net proceeds to us will be approximately \$284.7 million.

We will not receive any proceeds from any exercise by the underwriters of their option to purchase additional shares from the selling stockholders. The selling stockholders will bear the underwriting commissions and discounts, if any, attributable to their sale of our common stock, and we will bear the remaining expenses. The selling stockholders will only sell shares in this offering if the underwriters exercise their option to purchase additional shares.

We intend to use the net proceeds from this offering to repay a portion of the term loan outstanding under our Credit Agreement totaling \$245.7 million, plus accrued interest thereon of approximately \$2.9 million, and the remainder, if any, for general corporate purposes. To the extent we raise more proceeds in this offering than currently estimated, we will use such proceeds for general corporate purposes, which may include, among other things, further repayment of indebtedness. To the extent we raise less in this offering than currently estimated, we may, if necessary, reduce the amount of the indebtedness that will be repaid. For information about the applicable interest rates, maturity dates and use of proceeds of loans under our Credit Agreement, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Credit Facilities.”

A \$1.00 increase (decrease) in the assumed initial public offering price of \$19.50 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, would increase (decrease) the net proceeds to us from this offering by \$13.0 million, assuming the number of shares offered by us, as set forth on the front cover of this prospectus, remains the same and after deducting the assumed underwriting discounts and commissions and estimated offering expenses payable by us. An increase (decrease) of 100,000 shares from the expected number of shares to be sold by us in this offering, assuming no change in the assumed initial public offering price per share, which is the midpoint of the price range set forth on the front cover of this prospectus, would increase (decrease) our net proceeds from this offering by \$1.8 million.

**DIVIDEND POLICY**

Except as provided below, currently we do not expect to declare any dividends on our common stock in the foreseeable future. Instead, we anticipate that all of our earnings in the foreseeable future will be used to provide working capital, to support our operations, to finance the growth and development of our business and to reduce our net debt. Any determination to declare dividends in the future will be at the discretion of our board of directors, subject to applicable laws, and will be dependent on a number of factors, including our earnings, capital requirements and overall financial condition. If we elect to pay dividends in the future, we may reduce or discontinue entirely the payment of such dividends at any time.

We expect to pay a cash dividend in the amount of approximately \$13.1 million to the Investor prior to the closing of this offering, the proceeds of which will be used to pay certain pre-IPO owners of the Investor a dividend in lieu of their participation in the tax receivable agreement. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations — Tax Receivable Agreement.”

Because we are a holding company, our ability to pay dividends depends on our receipt of cash dividends from our operating subsidiaries, which may further restrict our ability to pay dividends as a result of the laws of their jurisdiction of organization, agreements of our subsidiaries or covenants under any existing and future outstanding indebtedness we or our subsidiaries incur.

## CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 26, 2021:

- on an actual basis; and
- on an as adjusted basis, further giving effect to (i) the sale by us of 13,850,000 shares of our common stock in this offering at an assumed initial public offering price of \$19.50 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us and (ii) the application of the net proceeds received by us from this offering to repay a portion of the term loan outstanding under our Credit Agreement, plus accrued interest thereon, and the remainder, if any, for general corporate purposes, as described in “Use of Proceeds.”

You should read this table together with “Use of Proceeds,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our consolidated financial statements and the related notes appearing elsewhere in this prospectus.

	As of March 26, 2021	
	Actual	As Adjusted
	(in thousands, except share and par value data)	
Cash and cash equivalents <sup>(1)</sup>	\$ 48,943	\$ 35,887
Long-term debt, including current portion of long-term debt:		
Revolving Credit Facility	\$ —	\$ —
Term loans	670,902	425,226
Unamortized debt issuance costs on term loans	(19,162)	(10,565)
Unamortized debt issuance costs on Revolving Credit Facility	(491)	(491)
Total debt	651,249	414,170
Stockholders’ Equity:		
Common stock, \$0.001 par value, actual, \$0.01 par value, as adjusted; 100,000,000 shares authorized, actual, 59,216,665 shares issued and outstanding, actual, 500,000,000 shares authorized, as adjusted, 74,985,528 shares issued and outstanding, as adjusted	59	750
Preferred stock, \$0.01 par value; no shares authorized, actual, no shares issued and outstanding, actual, 50,000,000 shares authorized, as adjusted, no shares issued and outstanding, as adjusted	—	—
Additional paid-in capital <sup>(2)</sup>	660,686	795,855
Accumulated deficit <sup>(1)</sup>	(49,032)	(67,930)
Accumulated other comprehensive income	704	704
Company’s stockholders’ equity	612,417	729,379
Noncontrolling interest	294	294
Total stockholders’ equity	612,711	729,673
Total capitalization	\$1,263,960	\$1,143,843

- (1) Cash and cash equivalents on an as adjusted basis reflects cash distributions made to pre-IPO owners in lieu of their participation in the tax receivable agreement (approximately \$13.1 million as of March 26, 2021). A portion of the cash distribution to pre-IPO owners in lieu of their participation in the tax receivable agreement are subject to vesting requirements and will be held in escrow. Distributions made to pre-IPO owners which are not subject to vesting requirements will be recorded as an expense in the

period the distributions are made. Distributions made to pre-IPO owners which are subject to vesting requirements will be recorded to expense over the remaining estimated service period.

- (2) Additional paid-in capital on an as adjusted basis is reduced as a result of the recognition of the liability equal to the total estimated payments (approximately \$112.7 million as of March 26, 2021) to be made under the tax receivable agreement.

A \$1.00 increase or decrease in the assumed initial public offering price of \$19.50 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, would decrease or increase, as applicable, total debt by \$12.6 million and increase or decrease, as applicable, on an as adjusted basis, additional paid-in capital, Company's stockholders' equity, total stockholders' equity and total capitalization by \$13.0 million, in each case, assuming the number of shares offered by us, as set forth on the front cover of this prospectus, remains the same and after deducting assumed underwriting discounts and commissions and estimated offering expenses payable by us and the application of the net proceeds thereof as described in "Use of Proceeds." An increase or decrease of 100,000 shares in the number of shares sold in this offering by us would decrease or increase, as applicable, total debt by \$1.8 million and increase or decrease, as applicable, on an as adjusted basis, additional paid-in capital, Company's stockholders' equity, total stockholders' equity and total capitalization by \$1.8 million, in each case, assuming an initial public offering price of \$19.50 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us and the application of the net proceeds thereof as described in "Use of Proceeds."

The number of shares of our common stock to be outstanding immediately after this offering is based on 59,216,665 shares outstanding as of the date of this prospectus (after giving effect to the 150-for-1 forward stock split effected on July 15, 2021) and:

- assumes the issuance of 1,918,863 shares of restricted common stock to be issued to holders of unvested Units in connection with the Equity Conversion (which amount of shares is based upon an assumed initial public offering price of \$19.50 per share which is the midpoint of the range set forth on the cover page of this prospectus); and
- does not reflect (i) 10,500,000 shares of common stock available for future issuance under our 2021 Incentive Plan, including (a) 363,682 shares of common stock underlying the restricted stock units and (b) 4,988,530 shares of common stock issuable upon the exercise of options with an exercise price equal to the initial offering price we expect to award to certain employees in connection with this offering, or (ii) 750,000 shares of common stock available for future issuance under our 2021 Employee Stock Purchase Plan.

A \$1.00 increase in the assumed initial public offering price referred to above shall (i) modify the number of shares of restricted common stock to be received by the holders of unvested Units in connection with the Equity Conversion resulting in an increase to the number of shares of common stock to be outstanding immediately after this offering by 151,416 shares, (ii) decrease the number of shares of common stock underlying the restricted stock units we expect to award in connection with this offering by 17,678 shares and (iii) decrease the number of shares of common stock issuable upon exercise of the options we expect to award in connection with this offering by 243,361 shares.

A \$1.00 decrease in the assumed initial public offering price referred to above shall (i) modify the number of shares of restricted common stock to be received by the holders of unvested Units in connection with the Equity Conversion resulting in a decrease to the number of shares of common stock to be outstanding immediately after this offering by 167,822 shares, (ii) increase the number of shares of common stock underlying the restricted stock units we expect to award in connection with this offering by 19,526 shares and (iii) increase the number of shares of common stock issuable upon exercise of the options we expect to award in connection with this offering by 269,679 shares.

## DILUTION

If you invest in our common stock in this offering, your ownership interest in us will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the net tangible book value per share of our common stock as adjusted to give effect to this offering and the Equity Conversion. Dilution results from the fact that the per share offering price of the common stock is substantially in excess of the book value per share attributable to the shares of common stock held by existing stockholders.

Our net tangible book deficit as of March 26, 2021 was approximately \$553.2 million or \$9.05 per share. We calculate net tangible book value per share by taking the amount of our total tangible assets, reduced by the amount of our total liabilities, and then dividing that amount by the total number of shares of common stock outstanding.

After giving effect to our sale of the shares in this offering at an assumed initial public offering price of \$19.50 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us and after giving effect to the application of the net proceeds from this offering as described under “Use of Proceeds,” our net tangible book deficit as of March 26, 2021 as adjusted to give effect to this offering and the Equity Conversion would have been \$436.2 million, or \$5.82 per share. This amount represents an immediate increase in net tangible book value of \$3.23 per share to existing stockholders and an immediate dilution in net tangible book value of \$25.32 per share to new investors purchasing shares in this offering at the initial public offering price.

The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share	\$19.50
Net tangible book deficit per share as of March 26, 2021 before giving effect to this offering and the Equity Conversion	\$(9.05)
Increase in net tangible book value per share attributable to new investors purchasing shares in this offering	<u>3.23</u>
Net tangible book deficit per share as adjusted to give effect to this offering	(5.82)
Dilution per share to new investors in this offering	<u>\$25.32</u>

Dilution is determined by subtracting net tangible book value per share of common stock as adjusted to give effect to this offering and the Equity Conversion, from the initial public offering price per share of common stock.

Each \$1.00 increase in the assumed initial public offering price of \$19.50 per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase our as adjusted net tangible book value by approximately \$12.6 million, or approximately \$0.17 per share, and the dilution per share to investors in this offering by approximately \$26.15 per share, assuming that the number of shares offered by us, as set forth on the front cover of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

Conversely, each \$1.00 decrease in the assumed initial public offering price of \$19.50 per share, the midpoint of the price range set forth on the cover page of this prospectus, would decrease our as adjusted net tangible book value by approximately \$12.6 million, or approximately \$0.17 per share, and the dilution per share to investors in this offering by approximately \$24.48 per share, assuming that the number of shares offered by us, as set forth on the front cover of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

We may also increase or decrease the number of shares we are offering. An increase of 100,000 shares in the number of shares offered by us would result in an as adjusted net tangible book deficit of approximately \$434.4 million, or approximately \$5.79 per share, and the dilution per share to investors in this offering would be approximately \$25.29 per share, assuming the assumed initial public offering price of \$19.50 per share remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Conversely, a decrease of 100,000 shares in the number of shares offered by us would result in an as adjusted net tangible book deficit of approximately \$438.0 million, or approximately

\$5.85 per share, and the dilution per share to investors in this offering would be approximately \$25.35 per share, assuming the assumed initial public offering price of \$19.50 per share, remains the same and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. The as adjusted pro forma information discussed above is illustrative only and will adjust based on the actual initial public offering price and other terms of this offering.

If the underwriters exercise their option to purchase additional shares of our common stock in full in this offering, the as adjusted net tangible book deficit after the offering would be \$5.20 per share, the increase in net tangible book deficit per share to our existing investors would be \$3.85 and the dilution in net tangible book value per share to new investors would be \$24.70 per share, in each case assuming an initial public offering price of \$19.50 per share, which is the midpoint of the range listed on the cover page of this prospectus.

The following table summarizes, on an as adjusted basis as of March 26, 2021, as described above, the differences between the number of shares purchased from us, the total consideration paid to us, and the average price per share paid by existing stockholders and by new investors. As the table shows, new investors purchasing shares in this offering will pay an average price per share substantially higher than our existing stockholders paid. The table below is based on 74,985,528 shares of common stock outstanding immediately after the Equity Conversion and the consummation of this offering and does not give effect to shares of common stock issuable upon exercise of outstanding options to purchase shares of our common stock outstanding as of the date of this prospectus or the shares of common stock reserved for future issuance under the 2021 Incentive Plan. A total of 10,500,000 shares of common stock have been reserved for future issuance under the 2021 Incentive Plan, and a total of 750,000 shares of common stock have been reserved for future issuance under the 2021 Employee Stock Purchase Plan. The table below is based on an assumed initial public offering price of \$19.50 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, for shares purchased in this offering, assumes the issuance of 1,918,863 shares of restricted common stock to be issued to the holders of unvested Units in connection with the Equity Conversion and excludes underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares Purchased		Total Consideration		Average Price per Share
	Number (in thousands)	Percent	Amount (in thousands)	Percent	
Existing Stockholders	61,136	81.5%	\$652,892	70.7%	\$10.68
New Investors	13,850	18.5	270,075	29.3	19.50
Total	<u>74,986</u>	<u>100.0%</u>	<u>\$922,967</u>	<u>100.0%</u>	

If the underwriters were to fully exercise the underwriters' option to purchase 2,077,500 additional shares of our common stock from us and the selling stockholders, the percentage of shares of our common stock held by existing stockholders would be approximately 79.3% of the aggregate number of shares of common stock outstanding after this offering after giving effect to sales by the selling stockholders, and the percentage of shares of our common stock held by new investors would be 20.7% of the aggregate number of shares of common stock outstanding after this offering after giving effect to sales by the selling stockholders.

Assuming the number of shares offered by us, as set forth on the front cover of this prospectus, remains the same, excluding assumed underwriting discounts and commissions and estimated offering expenses payable by us, a \$1.00 increase or decrease in the assumed initial public offering price of \$19.50 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, would increase or decrease total consideration paid by new investors and total consideration paid by all stockholders by approximately \$13.9 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes thereto included elsewhere in this prospectus. The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources and all other non-historical statements in this discussion are forward-looking statements and are based on the beliefs of our management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those discussed in or implied by forward-looking statements as a result of various factors, including those discussed below and elsewhere in this prospectus, particularly in "Risk Factors" or in other sections of this prospectus.*

*We operate on a 52-week or 53-week fiscal year ending on the last Friday of December each year. Our fiscal year is divided into four quarters of 13 weeks, each beginning on a Saturday and containing one 5-week period followed by two 4-week periods. When a 53-week fiscal year occurs, we report the additional week in the fourth fiscal quarter. References to fiscal year 2020 are to our 52-week fiscal year ended December 25, 2020 and references to fiscal year 2019 are to our 52-week fiscal year ended December 27, 2019. The fiscal quarters ended March 26, 2021 and March 27, 2020 were both 13-week periods.*

### Overview

Snap One powers smart living by enabling professional integrators to deliver seamless experiences in the connected homes and small businesses where people live, work and play. The combination of our end-to-end product ecosystem and our technology-enabled workflow solutions, which we refer to as our "Only Here" strategy, delivers a compelling value proposition to our loyal and growing network of over 16,000 professional do-it-for-me ("DIFM") integrators. We believe that Only Here can integrators access a leading, comprehensive suite of products and software solutions that enable a "one-stop shop" experience. Only Here can integrators support their customers via our industry-leading remote management software platform, which reaches approximately 345,000 active homes and businesses as of March 26, 2021. Only Here can integrators enjoy the convenience of an e-commerce centric, omni-channel offering to support their workflow. Only Here can our third-party product partners efficiently access our expansive integrator network and connect with the broader Snap One product and software ecosystem. By partnering with Snap One, integrators can focus on their trade and leverage the tools and infrastructure that we deliver to build thriving and profitable businesses. We believe our Only Here value proposition becomes embedded into integrators' workflow throughout the project lifecycle, creating re-occurring spending patterns that strengthen our integrator relationships and enhance our revenue visibility from our integrator base. Snap One was founded by integrators for integrators and we believe our Only Here experience makes us integrators' partner of choice.

We derive the majority of our net sales from the sale of both proprietary and third-party products to DIFM integrators in home technology, security and commercial end markets. Our comprehensive suite of solutions allows integrators to find everything they need in one place and to deliver high-quality, reliable and configurable systems to end consumers. We also have two subscription-based services that we monetize with end consumers. Parasol is enabled by our OvrC software and is a subscription-based service that gives homeowners and small businesses access to a continuous remote support service to troubleshoot devices on their network. 4Sight, our remote system management software for end consumers, is enabled by our Control4 software and is a subscription sold to homeowners and small businesses. While it accounts for a smaller share of our current net sales, we intend to continue to invest in the expansion of existing subscription-based services and the development of new ones.

We are vertically integrated with approximately 70% of net sales in fiscal year 2020 coming from our proprietary-branded, internally developed products that are only available to integrators directly from Snap One. These proprietary products are manufactured on an asset-light basis through our network of contract manufacturing and joint development suppliers located primarily in Asia and support our strong net sales of \$814.1 million and Contribution Margin of 41.7%, in each case during fiscal year 2020. In addition, we are strategically expanding our third-party product offering to enhance the one-stop shop experience for integrators, driving customer stickiness and sales growth. Our third-party products have lower margins than our proprietary products and our future profitability may be affected by our sales mix over time.



## Recent Developments

On May 28, 2021, we completed the acquisition of ANLA, Inc. (“Access Networks”), an enterprise-grade networking solutions provider offering network design, configuration, monitoring and support services and products. We expect that the acquisition will enhance our networking solutions for residential and commercial networks. Under the purchase agreement, we agreed to a purchase price of \$38.1 million, consisting of both cash and equity, plus contingent consideration of up to \$2.0 million based upon the achievement of specified financial targets.

## Key Factors Affecting Our Performance

Our historical financial performance has been primarily driven by the following factors, which we also expect to be the primary drivers of our financial performance in the future.

**Grow Wallet Share with Integrators.** While our network of over 16,000 domestic DIFM integrators that we transact with is large, we believe we have a significant wallet share expansion opportunity with our existing integrator base. Across our entire base of domestic integrators, we capture on average approximately \$40,000 of annual spend and those integrators purchase on average approximately eight different product categories from us. Over time, we typically grow integrators’ wallet share with us, as exemplified by the top ten percent of our domestic integrators spending on average approximately \$240,000 annually across approximately 17 different product categories with us. This is compared with Frost & Sullivan’s estimate of over \$600,000 in average annual product spend for all domestic integrators. This suggests we have significant room to grow sales by increasing wallet share with all of our existing integrators. Average wallet share with our integrators varies across DIFM markets, with particular strength in home technology and demonstrated success in commercial and security. In a survey conducted by Frost & Sullivan, integrators indicated that on average they purchase products from twelve sources, and approximately 20% of respondents indicated that Snap One was their most used source for installation equipment from March 2020 to March 2021 (more than twice the share of the next highest source). As we continue to expand our omni-channel coverage, extend our product suite, bolster our support services, and create deeper integration across our products, we believe we will be able to drive continued wallet share gains by making it compelling for integrators to use Snap One as their one-stop shop.

We believe our strong position with integrators is supported by our world class industry-leading NPS of 55 among domestic integrators who have purchased from Snap One between March 2020 and March 2021, as compared to competing brands’ average NPS of -2. In addition to a strong position with our integrators as evidenced by our NPS, approximately 75% of our fiscal year 2020 e-commerce portal net sales came from integrators who have been our customers for at least five years (as represented by integrators whose first purchase was made in fiscal year 2015 or prior).

**Add New DIFM Integrators in Home Technology, Security, Commercial and Internationally.** We are a market leader in our core domestic home technology market and our product portfolio and integrator support is designed to expand into attractive adjacent markets. We are utilizing our scale to make strategic investments focused on growing our network of integrators across home technology and the attractive security and commercial markets. We currently have an established presence in these markets with a track record of growth, and we believe we have a significant opportunity for future penetration. Today, we believe we transact with over 20% of addressable domestic integrators across the home technology, security, and commercial markets. We believe our differentiated value proposition will continue to attract new integrators to the Snap One integrated platform.

We also believe there is a meaningful opportunity to capture market share in non-U.S. markets. We expanded internationally with our acquisition of Control4 Corporation (“Control4”) in August 2019, and international net sales accounted for 11.6% and 12.0% of our net sales in fiscal year 2020 and the fiscal quarter ended March 26, 2021. Our international growth strategy is focused on expanding primarily in selected principally English-speaking markets, which could include Canada, the U.K., Australia and New Zealand. We plan to grow in these markets by investing in sales resources, broadening our available product portfolio, and strengthening our direct-to-integrator sales approach.

**Continue to Invest in Our Integrated Platform.** Our end-to-end product and software ecosystem and technology-enabled workflow solutions create an integrated platform of leading offerings, which we believe

drives significant value for our integrators and personalized, immersive experiences for end consumers. We have a proven track record of innovation through significant investments in research and development (“R&D”) to build and enhance our integrated platform over time. Our close relationship with our integrator base enables us to more effectively identify and enter attractive, high growth market segments and to continually enhance our products and software to deliver the best solutions for end consumers. We also leverage these relationships to introduce new and enhanced technology-enabled workflow solutions. These new and enhanced support services are designed to make it easier for our integrators to operate their businesses, creating a more efficient industry and stronger growth for Snap One.

**Enhance Our Omni-Channel Strategy.** Our business model is built around an e-commerce centric, omni-channel go-to-market strategy. We provide a comprehensive e-commerce portal, which allows integrators to easily research products, design projects, receive training and certifications, order products, and solicit ongoing support. Our e-commerce portal is complemented by an extensive network of 26 local branches and seven distribution centers, as of March 26, 2021. For the twelve-month period ending March 26, 2021, we opened or acquired five net new local branches, and we expect to continue to expand our local branch presence in the future. The local branch presence is an important part of our strategy as it allows us to better serve integrators locally by providing same day product availability when necessary, creating a site for relationship building with our support team and for training and product demonstration sessions. We believe integrators value the relationships and support we can deliver at the local level, and this further increases their loyalty with our business across channels.

**Execute Strategic Acquisitions.** In addition to our organic growth, we continue to grow our business through strategic acquisitions to better serve existing and new integrators, help broaden our product categories, and extend the geographic reach of our omni-channel capabilities. We have completed over ten acquisitions since 2015, representing an aggregate value of over \$750.0 million, with the largest investment being the acquisition of Control4 in 2019.

On August 1, 2019, we completed our acquisition of Control4, a leading global provider of smart living solutions. This acquisition enabled Snap One to provide an end-to-end product offering and create a true one-stop shop for integrators. Additional benefits of the merger included increased innovation, simplified product integration, global distribution and leading customer service and support.

Our omni-channel strategy with a local branch presence enables us to capture additional spend with our existing integrators through new purchase occasions while also adding new integrators in local markets. In support of this strategy, we have completed four acquisitions of regional, value-added distribution businesses since 2018. These acquisitions have enabled us to complement our e-commerce portal with a geographically diversified footprint of local branches. We completed the acquisitions of Allnet, Inc. (“Allnet”) and Schireson Bros. Inc. dba Volutone Distributing Co. (“Volutone”) in 2018 to establish a presence in the Midwest and Southwest United States, respectively. In 2019, we completed the acquisitions of Marketing Representatives, Inc. (“MRI”) and Custom Plus Distributing, Inc. (“CPD”) to extend our coverage to the Northeastern and Pacific Northwest regions of the United States. We intend to continue to execute our local branch expansion strategy through a combination of organic openings and bolt-on acquisitions.

We will continue to pursue disciplined, accretive acquisitions that enhance our products, software and workflow solutions and expand into adjacent markets that allow us to serve our integrator base. Our network of third-party products as well as our close relationships with our integrators allow us to source a large pipeline of potential acquisition opportunities.

### **Impact of the COVID-19 Pandemic**

The connected home market has fared well throughout the COVID-19 pandemic, as market data indicates that there has been an increase in the percentage of disposable income being spent on home-related goods and services as more of the working population has been staying at home. Furthermore, integration companies were deemed “essential workers” by the United States federal government, allowing a majority of integrators to remain open throughout the COVID-19 pandemic. Throughout the pandemic, we have supported professional integrators with their challenges, including staff considerations and the dynamic of practicing social distancing with their customers, to allow them to continue to provide their

customers the infrastructure and connectivity needed to create personalized experiences for individuals and families who are spending more time at home.

Following initial demand declines for our products and services in March and April 2020, sales recovered as professional integrators' services became increasingly important for homeowners working and seeking entertainment from home. Our favorable liquidity position, disciplined supply chain execution and inventory availability drove strong performance during fiscal year 2020. This has resulted in accelerated growth in our business and reinforced our mission-criticality to our integrators. This macroeconomic trend is favorably impacting our business results to date, but the possible sustained spread or resurgence of the pandemic, and any government response thereto, increases the uncertainty regarding future economic conditions upon which our future business depends.

### Key Metrics and Reconciliation of Non-GAAP Financial Data

In addition to the measures presented in our consolidated financial statements, we use the following additional key business metrics to help us monitor the performance of our business, measure our performance, identify trends affecting our business and assist us in making strategic decisions:

#### *Adjusted EBITDA and Adjusted Net Income*

We define Adjusted EBITDA as net loss, plus interest expense, net, income tax benefit, depreciation and amortization, further adjusted to exclude equity-based compensation, acquisition- and integration-related costs and certain other non-recurring, non-core, infrequent or unusual charges as described below.

We define Adjusted Net Income as net loss plus amortization further adjusted to exclude equity-based compensation, acquisition- and integration-related costs and certain non-recurring, non-core, infrequent or unusual charges, including the estimated tax impacts of these adjustments.

Adjusted EBITDA and Adjusted Net Income are key measures used by management to understand and evaluate our financial performance, trends and generate future operating plans, make strategic decisions regarding the allocation of capital and analyze investments in initiatives that are focused on cultivating new markets for our products and services. We believe Adjusted EBITDA and Adjusted Net Income are useful measurements for analysts, investors and other interested parties to evaluate companies in our markets as they help identify underlying trends that could otherwise be masked by certain expenses that we do not consider indicative of our ongoing performance.

Adjusted EBITDA and Adjusted Net Income have limitations as analytical tools. These measures are not calculated in accordance with GAAP and should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. In addition, Adjusted EBITDA and Adjusted Net Income may not be comparable to similarly titled metrics of other companies due to differences among the methods of calculation.

The following table presents a reconciliation of net loss to Adjusted EBITDA for the periods presented:

	Fiscal Quarter Ended		Fiscal Year Ended	
	March 26, 2021	March 27, 2020	December 25, 2020	December 27, 2019
	(in thousands)			
<b>Calculation of Adjusted EBITDA</b>				
Net loss	\$ (6,036)	\$(19,018)	\$(25,228)	\$(34,461)
Interest expense	9,535	12,803	45,529	35,244
Income tax benefit	(763)	(4,316)	(4,351)	(13,357)
Depreciation and amortization	13,712	14,483	57,972	39,657
Other (income) expense	(213)	883	(1,827)	(1,048)
Equity-based compensation	1,060	1,362	4,284	3,673
Fair value adjustment to contingent value rights <sup>(a)</sup>	1,310	(300)	800	314
Acquisition- and integration-related costs <sup>(b)</sup>	14	3,478	5,341	20,179
Initial public offering costs <sup>(c)</sup>	1,711	—	542	—
Deferred revenue purchase accounting adjustment <sup>(d)</sup>	148	370	1,012	831
Deferred acquisition payments <sup>(e)</sup>	2,152	3,302	9,649	13,615

	Fiscal Quarter Ended		Fiscal Year Ended	
	March 26, 2021	March 27, 2020	December 25, 2020	December 27, 2019
	(in thousands)			
Other <sup>(f)</sup>	712	15	735	299
Adjusted EBITDA	<u>\$23,342</u>	<u>\$ 13,062</u>	<u>\$ 94,458</u>	<u>\$ 64,946</u>

The following table presents a reconciliation of net loss to Adjusted Net Income for the periods presented:

	Fiscal Quarter Ended		Fiscal Year Ended	
	March 26, 2021	March 27, 2020	December 25, 2020	December 27, 2019
	(in thousands)			
Net loss	\$ (6,036)	\$(19,018)	\$(25,228)	\$(34,461)
Amortization	11,888	11,875	47,491	31,488
Foreign currency (gains) loss	(48)	1,142	(172)	(1,101)
(Gain) loss on sale of business	—	—	(979)	561
Equity-based compensation	1,060	1,362	4,284	3,673
Fair value adjustment to contingent value rights <sup>(a)</sup>	1,310	(300)	800	314
Acquisition and integration related costs <sup>(b)</sup>	14	3,478	5,341	20,179
Initial public offering costs <sup>(c)</sup>	1,711	—	542	—
Deferred revenue purchase accounting adjustment <sup>(d)</sup>	148	370	1,012	831
Deferred acquisition payments <sup>(e)</sup>	2,152	3,302	9,649	13,615
Other <sup>(f)</sup>	690	(62)	760	225
Income tax effect of adjustments <sup>(g)</sup>	(3,855)	(4,856)	(15,189)	(15,630)
Adjusted Net Income	<u>\$ 9,034</u>	<u>\$ (2,707)</u>	<u>\$ 28,311</u>	<u>\$ 19,694</u>

- (a) Represents noncash losses recorded from fair value adjustments related to contingent value right liabilities. Contingent value right liabilities represent potential obligations to the prior sellers in conjunction with the Investor's acquisition of the Company in August 2017 and are based on estimates of expected cash payments to the prior sellers based on specified targets for the Investor's return on its original capital investment.
- (b) Represents costs directly associated with acquisitions and acquisition-related integration activities. For fiscal year 2020 and the fiscal quarter ended March 27, 2020, the costs relate primarily to third-party consultant and information technology integration costs directly related to the Control4 acquisition. For fiscal year 2019, the costs primarily relate to third-party professional fees and integration costs related to the Control4 acquisition as well as similar costs incurred in connection with the MRI and CPD acquisitions. These costs also include certain restructuring costs (e.g., severance) and other third-party transaction advisory fees associated with the acquisitions.
- (c) Represents expenses related to professional fees in connection with preparation for our initial public offering.
- (d) Represents an adjustment related to the fair value of deferred revenue related to the Control4 acquisition.
- (e) Represents expenses incurred related to deferred payments to employees associated with our Control4 acquisition and other historical acquisitions. The deferred payments are cash retention awards for key personnel from the acquired companies and are expected to be paid to employees through 2022. Management does not believe such costs are indicative of our ongoing operations as they are one-time awards specific to acquisitions and are incremental to our typical compensation costs incurred and we do not expect such costs to be reflective of future increases in base compensation expense.
- (f) Represents non-recurring expenses primarily related to consulting and restructuring fees which management believes are not representative of our operating performance.

- (g) Represents the tax impacts with respect to each adjustment noted above after taking into account the impact of permanent differences using the statutory tax rate related to the applicable federal and foreign jurisdictions and the blended state tax rate.

### *Contribution Margin*

We define Contribution Margin for a particular period as net sales less cost of sales, exclusive of depreciation and amortization, divided by net sales. Contribution Margin is a key measure used by management to understand and evaluate our financial performance, trends and generate future operating plans, make strategic decisions regarding the allocation of capital and analyze investments in initiatives that are focused on cultivating new markets for our products and services. We believe Contribution Margin is a useful measurement for analysts, investors and other interested parties to evaluate companies in our markets as they help identify underlying trends that could otherwise be masked by certain expenses that we do not consider indicative of our ongoing performance.

Contribution Margin has limitations as an analytical tool. This measure is not calculated in accordance with GAAP and should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. In addition, Contribution Margin may not be comparable to similarly titled metrics of other companies due to differences among the methods of calculation.

The following table presents the calculation of Contribution Margin:

	Fiscal Quarter Ended		Fiscal Year Ended	
	March 26, 2021	March 27, 2020	December 25, 2020	December 27, 2019
	(\$ in thousands)			
Net sales	\$220,468	\$172,611	\$814,113	\$590,842
Cost of sales, exclusive of depreciation and amortization <sup>(a)</sup>	128,876	100,390	474,778	354,821
Net sales less cost of sales, exclusive of depreciation and amortization	\$ 91,592	\$ 72,221	\$339,335	\$236,021
Contribution Margin	41.5%	41.8%	41.7%	39.9%

- (a) Cost of sales, exclusive of depreciation and amortization for fiscal quarters ended March 26, 2021 and March 27, 2020 excludes depreciation and amortization of \$13,712 and \$14,483, respectively. Cost of sales, exclusive of depreciation and amortization for fiscal years 2020 and 2019 excludes depreciation and amortization of \$57,972 and \$39,657, respectively.

### *Free Cash Flow*

We define Free Cash Flow as net cash provided by (used in) operating activities less capital expenditures (which consist of purchases of property and equipment as well as purchases of information technology, software development and leasehold improvements). We believe it is useful to exclude capital expenditures from our Free Cash Flow in order to measure the amount of cash we generate because the timing of such capital investments made may not directly correlate to the underlying financial performance of our business operations. Free Cash Flow is not a measure calculated in accordance with GAAP and should not be considered in isolation from, or as a substitute for financial information prepared in accordance with GAAP. In addition, Free Cash Flow may not be comparable to similarly titled metrics of other companies due to differences among methods of calculation. Free Cash Flow (as defined below) provides useful information to investors and others in understanding and evaluating our ability to generate additional cash from our business in the same manner as our management and board of directors. Free Cash Flow may be affected in the near to medium term by the timing of capital investments (such as purchases of information technology and other equipment and leasehold improvements), fluctuations in our growth and the effect of such fluctuations on working capital and changes in our cash conversion cycle due to increases or decreases of vendor payment terms as well as inventory turnover.

The following table presents a reconciliation of net cash provided by (used in) operating activities to Free Cash Flow for the periods presented:

	Fiscal Quarter Ended		Fiscal Year Ended	
	March 26, 2021	March 27, 2020	December 25, 2020	December 27, 2019
	(in thousands)			
Net cash provided by (used in) operating activities	\$(23,867)	\$(13,675)	\$ 64,227	\$(4,099)
Purchases of property and equipment	(2,050)	(2,405)	(10,245)	(4,496)
Free Cash Flow	<u>\$(25,917)</u>	<u>\$(16,080)</u>	<u>\$ 53,982</u>	<u>\$(8,595)</u>

### Basis of Presentation and Key Components of Results of Operations

#### *Net Sales*

We generate net sales by selling to our integrators hardware products both with and without embedded software, which are then resold to end consumers, typically in the installation of an audio/video, IT, smart-home, or surveillance-related package. We act both as a principal in selling proprietary products, and as an agent in selling certain third-party products through strategic partnerships with outside suppliers. In addition, we generate a small percentage of our revenue through recurring revenue from subscription services associated with product sales including hosting services, technical support, and access to unspecified software updates and upgrades. Revenue is recognized when the integrator obtains control of the product, which occurs upon shipment, in an amount that reflects the consideration expected to be received in exchange for those products net of estimated discounts, rebates, returns, allowances and any taxes collected and remitted to government authorities. Revenue allocated to subscription services is recognized over time as services are provided. See “Critical Accounting Policies and Estimates — Revenue Recognition”.

#### *Cost of sales, exclusive of depreciation and amortization*

Cost of sales, exclusive of depreciation and amortization includes expenses related to production of proprietary goods including raw materials and inbound freight, purchase costs for third-party products produced by strategic partners and sold by Snap One, rebates, inventory reserve adjustments and employee costs related to assembly services. The components of our cost of sales, exclusive of depreciation and amortization may not be comparable to our peers. The changes in our cost of sales, exclusive of depreciation and amortization generally correspond with the changes in net sales and may be impacted by any significant fluctuations in the components of our cost of sales, exclusive of depreciation and amortization.

#### *Selling, general and administrative expenses*

Selling, general and administrative costs include payroll and related costs, occupancy costs, costs related to warehousing, distribution, outbound shipping to integrators, warranty, purchasing, advertising, research and development, non-income-based taxes, equity-based compensation, acquisition-related expenses and other corporate overhead costs. We expect that our selling, general and administrative expenses will increase in future periods as we continue to grow, and due to additional legal, accounting, insurance and other expenses that we expect to incur as a result of being a public company, including compliance with the Sarbanes-Oxley Act.

#### *Depreciation and amortization*

Depreciation expense is related to investments in property and equipment. Amortization expense consists of amortization of intangible assets originating from our acquisitions. Acquired intangible assets include developed technology, customer related intangibles, trademarks and trade names. We expect in the near term that depreciation and amortization may increase based on our acquisition activity, development of our platform and capitalized expenditures.

*Interest expense*

Interest expense includes interest expense on debt, including the Revolving Credit Facility, the Initial Term Loan, and the Incremental Term Loan (each of which is described in more detail below under “— Liquidity and Capital Resources — Debt Obligations”), as well as the non-cash amortization of deferred financing costs.

*Other (income) expense*

Other (income) expense includes interest income, foreign currency remeasurement and transaction gains and losses.

*Income tax benefit*

We are subject to U.S. federal, state and local income taxes as well as foreign income taxes based on enacted tax rates in each jurisdiction, as adjusted for allowable credits and deductions. During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. As a result, we recognize tax liabilities based on estimates of whether additional taxes will be due.

**Impacts of the Initial Public Offering***Impact of Debt Extinguishment*

Assuming the net proceeds of approximately \$248.6 million from the sale of shares of our common stock in this offering, based on an assumed initial public offering price of \$19.50 per share, which is the midpoint of the price range set forth on the cover of this prospectus, are used to repay a portion of the term loan outstanding under our Credit Agreement, plus accrued and unpaid interest thereon, as described in “Use of Proceeds,” we expect to incur a charge of \$8.6 million related to the write-off of unamortized debt issuance costs. We also expect interest expense to be lower in future periods based on the reduction in debt.

*Incremental Public Company Expenses*

Following our initial public offering, we will incur significant expenses on an ongoing basis that we did not incur as a private company. Those costs include additional director and officer liability insurance expenses, as well as third-party and internal resources related to accounting, auditing, Sarbanes-Oxley Act compliance, legal and investor and public relations expenses. These costs will generally be selling, general and administrative expenses.

*Stock-based Compensation Expense*

In connection with this offering, we expect to implement a new long-term equity incentive plan during 2021 to align our equity compensation program with public company plans and practices. See “Executive Compensation — 2021 Compensation Decisions — 2021 Incentive Plan” for additional details.

We will incur incremental stock-based compensation expense in the future related to restricted common stock and stock options issued to replace the outstanding unvested incentive awards currently held by our employees and certain contractors as well as awards issued to new participants in our incentive plans. We also may incur incremental stock-based compensation expense related to certain liquidity/realization event-based restricted shares and stock options held by certain members of management. Such awards have not vested, will not vest upon the consummation of this offering or are eligible to vest only if and when the Sponsors have achieved specified internal rates of return and a multiple on invested capital with respect to their investment in us. See Note 12, “Equity Agreements and Incentive Equity Plans,” to our audited consolidated financial statements included elsewhere in this prospectus for additional information on our stock-based compensation plans.



## Results of Operations

The following table sets forth our results of operations and results of operations data expressed as a percentage of net sales for the periods presented. The period-to-period comparison of financial results is not necessarily indicative of future results.

	Fiscal Quarter Ended				Fiscal Year Ended			
	March 26, 2021	% of Net sales	March 27, 2020	% of Net sales	December 25, 2020	% of Net sales	December 27, 2019	% of Net sales
(\$ in thousands)								
Net Sales	\$220,468	100.0%	\$172,611	100.0%	\$814,113	100.0%	\$590,842	100.0%
Costs and expenses:								
Cost of sales, exclusive of depreciation and amortization	128,876	58.5%	100,390	58.2%	474,778	58.3%	354,821	60.1%
Selling, general and administrative expenses	75,357	34.2%	67,386	39.0%	267,240	32.8%	209,986	35.5%
Depreciation and amortization	13,712	6.2%	14,483	8.4%	57,972	7.1%	39,657	6.7%
Total costs and expenses	217,945	98.9%	182,259	105.6%	799,990	98.3%	604,464	102.3%
Income (loss) from operations	2,523	1.1%	(9,648)	(5.6)%	14,123	1.7%	(13,622)	(2.3)%
Other expenses (income):								
Interest expense	9,535	4.3%	12,803	7.4%	45,529	5.6%	35,244	6.0%
Other (income) expense	(213)	(0.1)%	883	0.5%	(1,827)	(0.2)%	(1,048)	(0.2)%
Total other expenses	9,322	4.2%	13,686	7.9%	43,702	5.4%	34,196	5.8%
Loss before income tax benefit	(6,799)	(3.1)%	(23,334)	(13.5)%	(29,579)	(3.6)%	(47,818)	(8.1)%
Income tax benefit	(763)	-0.3%	(4,316)	(2.5)%	(4,351)	(0.5)%	(13,357)	(2.3)%
Net loss	(6,036)	(2.7)%	(19,018)	(11.0)%	(25,228)	(3.1)%	(34,461)	(5.8)%
Net loss attributable to noncontrolling interest	(22)	0.0%	(24)	0.0%	(344)	0.0%	(97)	0.0%
Net loss attributable to Company	\$ (6,014)	(2.7)%	\$ (18,994)	(11.0)%	\$ (24,884)	(3.1)%	\$ (34,364)	(5.8)%

### Fiscal Quarter Ended March 26, 2021 Compared to the Fiscal Quarter Ended March 27, 2020

#### Net Sales

	Fiscal Quarter Ended		\$ Change	% Change
	March 26, 2021	March 27, 2020		
(\$ in thousands)				
Net Sales	\$220,468	\$172,611	\$47,857	27.7%

Net sales increased by \$47.9 million, or 27.7%, for the fiscal quarter ended March 26, 2021 compared to the fiscal quarter ended March 27, 2020 primarily due to increased demand as well as lower sales in late March of the prior year which was negatively impacted by significant demand decline due to the initial work stoppages caused by the COVID-19 pandemic.

Net sales within the United States increased by \$39.6 million, or 25.6%, from \$154.5 million in the first fiscal quarter of 2020 to \$194.1 million in the first fiscal quarter of 2021. International net sales increased by \$8.3 million in the first fiscal quarter of 2021, or 45.5%, from \$18.1 million to \$26.4 million. We experienced widespread growth in the United States across the majority of product categories and geographic regions. Growth was strong across all of our home technology, security, and commercial markets, primarily due to the increase in number of integrators transacting with us, as well as growth in spend per integrator. We also benefitted from the continued ramp of local branches, and the opening of five additional branches between the first quarter of 2020 and end of the first fiscal quarter of 2021. We experienced faster year over year

growth internationally as demand in the first fiscal quarter of 2020 was more negatively impacted due to COVID relative to demand in the United States.

*Cost of Sales, exclusive of depreciation and amortization*

	Fiscal Quarter Ended		\$ Change	% Change
	March 26, 2021	March 27, 2020		
	(\$ in thousands)			
Cost of Sales, exclusive of depreciation and amortization	\$128,876	\$100,390	\$28,486	28.4%
As a percentage of net sales	58.5%	58.2%		

Cost of sales, exclusive of depreciation and amortization increased \$28.5 million, or 28.4%, for the first fiscal quarter of 2021 compared to the same fiscal quarter of 2020, driven by higher sales volumes. As a percentage of net sales, cost of sales, exclusive of depreciation and amortization increased to 58.5% in the first fiscal quarter of 2021 from 58.2% in the same fiscal quarter of 2020. The increase was primarily due to growth in our sales mix of third-party products in the first fiscal quarter of 2021 relative to the first fiscal quarter of 2020. Our third-party products typically have lower margins than our proprietary products. This resulted in Contribution Margin of 41.5% for the first fiscal quarter ended March 26, 2021, compared to 41.8% in the same fiscal quarter of 2020.

*Selling, General and Administrative (“SG&A”) Expenses*

	Fiscal Quarter Ended		\$ Change	% Change
	March 26, 2021	March 27, 2020		
	(\$ in thousands)			
Selling, general and administrative expenses	\$75,357	\$67,386	\$7,971	11.8%
As a percentage of net sales	34.2%	39.0%		

Selling, general and administrative expenses increased \$8.0 million, or 11.8%, in the first fiscal quarter of 2021 compared to the same fiscal quarter of 2020. Approximately half of the increase in SG&A expenses was due to increases in sales volume driving growth in variable expenses, such as outbound shipping, credit card processing fees, and warranty expense. The remaining increase in SG&A expenses is due to investments made in personnel, products and systems to support strategic growth initiatives, specifically the incremental local branches that have opened since the first fiscal quarter of 2020.

*Depreciation and Amortization*

	Fiscal Quarter Ended		\$ Change	% Change
	March 26, 2021	March 27, 2020		
	(\$ in thousands)			
Depreciation and amortization	\$13,712	\$14,483	\$(771)	(5.3)%
As a percentage of net sales	6.2%	8.4%		

Depreciation and amortization expenses decreased by \$0.8 million, or 5.3%, for the first fiscal quarter of 2021 as compared to the first fiscal quarter of 2020. Amortization expense associated with intangible assets acquired remained flat at \$11.9 million in the first fiscal quarter of 2020 and 2021. Depreciation expense decreased approximately \$0.8 million primarily due to certain software assets that became fully depreciated during fiscal year 2020.

*Interest Expense*

	Fiscal Quarter Ended		\$ Change	% Change
	March 26, 2021	March 27, 2020		
	(\$ in thousands)			
Interest Expense	\$9,535	\$12,803	\$(3,268)	(25.5)%
As a percentage of net sales	4.3%	7.4%		

Interest expense decreased by \$3.3 million, or 25.5%, for the first fiscal quarter of 2021 as compared to the first fiscal quarter of 2020. The decrease was primarily driven by lower average borrowing rates on our long-term debt and a lower average outstanding balance on our revolving credit facility in the first fiscal quarter of 2021 as compared to the first fiscal quarter of 2020. See Note 6 to our unaudited condensed consolidated financial statements included elsewhere in this prospectus for further information regarding interest expense.

*Other (Income) Expense*

	Fiscal Quarter Ended		\$ Change	% Change
	March 26, 2021	March 27, 2020		
	(\$ in thousands)			
Other (income) expense	\$(213)	\$883	\$(1,096)	(124.1)%
As a percentage of net sales	(0.1)%	0.5%		

Other (income) expense decreased by \$1.1 million, or 124.1%, for the first fiscal quarter of 2021 as compared to first fiscal quarter of 2020, primarily due to foreign currency gains the prior year resulting from favorable foreign currency movements in the U.K. and Australia.

*Income Tax Benefit*

	Fiscal Quarter Ended		\$ Change	% Change
	March 26, 2021	March 27, 2020		
	(\$ in thousands)			
Income tax benefit	\$(763)	\$(4,316)	\$3,553	(82.3)%
As a percentage of net sales	(0.3)%	(2.5)%		

Income tax benefit decreased by \$3.6 million, or 82.3%, for the first fiscal quarter of 2021 as compared to the first fiscal quarter of 2020. The effective tax rate changed from 18.5% in the first fiscal quarter of 2020 to 11.3% in the first fiscal quarter of 2021. The decrease in the effective tax rate in the first fiscal quarter of 2021 and the difference from the statutory rate was primarily the result of discrete items recognized related to one-time transaction costs and the adjustment of deferred tax liabilities and the benefit of certain tax credits.

*Fiscal Year 2020 Compared to Fiscal Year 2019**Net Sales*

	Fiscal Year Ended		\$ Change	% Change
	December 25, 2020	December 27, 2019		
	(in thousands)			
Net Sales	\$814,113	\$590,842	\$223,271	37.8%

Net sales increased by \$223.3 million, or 37.8%, for fiscal year 2020 compared to fiscal year 2019. The primary driver of this growth in fiscal year 2020 was the full year benefit of acquisitions of MRI, CPD and

Control4 which occurred in fiscal year 2019. In addition to the full year benefit of the fiscal year 2019 acquisitions, we increased net sales growth through the opening of four new local branches and the ramp up of existing local branches, the continued realization in fiscal year 2020 of revenue synergies from the Control4 acquisition in August 2019 and overall widespread growth across most product categories as a result of increased end consumer spending in residential upgrades and construction in the second half of 2020. Growth was particularly strong across our home technology and security markets. The increase in net sales was partially offset by significant demand declines in March and April of 2020 due to the initial work stoppages caused by COVID-19. On a pro forma basis to give effect to the acquisitions of MRI, CPD and Control4 as if they had occurred on the first day of fiscal year 2019 our combined net sales in fiscal year 2019 would have been \$763.8 million. Our net sales for fiscal year 2020 represents growth of 6.6% compared to the pro forma net sales for fiscal year 2019.

Net sales within the United States increased by \$190.8 million, in fiscal year 2020, or 36.1%, from \$528.6 million in fiscal year 2019 to \$719.4 million in fiscal year 2020, largely due to the full year benefit of the MRI, CPD and Control4 acquisitions. International net sales increased \$32.5 million in fiscal year 2020, or 52.2%, from \$62.2 million in fiscal year 2019 to \$94.7 million in fiscal year 2020 driven by the full year benefit of owning Control4, which is the primary contributor to our international net sales. International net sales primarily consist of sales activity in the United Kingdom, Australia and Canada.

*Cost of Sales, exclusive of depreciation and amortization*

	Fiscal Year Ended		\$ Change	% Change
	December 25, 2020	December 27, 2019		
	(\$ in thousands)			
Cost of Sales, exclusive of depreciation and amortization	\$474,778	\$354,821	\$119,957	33.8%
As a percentage of net sales	58.3%	60.1%		

Cost of sales, exclusive of depreciation and amortization increased \$120.0 million, or 33.8%, for fiscal year 2020 compared to fiscal year 2019 primarily due to sales growth, which included the full year impact of acquisitions completed in fiscal year 2019 including MRI, CPD and Control4. As a percentage of sales, cost of sales, exclusive of depreciation and amortization declined to 58.3% in fiscal year 2020 from 60.1% in fiscal year 2019. The decline was primarily due to the realization of the full year benefit of sales of lower cost proprietary control and lighting products added through the Control4 acquisition, which generated higher profitability relative to third-party products. On a pro forma basis to give effect to the acquisitions of MRI, CPD and Control4 as if they had occurred on the first day of fiscal year 2019, our combined cost of sales, exclusive of depreciation and amortization in fiscal year 2019 would have been \$436.5 million.

*Selling, General and Administrative ("SG&A") Expenses*

	Fiscal Year Ended		\$ Change	% Change
	December 25, 2020	December 27, 2019		
	(\$ in thousands)			
Selling, general and administrative expenses	\$267,240	\$209,986	\$57,254	27.3%
As a percentage of net sales	32.8%	35.5%		

Selling, general and administrative expenses increased \$57.3 million, or 27.3%, in fiscal year 2020 compared to fiscal year 2019 primarily as a result of the full year impact of acquisitions, along with other investments made in personnel, products and systems to support strategic growth initiatives. These increases in SG&A expenses were partially offset savings from a decline in travel and entertainment expenses and limited event marketing spend after the first quarter of fiscal year 2020, due to COVID-19 impacts. We also incurred lower transaction costs associated with acquisitions in fiscal year 2020 as compared to the prior year. As a percentage of net sales, SG&A expenses fell to 32.8% in fiscal year 2020 compared to 35.5% in fiscal year 2019.

*Depreciation and Amortization*

	Fiscal Year Ended		\$ Change	% Change
	December 25, 2020	December 27, 2019		
		(\$ in thousands)		
Depreciation and amortization	\$57,972	\$39,657	\$18,315	46.2%
As a percentage of net sales	7.1%	6.7%		

Depreciation and amortization expenses increased by \$18.3 million, or 46.2%, for fiscal year 2020 as compared to fiscal year 2019, primarily due to the customer relationships, trade name and technology intangible assets acquired as a result of the Control4 and other acquisitions in fiscal year 2019. Amortization expense associated with intangible assets acquired in fiscal year 2019 increased from \$12.0 million in fiscal year 2019 to \$28.2 million in fiscal year 2020. Depreciation expense increased approximately \$2.3 million due to additional equipment, computers and leasehold improvements purchased in fiscal year 2020 associated with expansion of certain distribution and testing facilities, increased manufacturing and tooling equipment, and increased local branches driven by recent growth in our business. Additionally, depreciation expense in fiscal year 2020 includes the full-year impact of depreciation of property and equipment acquired in the Control4 and other acquisitions in fiscal year 2019.

*Interest Expense*

	Fiscal Year Ended		\$ Change	% Change
	December 25, 2020	December 27, 2019		
		(\$ in thousands)		
Interest Expense	\$45,529	\$35,244	\$10,285	29.2%
As a percentage of net sales	5.6%	6.0%		

Interest expense increased by \$10.3 million, or 29.2%, for fiscal year 2020 as compared to fiscal year 2019. The increase was primarily driven by higher average borrowings in fiscal year 2020 as well as higher amortization of deferred financing costs resulting from the issuance of additional long-term debt of \$390.0 million in August 2019 to fund the Control4 acquisition. The above factors were partially offset by lower average borrowing rates in fiscal year 2020 as compared to fiscal year 2019. See Note 8 to our consolidated financial statements included in this prospectus for further information regarding interest expense.

*Other Income*

	Fiscal Year Ended		\$ Change	% Change
	December 25, 2020	December 27, 2019		
		(\$ in thousands)		
Other income	\$(1,827)	\$(1,048)	\$(779)	74.3%
As a percentage of net sales	(0.2)%	(0.2)%		

Other income increased by \$0.8 million, or 74.3%, for fiscal year 2020 as compared to fiscal year 2019, primarily due to a \$1.0 million gain on sale of a business in fiscal year 2020.

*Income Tax Benefit*

	Fiscal Year Ended		\$ Change	% Change
	December 25, 2020	December 27, 2019		
		(\$ in thousands)		
Income tax benefit	\$(4,351)	\$(13,357)	\$9,006	(67.4)%
As a percentage of net sales	(0.5)%	(2.3)%		

Income tax benefit decreased by \$9.0 million, or 67.4%, for fiscal year 2020 as compared to fiscal year 2019. The effective tax rate changed from 28.4% in fiscal year 2019 to 14.9% in fiscal year 2020. The effective tax rate in fiscal year 2020 differs from the statutory rate primarily due to an increase in valuation allowances related to state and foreign net operating losses and certain state research and development credits that are not expected to be utilized in the future as well as a remeasurement adjustment of our net deferred tax liabilities. Research and development tax credits partially offset the decreases to the effective rate in fiscal year 2020. In fiscal year 2020, we generated a capital loss which is not expected to be utilized in the future and we have provided a full valuation allowance. In fiscal year 2019, the effective rate differs from the statutory rate primarily due to research and development tax credits, partially offset by changes in uncertain tax positions and valuation allowances. See Note 13 to our consolidated financial statements for a reconciliation of our effective income tax with the statutory rate for fiscal year 2020 and fiscal year 2019.

Immediately prior to the completion of this offering, we intend to enter into a tax receivable agreement that will provide for the payment by us to the TRA Participants of 85.0% of the amount of cash savings, if any, in U.S. federal, state and local income tax that we actually realize, or are deemed to realize (calculated using certain assumptions), as a result of the utilization of our net operating losses, credits and other tax benefits subject to the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. Please see “— Contractual Obligations — Tax Receivable Agreement” below.

### Unaudited Quarterly Results of Operations Data and Other Data

The following tables show the unaudited quarterly consolidated statement of operations data and other data for each of the fiscal quarters in the year ended December 25, 2020 and the fiscal quarter ended March 26, 2021. The unaudited quarterly consolidated statements of operations data has been prepared on the same basis as our audited financial statements and include all adjustments, consisting of normal recurring adjustments, that are necessary for the fair presentation of financial information in accordance with U.S. GAAP. The sum of the quarterly periods may not equal full fiscal year or year-to-date amounts due to rounding. Our historical results are not necessarily indicative of the results that may be expected in the future, and results for the fiscal quarter ended March 26, 2021 are not necessarily indicative of results that may be expected for the full fiscal year or any other period. This data should be read together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our audited and unaudited consolidated financial statements and related notes appearing elsewhere in this prospectus.

	Fiscal Quarter Ended				
	March 26, 2021	December 25, 2020 (in thousands)	September 25, 2020 (in thousands)	June 26, 2020	March 27, 2020
<b>Consolidated Statement of Operations Data:</b>					
Net sales	\$220,468	\$226,107	\$226,276	\$189,119	\$172,611
(Loss) income from operations	\$ 2,523	\$ 6,675	\$ 11,815	\$ 5,281	\$ (9,648)
Net (loss) income attributable to Company	\$ (6,014)	\$ (4,094)	\$ 1,417	\$ (3,213)	\$ (18,994)
<b>Per Share Data:</b>					
Net (loss) income per share, basic and diluted	\$ (0.10)	\$ (0.07)	\$ (0.02)	\$ (0.05)	\$ (0.33)
<b>Non-GAAP metrics:</b>					
Adjusted EBITDA <sup>(1)</sup>	\$ 23,342	\$ 25,606	\$ 31,381	\$ 24,409	\$ 13,062
Adjusted Net Income <sup>(1)</sup>	\$ 9,034	\$ 8,543	\$ 14,815	\$ 7,660	\$ (2,707)
Contribution Margin <sup>(1)</sup>	41.5%	41.6%	41.2%	42.2%	41.8%

- (1) Adjusted EBITDA, Adjusted Net Income and Contribution Margin are financial measures that are not calculated in accordance with U.S. GAAP. See “— Key Metrics and Reconciliation of Non-GAAP Financial Data” in this section above for information regarding our use of these non-GAAP financial measures and “— Non-GAAP Financial Measures” below for a reconciliation of net income (loss) to Adjusted EBITDA and Adjusted Net Income as well as the calculation of Contribution Margin for the periods presented.

*Non-GAAP Financial Measures*

The following table presents a reconciliation of net loss to Adjusted EBITDA for the periods presented:

	Fiscal Quarter Ended				
	March 27, 2020	June 26, 2020	September 25, 2020	December 25, 2020	March 26, 2021
	(in thousands)				
Net loss	\$(19,018)	\$(3,229)	\$ 1,403	\$(4,384)	\$(6,036)
Interest expense	12,803	11,742	11,330	9,654	9,535
Income tax (benefit) expense	(4,316)	(1,015)	(694)	1,674	(763)
Depreciation and amortization	14,483	14,500	14,368	14,621	13,712
Other (income) expense	883	(2,217)	(224)	(269)	(213)
Equity-based compensation	1,362	1,185	1,025	712	1,060
Fair value adjustment to contingent value rights <sup>(a)</sup>	(300)	(700)	1,300	500	1,310
Acquisition- and integration-related costs <sup>(b)</sup>	3,478	899	640	324	14
Initial public offering costs <sup>(c)</sup>	—	—	—	542	1,711
Deferred revenue purchase accounting adjustment <sup>(d)</sup>	370	280	193	169	148
Deferred acquisition payments <sup>(e)</sup>	3,302	2,933	2,038	1,376	2,152
Other <sup>(f)</sup>	15	31	2	687	712
Adjusted EBITDA	<u>\$ 13,062</u>	<u>\$24,409</u>	<u>\$31,381</u>	<u>\$25,606</u>	<u>\$23,342</u>

The following table presents a reconciliation of net loss to Adjusted Net Income for the periods presented:

	Fiscal Quarter Ended				
	March 27, 2020	June 26, 2020	September 25, 2020	December 25, 2020	March 26, 2021
	(in thousands)				
Net loss	\$(19,018)	\$(3,229)	\$ 1,403	\$(4,384)	\$(6,036)
Amortization	11,875	11,872	11,872	11,872	11,888
Foreign currency (gains) loss	1,142	(985)	(55)	(274)	(48)
Gain on sale of business	—	(979)	—	—	—
Equity-based compensation	1,362	1,185	1,025	712	1,060
Fair value adjustment to contingent value rights <sup>(a)</sup>	(300)	(700)	1,300	500	1,310
Acquisition- and integration-related costs <sup>(b)</sup>	3,478	899	640	324	14
Initial public offering costs <sup>(c)</sup>	—	—	—	542	1,711
Deferred revenue purchase accounting adjustment <sup>(d)</sup>	370	280	193	169	148
Deferred acquisition payments <sup>(e)</sup>	3,302	2,933	2,038	1,376	2,152
Other <sup>(f)</sup>	(62)	(46)	2	866	690
Income tax effect of adjustments <sup>(g)</sup>	(4,856)	(3,570)	(3,603)	(3,160)	(3,855)
Adjusted Net Income	<u>\$ (2,707)</u>	<u>\$ 7,660</u>	<u>\$14,815</u>	<u>\$ 8,543</u>	<u>\$ 9,034</u>

- (a) Represents noncash losses recorded from fair value adjustments related to contingent value right liabilities. Contingent value right liabilities represent potential obligations to the prior sellers in conjunction with the Investor's acquisition of the Company in August 2017 and are based on estimate of expected cash payments to the prior sellers based on specified targets for the Investor's return on its original capital investment.
- (b) Represents costs directly associated with acquisitions and acquisition-related integration activities related primarily to third-party consultant and information technology integration costs directly related to the Control4 acquisition.



- (c) Represents expenses related to professional fees in connection with preparation for our initial public offering.
- (d) Represents an adjustment related to the fair value of deferred revenue related to the Control4 acquisition.
- (e) Represents expenses incurred related to deferred payments to employees associated with our Control4 acquisition and other historical acquisitions. The deferred payments are cash retention awards for key personnel from the acquired companies and are expected to be paid to employees through 2022. Management does not believe such costs are indicative of our ongoing operations as they are one-time awards specific to acquisitions and are incremental to our typical compensation costs incurred and we do not expect such costs to be reflective of future increases in base compensation expense.
- (f) Represents non-recurring expenses primarily related to consulting and restructuring fees which management believes are not representative of our operating performance.
- (g) Represents the tax impacts with respect to each adjustment noted above after taking into account the impact of permanent differences using the statutory tax rate related to the applicable federal and foreign jurisdictions and the blended state tax rate.

The following table presents the calculation of Contribution Margin:

	Fiscal Quarter Ended				
	March 27, 2020	June 26, 2020	September 25, 2020	December 25, 2020	March 26, 2021
	(\$ in thousands)				
Net sales	\$ 172,611	\$ 189,119	\$ 226,276	\$ 226,107	\$ 220,468
Cost of sales, exclusive of depreciation and amortization <sup>(a)</sup>	100,390	109,243	133,131	132,014	128,876
Net sales less cost of sales, exclusive of depreciation and amortization	\$ 72,221	\$ 79,876	\$ 93,145	\$ 94,093	\$ 91,592
Contribution Margin	41.8%	42.2%	41.2%	41.6%	41.5%

- (a) Cost of sales, exclusive of depreciation and amortization for fiscal quarters ended March 27, 2020, June 26, 2020, September 25, 2020, December 25, 2020 and March 26, 2021 excludes depreciation and amortization of \$14,483, \$14,500, \$14,368, \$14,621 and \$13,712, respectively.

## Liquidity and Capital Resources

### Sources of Liquidity

Our primary sources of liquidity are net cash provided by operating activities and availability under our Credit Agreement. We assess our liquidity in terms of our ability to generate adequate amounts of cash to meet current and future needs. Our expected primary uses on a short-term and long-term basis are for working capital requirements, capital expenditures, geographic or service offering expansion, acquisitions, debt service requirements and other general corporate purposes. Our primary working capital requirements are for the purchase of inventory, payroll, rent, other facility costs, distribution costs and general and administrative costs. Our working capital requirements fluctuate during the year, driven primarily by seasonality and the timing of inventory purchases. Following this offering, our principal liquidity requirements will also include payments under our tax receivable agreement. Our capital expenditures are primarily related to infrastructure-related investments, including investments related to upgrading and maintaining our information technology systems, ongoing location improvements (joint design and manufacturing tooling), expenditures related to our distributions centers, and new location openings. We expect to fund capital expenditures from net cash provided by operating activities.

We have historically funded our operations and acquisitions primarily through internally generated cash on hand and our Credit Facilities, except for the acquisition of Control4 which was partially funded by a capital contribution from the Investor.

*Working Capital, Excluding Deferred Revenue*

The following table summarizes our cash, cash equivalents, accounts receivable and working capital, which we define as current assets minus current liabilities excluding deferred revenue, for the periods indicated:

	As of		
	March 26, 2021	December 25, 2020	December 27, 2019
	(in thousands)		
Cash and cash equivalents	\$ 48,943	\$ 77,458	\$ 33,177
Accounts receivable, net	56,313	49,363	46,226
Working capital, excluding deferred revenue	162,456	141,476	134,319

Our cash and cash equivalents as of March 26, 2021 are available for working capital purposes. We do not enter into investments for trading purposes, and our investment policy is to invest any excess cash in short term, highly liquid investments that reduce the risk of principal loss; therefore, our cash and cash equivalents are held in demand deposit accounts that generate very low returns.

We believe that our existing cash and cash equivalents, together with expected cash flow from operating activities, will be sufficient to fund our operations and capital expenditure requirements for the next 12 months. Beyond the next 12 months, our primary capital requirements primarily consist of required principal and interest payments on long-term debt and lease payments under non-cancelable lease commitments as further described in Notes 8 and 14 to our consolidated financial statements included elsewhere in this prospectus. If cash provided by operating activities and borrowings under our Credit Agreement are not sufficient or available to meet our short and long-term capital requirements, then we may consider additional equity or debt financing in the future. There can be no assurance debt or equity financing will be available to us if we need it or, if available, the terms will be satisfactory to us. Our sources of liquidity could be affected by factors described under “Risk Factors” elsewhere in this prospectus.

*Debt Obligations*

On August 4, 2017, our wholly-owned subsidiary, Wirepath LLC (the “Borrower”) entered into a Credit Agreement (the “Credit Agreement”) with various financial institutions consisting of a Revolving Credit Facility that provided for borrowings of up to \$50.0 million, and an Initial Term Loan in the amount of \$265.0 million. The Revolving Credit Facility matures on August 4, 2022, and the Initial Term Loan matures on August 4, 2024. We can elect that loans under the Revolving Credit Facility and Initial Term Loan be alternate base rate loans or LIBOR-based loans, each at the published interest rates, plus the applicable margin as further discussed below. We have elected LIBOR-based loans in each instance.

On February 5, 2018, the Credit Agreement was amended to reduce the applicable interest rate margin on the Revolving Credit Facility and Initial Term Loan by 0.75 percentage points each. On October 31, 2018, the Credit Agreement was amended for a second time to increase the Initial Term Loan principal to \$292.4 million, with a reduction of 0.50 percentage points to the applicable interest rate margin on the Revolving Credit Facility and Initial Term Loan. On August 1, 2019, the Credit Agreement was amended for a third time to provide an Incremental Term Loan in the amount of \$390.0 million and increase commitments under the Revolving Credit Facility to \$60.0 million. Borrowings under the Revolving Credit Facility and term loans bear interest at a variable rate, at the Borrower’s option, of either (i) a eurodollar rate based on LIBOR for a specific interest period plus an applicable margin, subject to a eurodollar rate floor of 0.00%, or (ii) an alternate base rate plus an applicable margin, subject to a base rate floor of 0.00%. Interest on the Revolving Credit Facility and the term loans is payable quarterly in arrears with respect to alternate base rate loans and payable on the last day of each applicable interest period (or, in the case of an interest period in excess of three months, on three-month intervals of the first day of such interest period) with respect to eurodollar rate loans. The margins for the Revolving Credit Facility range from 3.50% to 4.00% per annum for eurodollar rate loans and 2.50% to 3.00% per annum for alternate base rate loans, depending on the applicable first lien secured leverage ratio. The margins for the Initial Term Loan are fixed at 4.00% per annum for eurodollar rate loans and 3.00% per annum for alternate base rate loans. The margins for the

Incremental Term Loan are fixed at 4.75% per annum for eurodollar rate loans and 3.75% per annum for alternate base rate loans. Unused commitments under the Revolving Credit Facility are subject to a commitment fee ranging from 0.25% to 0.50% depending on the applicable first lien secured net leverage ratio.

The LIBOR-based rate for the Revolving Credit Facility and the Initial Term Loan is LIBOR (0.22% and 0.25% as of December 25, 2020 and March 26, 2021, respectively), plus the applicable margin (4.00% as of December 25, 2020 and March 26, 2021), amounting to an effective rate of 4.22% as of December 25, 2020 and 4.25% as of March 26, 2021, in each case. The LIBOR-based rate for the Incremental Term Loan is LIBOR (0.22% and 0.25% as of December 25, 2020 and March 26, 2021, respectively), plus the applicable margin (4.75% as of December 25, 2020 and March 26, 2021), amounting to an effective rate of 4.97% as of December 25, 2020 and 5.0% as of March 26, 2021.

On December 31, 2018, we purchased an interest rate cap to guard against unexpected increases in LIBOR to which our debt instruments are tied. Pursuant to the agreements, we have capped LIBOR at 3.55% with respect to the aggregate notional amount of \$189.6 million, decreasing by scheduled principal payments on the Initial Term Loan through the expiration of the agreements in December 2021. In the event LIBOR exceeds 3.55%, we will pay interest at the capped rate plus the applicable margin. In the event LIBOR is less than 3.55%, we will pay interest at the prevailing LIBOR rate plus the applicable margin. The asset is recorded at fair value.

The term loans amortize in fixed equal quarterly installments in an amount equal to 1.0% per annum of the total aggregate principal amount thereof immediately after borrowing, with the balance due at maturity. We may voluntarily prepay loans or reduce commitments under the Credit Agreement, in whole or in part, subject to minimum amounts, with prior notice but without premium or penalty (subject to customary exceptions). We may be required, with certain exceptions, to make mandatory payments under the Credit Agreement using a percentage of our annual excess cash flows or net proceeds from any non-ordinary course asset sales or certain debt issuances, if any.

The Borrower's obligations under the Credit Agreement are guaranteed by its direct parent company, our wholly owned subsidiary Crackle Purchaser LLC (formerly known as Crackle Purchaser Corp.) and each of the Borrower's current and future direct and indirect subsidiaries other than (i) foreign subsidiaries, (ii) unrestricted subsidiaries, (iii) non-wholly owned subsidiaries, (iv) immaterial subsidiaries and (v) certain holding companies of foreign subsidiaries, and are secured by a first lien on substantially all of their assets, including the capital stock of subsidiaries (subject to certain exceptions).

The Credit Agreement contains various customary affirmative and negative covenants. The financial covenants we are measured against are consolidated earnings before interest, taxes, depreciation and amortization, adjusted for allowable add-backs specified in the Credit Agreement ("consolidated EBITDA"), and associated ratios, as defined in the Credit Agreement. We were in compliance with such covenants as of December 25, 2020 and March 26, 2021.

In addition, the Revolving Credit Facility is subject to a first lien secured net leverage ratio of 8.15 to 1:00, tested quarterly if, and only if, the aggregate principal amount from the revolving facility loans, letters of credit (to the extent not cash collateralized or backstopped or, in the aggregate, not in excess of the greater of \$5.0 million and the stated face amount of letters of credit outstanding on the initial closing date of the Credit Agreement) and swingline loans outstanding and/or issued, as applicable, exceeds 35.0% of the total amount of the Revolving Credit Facility commitments.

As of December 25, 2020, the Company had no borrowings under the Revolving Credit Facility, \$286.5 million outstanding under the Initial Term Loan and \$386.1 million outstanding under the Incremental Term Loan. As of March 26, 2021, we had no borrowings under the Revolving Credit Facility, \$285.8 million outstanding under the Initial Term Loan and \$385.1 million outstanding under the Incremental Term Loan.

*Historical Cash Flows*

The following table sets forth our cash flows for fiscal year 2019 and fiscal year 2020:

	Fiscal Quarter Ended		Fiscal Year Ended	
	March 26, 2021	March 27, 2020	December 25, 2020	December 27, 2019
	(in thousands)			
Net cash provided by (used in) operating activities	\$(23,867)	\$(13,675)	\$ 64,227	\$ (4,099)
Net cash used in investing activities	(2,479)	(2,383)	(9,566)	(588,602)
Net cash (used in) provided by financing activities	(2,146)	45,087	(10,863)	617,904

*Operating Activities*

Net cash used in operating activities increased \$10.2 million from \$13.7 million in the first fiscal quarter of 2020 to \$23.9 million in the first fiscal quarter of 2021. The increase in net cash used in operating activities was driven primarily by a net decrease in cash of \$26.7 million related to changes in working capital. These decreases were partially offset by improvements in net loss as adjusted for non-cash activities in the first fiscal quarter of 2021 as compared to the same period of the prior year.

Net cash provided by operating activities increased by \$68.3 million from net cash used of \$4.1 million in fiscal year 2019 to net cash provided of \$64.2 million in fiscal year 2020. The increase primarily resulted from a decrease in net loss as adjusted for non-cash items as well as actions taken to improve working capital in response to the COVID-19 pandemic. The increase in cash generated in fiscal year 2020 was attributable to growth of our overall business, the full year benefit of operations from the acquisitions of MRI, CPD and Control4, including lowered transaction costs, as well as a decline in travel and entertainment and event marketing spend due to the COVID-19 impacts. Additionally, we significantly improved our working capital position in light of the COVID-19 pandemic by increasing focus on collections of accounts receivable, managing inventory levels, and negotiating extended payment terms with vendors, resulting in increased cash flow from operations in fiscal year 2020.

*Investing Activities*

Net cash used in investing activities increased from \$2.4 million in the first fiscal quarter of 2020 to \$2.5 million in the first fiscal quarter of 2021. Net cash used in investing activities for both periods was primarily driven by purchases of property and equipment.

Net cash used in investing activities decreased by \$579.0 million from \$588.6 million in fiscal year 2019 to \$9.6 million in fiscal year 2020. Net cash used in investing activities in fiscal year 2020 primarily consisted of \$10.2 million of capital expenditures for equipment, computers and leasehold improvements. Net cash used in investing activities in 2019 included \$584.2 million associated with the acquisitions of MRI, CPD and Control4 as well as \$4.5 million of capital expenditures. See Note 3 to our consolidated financial statements included elsewhere in this prospectus for further discussion of our acquisitions.

*Financing Activities*

Net cash used in financing activities was \$2.1 million in the first fiscal quarter of 2021 as compared to net cash provided by financing activities of \$45.1 million in the first fiscal quarter of 2020, a decrease of \$47.2 million. The decrease was primarily due to proceeds from our revolving credit facility of \$47.4 million in the prior year which included cash borrowings taken in order to enhance our liquidity during the COVID-19 outbreak. See Note 6 to our unaudited condensed consolidated financial statements included elsewhere in this prospectus.

Net cash used in financing activities decreased by \$628.8 million from net cash provided of \$617.9 million in fiscal year 2019 to net cash used of \$10.9 million in fiscal year 2020. Net cash used in financing activities in fiscal year 2020 included \$6.8 million of payments on long-term debt and net payments

of \$5.0 million on our Revolving Credit Facility. In fiscal year 2019, net cash provided by financing activities was driven by proceeds of \$390.0 million from the issuance of the Incremental Term Loan and \$255.0 million in capital contributions both of which were related to the acquisition of Control4. We also paid \$20.2 million in debt issuance costs associated with the Incremental Term Loan and \$4.0 million in net payments on our Revolving Credit Facility in fiscal year 2019. See Note 8 to our consolidated financial statements included elsewhere in this prospectus for further discussion of our debt obligations.

### Off-Balance Sheet Arrangements

As of December 25, 2020 and March 26, 2021, we had off-balance sheet arrangements totaling \$4.9 million related to our outstanding letters of credit as further described in Note 8 to our consolidated financial statements and Note 6 to our unaudited condensed consolidated financial statements included elsewhere in this prospectus.

### Contractual Obligations

#### Contractual Obligations and Commitments Table

Significant contractual obligations and commercial commitments as of December 25, 2020 are as follows:

	Payments due by period				
	Total	<1 years	1 – 3 years (in thousands)	3 – 5 years	More than 5 years
Long-term debt obligations <sup>(1)</sup>	\$672,608	\$21,149	\$13,648	\$637,811	\$ —
Interest payments <sup>(2)</sup>	111,685	31,555	61,547	18,583	—
Operating leases <sup>(3)</sup>	41,998	11,400	15,042	10,936	4,620
Total	<u>\$826,291</u>	<u>\$64,104</u>	<u>\$90,237</u>	<u>\$667,330</u>	<u>\$4,620</u>

- (1) Represents contractual principal payments on our term loan debt obligations as of December 25, 2020.
- (2) Represents estimated interest payments on our term loan debt obligations calculated using the applicable interest rate as of December 25, 2020 as well as the letter of credit and commitment fees for the unused portion of our revolving credit facility. The payments due by period do not consider amounts which may be payable under the excess cash flow provisions under the term loans. The estimate does not reflect future borrowings on our revolving credit facility.
- (3) Represents non-cancellable lease payments on our operating lease obligations as of December 25, 2020.

### Tax Receivable Agreement

In connection with this offering, we expect to be able to utilize net operating losses and certain other tax benefits that arose prior to or in connection with this offering and are therefore attributable to our TRA Participants. These tax benefits will reduce the amount of tax that we would otherwise be required to pay in the future. Therefore, we will enter into a tax receivable agreement that will provide for the payment by us to the TRA Participants of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that we actually realize, or are deemed to realize (calculated using certain assumptions), as a result of the utilization of our net operating losses and other tax benefits subject to the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. We expect to benefit from the remaining 15% of cash tax savings, if any, in income tax we realize. With respect to certain pre-IPO owners that are not TRA Participants, we intend to pay a cash dividend of approximately \$13.1 million to the Investor, which will be used in part to pay such pre-IPO owners for their interests in the sum of (i) the current fair market value of the tax receivable and (ii) the total cash distribution that will be made to such pre-IPO owners in lieu of their participation in the tax receivable agreement. A portion of the cash distribution to pre-IPO owners in lieu of their participation in the tax receivable agreement are

subject to vesting requirements and will be held in escrow. Distributions made to pre-IPO owners which are not subject to vesting requirements will be recorded as an expense in the period the distributions are made. Distributions made to pre-IPO owners which are subject to vesting requirements will be recorded to expense over the remaining estimated service period. The cash distribution will be in addition to any payments we make under the tax receivable agreement and will not reduce the amounts we will otherwise be required to pay under the tax receivable agreement.

For purposes of the tax receivable agreement, the cash tax savings in income tax will be computed by comparing the actual income tax liability of the Company (calculated with certain assumptions, including the use of an assumed state and local income tax rate to calculate tax benefits) to the amount of such taxes that the Company would have been required to pay without giving effect to the tax benefits subject to the tax receivable agreement. The term of the tax receivable agreement will continue until all such tax benefits have been utilized or expired, or we exercise our right to terminate the tax receivable agreement for an amount based upon certain assumptions, we breach any of our material obligations under the tax receivable agreement, whether as a result of a failure to make any payment when due, failure to honor any other material obligation required thereunder or by operation of law as a result of the rejection of the tax receivable agreement in a case commenced under the federal bankruptcy laws or otherwise, upon the occurrence of certain bankruptcy or insolvency proceedings involving us, or upon certain changes of control. In the case of an acceleration event or change of control, all obligations generally will be accelerated and due as if we had exercised our right to terminate the tax receivable agreement. Estimating the amount of payments that may be made under the tax receivable agreement is by its nature imprecise, insofar as the calculation of amounts payable depends on a variety of factors. The amount and timing of any payments under the tax receivable agreement will vary depending upon a number of factors, including the amount, character and timing of our income. We will be required to pay 85.0% of the cash tax savings, if any, as and when realized. If we do not have taxable income, we are not required (absent circumstances requiring an early termination payment, other acceleration of our obligations under the tax receivable agreement or a change of control) to make payments under the tax receivable agreement for that taxable year because no cash tax savings will have been realized. However, unutilized deductions that do not result in realized benefits in a given tax year as a result of insufficient taxable income may be applied to taxable income in future years and accordingly would impact the amount of cash tax savings in such future years and the amount of corresponding payments under the tax receivable agreement in such future years.

We anticipate that we will account for the effects of these tax benefits and associated payments under the tax receivable agreement arising from future realized tax savings as follows:

- as of the date the agreement is entered into, we expect to have deferred tax assets recorded for certain of the tax benefits subject to the agreement based on enacted federal tax rates and an assumed state and local tax rate;
- we will record a liability for the estimated payments expected to be made pursuant to the agreement based on enacted federal tax rates and an assumed state and local tax rate at the date the agreement is entered into and any liability recognized will be accounted for as a reduction of additional paid-in capital;
- to the extent we estimate that we will not realize the full benefit represented by the deferred tax asset, based on an analysis that will consider, among other things, our expectation of future earnings, we will reduce the deferred tax asset with a valuation allowance; and
- the effects of changes to our estimate of payments to be made under the tax receivable agreement including changes due to subsequent changes in enacted tax rates, will be included in net income.

We expect that the payments that we may make under the tax receivable agreement will be material. See “Certain Relationships and Related Party Transactions — Tax Receivable Agreement.”

### ***Contingent Valuation Rights (“CVRs”)***

In connection with the acquisition of Snap One by the Investor, we issued CVRs to the sellers. Each CVR gives the holder the ability to earn cash payments based on the return of the Investor’s original investment hitting stated thresholds in relation to the proceeds received from disposition of the Investor’s

initial ownership units, which collectively entitle the sellers to receive from us, in certain circumstances, payments in an aggregate of up to \$25 million. The CVRs were issued at two thresholds. The first CVR is payable to the holders when the Investor's return on investment grows to between 2.25 and 2.5 times the Investor's original investment. The second CVR is payable to the holders when the Investor's return on investment grows to between 2.5 and 2.67 times the Investor's original investment. The Company records CVR obligations at fair value utilizing the Black-Scholes option-pricing model. Adjustments to the fair value of CVR liabilities are included in selling, general and administrative expenses in our consolidated statement of operations.

### **Seasonality**

Our business experiences a moderate amount of seasonality. Sales activity is generally highest in the second quarter when our outdoor solutions, which include outdoor audio, video, surveillance and access points, come into season. Sales continue to be strong in the third and fourth quarters due to end consumers' desire to complete home projects prior to the Thanksgiving and Christmas holidays, followed by a modest slowdown in sales activity in the first quarter due to reduced integrator activity following the holiday season. Additionally, we generally experience a modest sales lift at the end of each calendar quarter as integrators seek to meet loyalty program spend thresholds.

### **Critical Accounting Estimates and Policies**

Our accounting policies are more fully described in Note 2 to our consolidated financial statements included elsewhere in this prospectus. Our consolidated financial statements are prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, net sales, expenses and related disclosures during the reported period. In accordance with GAAP, we base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions, and to the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected. Our most critical accounting policies are summarized below. There were no significant changes to our critical accounting policies and estimates for fiscal year 2020 or fiscal year 2019.

#### *Revenue Recognition*

We sell hardware products to professional integrators, who then resell the products to end consumers, typically in the installation of an audio/video, information technology, smart-home or surveillance-related package. In certain instances, we sell specific products directly to end consumers. Our products consist of hardware products with and without embedded software, as well as third-party products. We provide services associated with product sales including the ability to access our hosted OvrC application ("hosting"), technical support, subscription services and access to unspecified software updates and upgrades. The OvrC application provides customers and integrators with a cloud-based remote management and monitoring platform to assist end consumers. These services are typically provided at no additional charge to the customer.

For product sales, revenue is recognized when the integrator or, in the case of direct sales, customer obtains control of the product, which occurs upon shipment, in an amount that reflects the consideration expected to be received in exchange for those products. For services, revenue is recognized ratably over the contract period in an amount that reflects the consideration expected to be received in exchange for those services as the integrator or customer receives such services on a consistent basis throughout the contract period. The technical support represents a series of distinct performance obligations that have the same pattern of transfer to the integrator or customer, and thus are recognized as a single performance obligation ratably over the estimated life of the related product.

Our contracts with integrators, distributors and retailers can include promises to transfer multiple products and services. Determining whether multiple products and services are considered distinct performance obligations that should be accounted for separately rather than as a combined performance obligation can require significant judgment.



For contracts with multiple performance obligations, we allocate the contract's transaction price to each performance obligation based on the relative standalone selling price ("SSP"). Judgment is required to determine the SSP for each distinct performance obligation that is not sold separately, including technical support, customer reward programs, unspecified software updates and upgrades and hosting. In instances where SSP is not directly observable, the primary method used to estimate the SSP is the expected cost plus an estimated margin approach, under which we forecast the expected costs of satisfying a performance obligation and then add an appropriate margin for that distinct service based on margins for similar services sold on a standalone basis.

For hardware products sold with embedded software, the products are dependent on, and highly interrelated with, the underlying software, and accounted for as a single performance obligation with revenue recognized at the point in time when control is transferred to the integrator or customer, which is at the time the product is shipped. In cases where there is more than one performance obligation, a portion of the transaction price is allocated to hosting, unspecified software updates and upgrades and technical support based on a relative stand-alone selling price method, as these services are provided at no additional charge. The allocated transaction price and corresponding revenue is deferred at the time of sale and recognized ratably over the estimated life of the related devices as this method best depicts the progress towards the completion of the related performance obligation.

We offer a subscription service that allows end consumers to control and monitor their homes remotely and allows the end consumer's respective integrator to perform remote diagnostic services. With a subscription, the integrator simultaneously receives and consumes the benefits provided by us throughout the subscription period as we make the service available for use. There is a single performance obligation associated with the subscription services and the related revenue is deferred and recognized ratably over the contract period, which is typically one year, as this method best depicts the progress towards the completion of the related performance obligation.

We generate our revenue from the sale of products and services primarily as a principal, and for certain third-party product sales, as an agent. We have determined that it is the agent for such third-party product sales where the supplier is the party responsible for ensuring fulfillment of the orders, has the obligation to mitigate any issues the customers may have with the products and has the discretion in establishing the price for the products. In such cases, we do not control the promised good before it is transferred. We record sales for which we act as an agent on a net basis.

We have various customer rewards programs ("marketing incentive programs"), which enable participants to earn points for qualifying rewards. The points are redeemed for rewards, including various prizes or product credits for future purchases. The marketing incentive programs provide the integrator or customer a material right and gives rise to a separate performance obligation. The related revenue and expense incurred are recognized at the time of redemption, expiration or forfeiture, as that is the point at which the performance obligation related to this incentive program is satisfied.

Certain integrators or customers may receive cash-based incentives or credits ("volume rebates") which are accounted for as variable consideration. We record reductions to revenue for integrator incentives at the time of the initial sale, which is based on estimates of the sales volume customers will reach during the measured period. Revenue is recognized net of estimated discounts, rebates, returns, allowances and any taxes collected from integrators or customers, which are subsequently remitted to governmental authorities. We estimate the reduction to sales and cost of sales for returns based on current sales levels and historical return trends.

#### *Share-Based Compensation*

In August 2017, the Investor entered into an amended and restated limited partnership agreement and unitholders' agreement. These agreements, among other things, established the distribution rights and allocation of profits and losses associated with membership units of the Investor.

In October 2017, the Investor approved the 2017 Incentive Plan. The 2017 Incentive Plan established the terms and provisions for grants of certain Incentive Units to employees, officers, directors, consultants

and advisors of Snap One containing service-based and/or market-based vesting criteria. We recognize equity-based compensation expense on a straight-line basis over a five-year period (generally the requisite service-based vesting period subject to the grantee's continued employment or service) in the consolidated financial statements based on the estimated fair value of the award on the grant date. For Incentive Units with service-based and market-based vesting criteria, compensation expense is recognized if the requisite service is rendered, regardless of whether the market condition is satisfied.

The grant date fair value of all Incentive Units is estimated using the Black-Scholes option pricing model and is not remeasured. The pricing model requires assumptions, which include the expected holding period, the risk-free rate of return, the expected dividend yield, discount for lack of marketability and expected volatility of the units over the expected life, which significantly impacts the fair value. We account for forfeitures as they occur.

The expected term of the Incentive Units is based on evaluations of historical and expected future employee behavior. The risk-free interest rate is based on the U.S. Treasury rates at the date of grant with maturity dates approximately equal to the expected life at the grant date. The discount for lack of marketability is estimated using a put option model to reflect the lower value placed on securities that are not freely transferrable. Volatility is based on the historical volatility of several public entities that are similar to the Company, as our stock is privately held and not traded on an exchange or over-the-counter market.

#### *Income Taxes*

We file a consolidated federal income tax return as well as state, local and foreign tax jurisdiction filings where we are required to file income tax returns. We account for income taxes and recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or the income tax returns. Under this method, deferred income tax assets and liabilities are recognized based on the differences between the consolidated financial statement amounts and income tax basis of assets and liabilities using enacted tax rates in effect for the period in which the differences are expected to be recovered or settled. Valuation allowances are established, when necessary, to reduce deferred income tax assets to the amount expected to be realized. See Note 13 to our consolidated financial statements included elsewhere in this prospectus.

We record liabilities for income tax positions taken, or expected to be taken, when those positions are deemed uncertain to be upheld upon examination by taxing authorities. Interest and penalties, if incurred, would be recorded within the income tax provision in the accompanying consolidated statements of operations.

#### *Business Combinations*

All of our acquisitions have been accounted for under ASC 805, Business Combinations. Accordingly, the accounts of the acquired companies, after adjustments to reflect fair values assigned to assets and liabilities, have been included in the consolidated financial statements from their respective dates of acquisition. We record purchase price in excess of amounts allocated to identifiable assets and liabilities as goodwill. Goodwill includes, but is not limited to, the value of the workforce in place, ability to generate profits and cash flows, and an established going concern.

Customer relationships have been valued using the multi-period excess earnings method, a derivative of the income approach. The multi-period excess earnings method estimates the discounted net earnings attributable to the customer relationships that were acquired after considering items, such as possible customer attrition. Estimated useful lives were determined based on the length and trend of projected cash flows. The length of the projected cash flow period was determined based on how quickly the customer relationships are expected to amortize, which is based on our historical experience in renewing and extending similar customer relationships and future expectations for renewing and extending similar existing customer relationships. The useful life of the customer relationships intangible assets represents the number of years over which we expect the customer relationships to economically contribute to the business.

The trade names have been valued using the relief from royalty method under the income approach to estimate the cost savings that will accrue to us, which we would otherwise have to pay royalties or license

fees on revenue earned through the use of the assets. Estimated useful lives were determined based on management's estimate of the period the name will be in use.

Technology has been valued using the relief from royalty method to value technology related to three major categories: Other Home Automation, Lighting, and Speakers. The relief from royalty method, a derivative of the income approach, was used to estimate the cost savings that will accrue to us, which we would otherwise have to pay royalties or license fees on revenue earned through the use of the asset. Estimated useful lives were determined based on management's estimate of the period the technology will be in use.

#### *Inventories, Net*

Inventory is stated at the lower of cost or net realizable value, cost being determined under the moving-average method of inventory, first-in, first-out (FIFO) basis of inventory and specific identification basis of inventory. Inventory costs include the net acquisition cost from the factory, the cost of transporting the product to our warehouses and product assembly costs. Reserves for slow-moving and obsolete inventories are provided on historical experience, inventory aging and product demand. Our reserve estimates require us to make assumptions based on the current rate of sales, age, salability of inventory and profitability of inventory, all of which may be affected by changes in our product mix and consumer preferences. We do not believe there is a reasonable likelihood that there will be a material change in the assumptions we use to calculate our inventory reserves. However, if actual results are not consistent with our estimates and assumptions, we may be exposed to losses or gains that could be material. We evaluate the adequacy of these reserves and make adjustments to reserves, as required.

#### *Goodwill and Intangible Assets*

Goodwill and identifiable indefinite-lived intangible assets are tested for impairment annually as of the end of the third quarter of each fiscal year, or more frequently upon the occurrence of certain events or substantive changes in circumstances that indicate impairment is more likely than not.

In assessing potential goodwill impairment, we may first assess qualitative factors to determine whether events or circumstances indicate it is more likely than not that the fair value of our net assets is less than the carrying amount of our single reporting unit. If the qualitative factors indicate it is more likely than not that the fair value of net assets is less than its carrying amount, we perform a quantitative impairment test. In the quantitative assessment, we compare the fair value of the reporting unit to its carrying value. We estimate the fair value of the reporting unit using generally accepted valuation techniques which include a weighted combination of income and market approaches. The income approach incorporates a discounted future cash flows analysis with key assumptions in the cash flow model for future net sales, operating costs, working capital changes, capital expenditures and a discount rate that approximates our weighted-average cost of capital. The market approach considers our results of operations and information about our publicly traded competitors, such as earnings multiples, making adjustments to the selected competitors based on size, strengths and weaknesses, as well as publicly announced acquisition transactions.

Our valuation methodology for assessing impairment requires management to make judgments and assumptions based on historical experience and projections of future operating performance. If these assumptions differ materially from future results, we may record impairment charges in the future.

We performed annual impairment tests for goodwill and indefinite lived intangible assets on September 25, 2020 and September 27, 2019, and concluded that there was no impairment.

We review identifiable definite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For fiscal years 2020 and 2019, we determined that there were no indicators of impairment relating to identifiable definite lived intangible assets.

#### *Warranties*

We provide assurance-type warranties on most of our proprietary products covering periods that vary between one year and the lifetime of the product. The warranties cover products that are defective under normal conditions of use and are in-line with industry standards. We estimate the costs that may be incurred

under these warranties and record the liability at the time product sales are recorded. The warranty liability is primarily based on historical failure rates and costs to repair or replace the product, including any necessary shipping costs.

#### *Contingent Valuation Rights (“CVRs”)*

In connection with the acquisition of Snap One by the Investor, we issued CVRs to the sellers. Each CVR gives the holder the ability to earn cash payments based on the return of the Investor’s original investment hitting stated thresholds in relation to the proceeds received from disposition of the Investor’s initial ownership units. The CVRs were issued at two thresholds. The first CVR is payable to the holders when the Investor’s return on investment grows to between 2.25 and 2.5 times the Investor’s original investment. The second CVR is payable to the holders when the Investor’s return on investment grows to between 2.5 and 2.67 times the Investor’s original investment. The Company records CVR obligations at fair value utilizing the Black-Scholes option-pricing model. Adjustments to the fair value of CVR liabilities are included in selling, general and administrative expenses in our consolidated statement of operations.

#### **Quantitative and Qualitative Disclosures about Market Risk**

Our earnings and financial position are exposed to financial market risk, including those resulting from changes in interest rates and market concentration risk.

##### *Interest Rate Risk*

We are subject to interest rate risk in connection with our Credit Agreement. As of December 25, 2020, we had \$672.6 million outstanding under the term loan portion of the Credit Agreement. The term loans bear interest at variable rates. After taking into account our interest rate caps: (i) an increase of 100 basis points in the variable rates on the amounts outstanding under the Credit Agreement as of December 25, 2020 would have increased annual cash interest in the aggregate by approximately \$7.1 million; and (ii) a decrease of 100 basis points in the variable rates would have decreased annual cash interest in the aggregate by approximately \$5.8 million. Please refer to “— Liquidity and Capital Resources — Debt Obligations” for information regarding the interest rate cap agreement that we entered into to guard against unexpected increases in LIBOR on a portion of our variable-rate term loans and limit our exposure to interest rate variability.

##### *Foreign Currency Exchange Risk*

Substantially all of our net sales and operating expenses are currently denominated in U.S. dollars. An immediate 10% increase or decrease in the relative value of the U.S. dollar as compared to other currencies in the foreign jurisdictions in which we operate would not have a material effect on our operating results.

#### **Recent Accounting Pronouncements**

Refer to Note 2 to our consolidated financial statements included elsewhere in this prospectus for information regarding recently issued accounting pronouncements.

#### **Emerging Growth Company Status**

We qualify as an “emerging growth company” as defined in the JOBS Act. An emerging growth company may take advantage of reduced reporting requirements that are not otherwise applicable to public companies. These provisions include, but are not limited to:

- being permitted to present only two years of audited financial statements and only two years of related “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this prospectus;
- not being required to comply with the auditor attestation requirements on the effectiveness of our internal controls over financial reporting;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor’s

report providing additional information about the audit and the financial statements (auditor discussion of critical audit matters);

- reduced disclosure obligations regarding executive compensation arrangements in our periodic reports, proxy statements and registration statements, including in this prospectus; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We may use these provisions until the last day of our fiscal year in which the fifth anniversary of the completion of this offering occurs. However, if certain events occur prior to the end of such five-year period, including if we become a “large accelerated filer,” our annual gross revenues exceed \$1.07 billion, or we issue more than \$1.0 billion of nonconvertible debt in any three-year period, we will cease to be an emerging growth company prior to the end of such five-year period.

We have elected to take advantage of certain of the reduced disclosure obligations in the registration statement of which this prospectus is a part and may elect to take advantage of other reduced reporting requirements in future filings. As a result, the information that we provide to our stockholders may be different than the information you receive from other public companies in which you hold stock.

The JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards until those standards apply to private companies pursuant to 17 C.F.R. Section 200.83. We have elected to take advantage of the benefits of this extended transition period and, therefore, we will not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. Our financial statements may therefore not be comparable to those of companies that comply with such new or revised accounting standards. Until the date that we are no longer an emerging growth company or affirmatively and irrevocably opt out of the exemption provided by Section 7(a)(2)(B) of the Securities Act of 1933, as amended, upon issuance of a new or revised accounting standard that applies to our financial statements and that has a different effective date for public and private companies, we will disclose the date on which we will adopt the recently issued accounting standard.

### **Internal Controls Over Financial Reporting**

As an emerging growth company, we are still in the process of developing our internal processes and procedures to accommodate our rapid growth in recent years. In the course of preparing the consolidated financial statements that are included elsewhere in this prospectus, our management determined that we have a material weakness in our internal controls over financial reporting. This material weakness primarily relates to our failure to design and maintain effective controls over certain information technology (“IT”) general controls for information systems and applications that are relevant to the preparation of our consolidated financial statements. The IT deficiencies that management is aware of relate to change management and access controls and, when aggregated, could impact effective segregation of duties as well as the effectiveness of IT-dependent controls. The deficiencies could result in a misstatement of one or more account balances or disclosure potentially leading to a material misstatement to the annual or interim consolidated financial statements which may not be prevented or timely detected and, accordingly, management determined that these control deficiencies constitute a material weakness.

We have concluded that this material weakness in our internal controls over financial reporting occurred because, prior to this offering, we were a private company and did not have the internal controls necessary to satisfy the accounting and financial reporting requirements of a public company.

In order to remediate this material weakness, we have taken and plan to take the following actions:

- continuing to hire personnel with public company experience and providing additional training for our personnel on internal controls as our company continues to grow;
- implementing additional controls and processes, including those that operate at a sufficient level of precision and frequency or that evidence the performance of the control;
- implementing processes and controls to better identify and manage segregation of duties;

- considering system enhancements to reduce reliance on manual processes; and
- engaging an external advisor to assist with evaluating and documenting the design and operating effectiveness of internal controls and assisting with the remediation of deficiencies, as necessary.

We and our independent registered public accounting firm were not required to, and did not, perform an evaluation of our internal controls over financial reporting as of December 25, 2020 or any prior period in accordance with the provisions of the Sarbanes-Oxley Act. Accordingly, we cannot assure you that we have identified all, or that we will not in the future have additional, material weaknesses. Material weaknesses may still exist when we report on the effectiveness of our internal controls over financial reporting as required under Section 404 of the Sarbanes-Oxley Act after the completion of this offering.

## BUSINESS

### Our Vision

Bringing together people, integrators and products to deliver joy, connectivity and security in our everyday lives.

### Company Overview

Snap One powers smart living by enabling professional integrators to deliver seamless experiences in the connected homes and small businesses where people live, work and play. The combination of our end-to-end product ecosystem and our technology-enabled workflow solutions, which we refer to as our “Only Here” strategy, delivers a compelling value proposition to our loyal and growing network of over 16,000 professional do-it-for-me (“DIFM”) integrators. We believe that Only Here can integrators access a leading, comprehensive suite of products and software solutions that enable a “one-stop shop” experience. Only Here can integrators support their customers via our industry-leading remote management software platform, which reaches approximately 345,000 active homes and businesses as of March 26, 2021. Only Here can integrators enjoy the convenience of an e-commerce centric, omni-channel offering to support their workflow. Only Here can our third-party product partners efficiently access our expansive integrator network and integrate into the broader Snap One product and software ecosystem. By partnering with Snap One, integrators can focus on their trade and leverage the tools and infrastructure that we deliver to build thriving and profitable businesses. We believe our Only Here value proposition becomes embedded into integrators’ workflow throughout the project lifecycle, creating re-occurring spending patterns that strengthen our integrator relationships and enhance our revenue visibility across our integrator base. Snap One was founded by integrators for integrators and we believe our Only Here experience makes us integrators’ partner of choice.

Our world has become technology-centric. The home’s evolving importance as a place to live, work and play, is fueling accelerated investment in smart living solutions. The smart living market continues to develop and currently reflects a highly fragmented set of point products and services from a broad universe of industry participants. While continued innovation drives consumer awareness of smart living experiences, it also creates significant complexity and challenges for end consumers and professionals seeking immersive, integrated and supported systems. As a result, end consumers are increasingly turning to professionals to design, install, configure and enable personalized, user-friendly smart living experiences. Similarly, we believe professional integrators are seeking to standardize on technology-enabled platforms that enable them to operate successful businesses and to deliver high-quality smart living solutions for their customers.

Snap One is the partner of choice for professional integrators. Our leading end-to-end ecosystem of over 2,800 proprietary SKUs, alongside a curated set of third-party products, provides differentiated portfolio depth and the convenience of a “one-stop shop” experience for our integrators. Our industry-leading software solutions enhance the interoperability of our products and enable our emerging portfolio of value-added, subscription-based services sold to end consumers. We are vertically integrated, with approximately 70% of fiscal year 2020 net sales coming from our proprietary-branded, internally developed products that are only available to integrators directly from Snap One. These proprietary products are manufactured on an asset-light basis through our network of contract manufacturing and joint development suppliers located primarily in Asia and support our strong net sales of \$814.1 million and Contribution Margin of 41.7%, in each case during fiscal year 2020. In addition, we support our integrators with a comprehensive suite of technology-enabled workflow solutions. We engage with our integrators on an omni-channel basis, blending the benefits of our comprehensive e-commerce portal with the convenience of our local branch network for same-day product availability. We support our integrators throughout the entire lifecycle of their projects from pre-sale product research and system design to post-installation end consumer support via our proprietary OvrC software, which enables integrators to remotely manage, configure and troubleshoot devices in the field. We believe our solutions make it easier for professional integrators to operate and profitably grow their businesses, contributing to increased retention and wallet share growth with us over time. We believe our Only Here value proposition creates entrenched relationships and re-occurring spending patterns with our integrators. We believe these favorable integrator dynamics yield an attractive financial profile with a high degree of visibility into integrators’ spending patterns.



## **Our Market Opportunity**

The world has become more connected, with technology touching everything we do. The continued evolution, enhancement, and ease of use of connected technology is providing homeowners and businesses access to previously unimagined experiences. With this unprecedented access and growing demand, end consumers are now faced with overwhelming complexity as they try to select dozens of devices out of the thousands of available point products to create the experiences they desire.

The growing global residential and commercial technology market is comprised of Do-it-Yourself (“DIY”) and Do-It-For-Me (“DIFM”) end consumer spend, which Frost & Sullivan estimates is expected to grow at a 9.3% compound annual growth rate from \$329.2 billion in 2020 to \$513.1 billion in 2025.

The DIFM sub-market that we serve is distinct from the DIY sub-market, and is characterized by consumers with higher expectations, more complicated projects, higher disposable income, and use of professionals in other parts of their lives. DIFM consumers typically spend \$10,000 to \$20,000 for professional integrators to design, select the best products, and install and configure these systems. Each of these projects represents an opportunity for Snap One to provide the products the integrator needs to serve their customers.

Consumers’ increasing desire to have an integrated, turnkey, easy-to-use system is expected to drive growth in the DIFM sub-market of the market across home technology, security, and commercial; Frost & Sullivan estimates that integrator spend in the domestic DIFM sub-market (consisting of home technology, security, and commercial) will grow at an 8.7% compound annual growth rate from \$43.0 billion in 2020 to \$65.2 billion in 2025.

We believe the following trends will continue to accelerate the global home technology market and to support the increasing importance of the DIFM integrator to deliver the experiences that end consumers seek.

### ***Increasing Awareness and Adoption of Smart Living Solutions***

Consumer adoption of smart living solutions continues to rise, driven by increasing access to high-speed internet service and growth in smart connected devices, streaming services, voice assistants and simple and unified control experience. Well-known technology leaders such as Alphabet, Amazon and Apple have created innovative and affordable point products that have broadened access to entry level smart living experiences and increased interest in the full potential of the home. The desire to be able to control your sound volume through a traditional remote control has evolved into an expectation that lighting, temperature, music, entertainment, security, consumer appliances and more respond to a user’s needs proactively or create a bespoke experience with the single push of an icon on an app or a voice command. According to Statista, smart home penetration in the United States is expected to increase to 57% in 2025 from 37% in 2020, and we believe consumers will increasingly demand more complete and complex systems.

### ***Growing Desire for Entertainment, Security, Comfort and Energy Efficiency in the Home***

Now more than ever before, people live, work and play at home. As a result, there is a growing demand to enhance the at-home experience with immersive, simple, integrated and supported products and systems. For example, end consumers want:

- High-end home entertainment systems to support direct-to-streaming movie releases;
- Multi-room audio systems to stream and listen to their favorite music from any place with the click of a button on their phone;
- Home security and video surveillance with smart phone and tablet accessibility to help ensure their family stays safe;
- Smart lighting, shades, heating and cooling systems to manage their environment and make their home more energy efficient;
- Reliable whole-home networks that ensure connectivity for multiple simultaneous uses by the entire family such as video conferencing indoors while streaming a movie in the backyard; and

- Intuitive and flexible control solutions unify the interactive experience in the home.

### ***Consumer Pain Points Driving Increasing Need for Professional Integrators***

The direct-to-consumer smart living product category is highly fragmented, with thousands of disparate, unintegrated point products across multiple categories resulting in an experience that is often frustrating, complicated and time-intensive for the end consumer. Mass market DIY products are intended to meet single-point tasks, and are not generally designed to seamlessly integrate across multiple manufacturers into a fully personalized smart living solution, nor to meet the exacting needs of high-end purchasers. In addition, end consumers lack awareness of all the mission critical infrastructure, networking and control products, and the software required to create an integrated system, and also lack the time and expertise to install and troubleshoot these products. We believe a large and growing segment of end consumers want the best available smart living experience and they are willing to pay for professional assistance to create a fully integrated, comprehensive system and to maintain, service, and upgrade their systems over time. We believe the importance of integrators will continue to grow as they become an increasingly critical specialist to end consumers.

### ***Challenges for Integrators Driving Need for a Partner that is a One-Stop Shop for All Their Needs***

The typical integrators we serve are small- to medium-sized businesses that enable smart living. They are experts at designing, installing, and servicing complex, fully-integrated connected home and business systems, which include products such as audio, video, surveillance, lighting, home automation, and more for both homeowners and commercial customers. These integrators serve DIFM consumers who typically spend \$10,000 to \$20,000 per job. In addition, integrators do not typically hold inventory, requiring them to place multiple orders to procure the products and software needed for each job.

Due to their small size, integrators often face significant challenges to meet the needs of their end customers and run their businesses efficiently. These challenges include tracking thousands of products across multiple suppliers needed for each job, keeping up with the latest product trends, and understanding how to install, integrate, and support these highly complex and evolving technologies. As a result, integrators need a partner that can serve as a one-stop shop for the products, software, tools, and training that they need day in and day out to efficiently operate their businesses and deliver great experiences for end consumers.

### ***Our Differentiated Solution***

We believe our integrated platform of products, software, and technology-enabled solutions that are embedded into the integrator's workflow is unmatched in the industry. We simplify the challenges associated with designing a smart living system and enable our integrators to create optimal solutions that are cohesive, functional, and efficient. Every decision we make is through the lens of helping integrators run their business more efficiently while delivering immersive smart living experiences. This results in a long-term partnership in our shared mission to bring joy, connectivity and security into end consumers' everyday lives.

### ***Our End-to-End Product Ecosystem***

We provide integrators with a leading, comprehensive suite of connected, infrastructure, entertainment, and software solutions so the entire smart living experience is exceptional for the end consumer. Our product and service offerings encompass all of the design elements required by integrators to build integrated smart living systems that are easy to install and simple to manage, serving the needs of both integrators and end consumers. Our deep relationships with our integrators provides us the real-time feedback that allows us to continuously improve our offerings.

- ***Proprietary Products and Software.*** We have developed a broad range of over 2,800 proprietary SKUs that encompass the spectrum of solutions needed to deliver integrated smart living systems. These products and software are sold under our proprietary brands such as Araknis, Control4, and Wattbox and are only sold through Snap One with confidential wholesale prices that allow integrators to maximize their profitability. Our products and software are designed to meet the unique needs of both the integrator and the DIFM end consumer. We do this by delivering a high quality and reliable

cross-category integrated solution that connects easily to our proprietary solutions and third-party products. In addition, our solutions have built-in firmware to allow for a high degree of configurability with useful management tools, which make it easy for integrators to provide mission critical post-installation support. Through our proprietary software, Control4 OS3 and OvrC, we allow integration with thousands of products manufactured by hundreds of third-party manufacturers and our products are compatible with connected devices from leading brands such as Alphabet, Amazon and Apple, allowing end consumers to enjoy and control their integrated Snap One system with the products and devices they know and love.

- *Third-Party Products.* In addition to our proprietary solutions, we have partnered with and sell a curated set of leading third-party products from brands such as Alphabet, Amazon, KEF, Klipsch, Lutron, Samsung, Sony, Sonos, Ubiquiti and Yamaha, which provide our integrators a one-stop shop for their product needs. We believe this increases the value we deliver to our integrators, grows the usage of our technology-enabled workflow solutions, and drives integrator retention and growth. Our third-party product offerings also deliver significant value to our third-party partners. We provide these third-party partners with differentiated access to our expansive network of integrators through our omni-channel model and compatibility with our leading software solutions, which ensures those products can be seamlessly integrated into a system and easily supported after installation.

### ***Our Technology-Enabled Workflow Solutions***

Our differentiated technology and software-enabled workflow tools have been designed to support the integrator throughout the project lifecycle, enhancing their operations and helping them to profitably grow their businesses. We believe our suite of embedded solutions is truly unique, further differentiating Snap One from the rest of the smart living market, and driving stickiness and wallet share growth with integrators.

- *Integrator Job Lifecycle Service and Support.* We provide comprehensive certification and award-winning training and support services, enabling integrators' ongoing success and business efficiency. Our comprehensive services are delivered through multiple channels, including through our cloud software, on our e-commerce portal and at our local branches, and encompass every step of the integrator job lifecycle from research and training through post-installation support. For example, we have remote management solutions that enable continuous end consumer system monitoring and management and significantly reduce or eliminate time-consuming and costly post-installation troubleshooting for the integrator. Additionally, we have a dedicated team of technical experts who help integrators with product awareness, product training and on-the-job troubleshooting support to ensure the best solutions are delivered in the right way to end consumers. We believe the 16 CE Pro Quest for Quality Awards we won in 2021 are a testament to the value of our service and support programs for integrators.
- *Cloud-Based Software.* We have developed a suite of proprietary cloud-based software solutions that are embedded in the integrator's workflow through the lifecycle of a project and enable remote management and monitoring of connected devices after installation. Our Control4 Composer tool provides an easy-to-use interface that helps integrators configure highly customized control systems for end consumers. OvrC is a free, cloud-based software, which enables integrators to remotely monitor, troubleshoot and manage connected devices on a system. While OvrC is free to integrators, we utilize its strong functionality and presence with end consumers to enable Parasol, which is our subscription-based remote monitoring service for end consumers. By utilizing these software tools, integrators can significantly increase efficiency by reducing the need for service calls and ensuring that their customers' mission-critical systems are installed properly and supported thereafter, resulting in continuous highly personalized, immersive experiences.
- *Omni-Channel Model.* We provide a comprehensive e-commerce portal for smart living, which is tailored to allow integrators to research products, design projects, receive training and certifications, order products, and solicit ongoing support. It provides targeted content and compelling stories to drive meaningful interactions with integrators who typically visit the portal ten times to research, train, design, and build an estimate for each purchase they ultimately make. We supplement our e-commerce portal with a growing footprint of 26 local branches as of March 26, 2021. These local branches are key to supporting our growth strategy and delivering additional value to integrators by

ensuring they can receive critical products on a same-day basis to support project requirements, while attending in-person trainings and using local demonstration rooms to test new products.

The integration of our end-to-end product and software ecosystem and technology-enabled workflow solutions drives industry-leading efficiency for our integrators. Our tools support efficient integration, empowering our integrators to focus on the next install, rather than on maintaining the last install. We believe we set the industry standard for ease of use for integrators, which we believe drives loyalty and increased use of our platform over time. During fiscal year 2020, our net dollar retention rate was over 100% for domestic integrators, highlighting the re-occurring nature of our business model as integrators continue to do business with Snap One. For domestic integrators who purchased from us in fiscal year 2019, “net dollar retention” is the fiscal year 2020 spend of those integrators divided by their fiscal year 2019 spend.

### **Our Competitive Strengths**

We believe the following competitive strengths distinguish us from our competitors and position us for continued leadership in enabling connectivity in the home:

- *Partner of Choice for Smart Living Integrators.* Snap One was founded by integrators for integrators. We designed our integrated platform through the lens of the integrator to enhance their operations by simplifying the product purchasing experience and delivering high-quality products at a good value, while at the same time providing technology-enabled tools and support services to help them run their businesses more efficiently. We believe our ability to deliver both the product breadth and technology solutions that support the integrator’s workflow is unique in our category. Snap One is a leading partner for professional integrators, transacting with over 20% of the domestic DIFM market. We believe our strong position with integrators is supported by our industry-leading NPS of 55 among domestic integrators who have purchased from Snap One between March 2020 and March 2021, compared to competing brands’ average NPS of -2. In addition to a strong position with our integrators as evidenced by our NPS, approximately 75% of our fiscal year 2020 e-commerce portal net sales came from integrators who have been our customers for at least five years (as represented by integrators whose first purchase was made in fiscal year 2015 or prior). We are passionate about providing integrators the best products, software, and technology-enabled workflow solutions to allow them to deliver entertainment security, comfort, and energy efficiency experiences to their customers.
- *Self-Reinforcing Flywheel Drives Re-Occurring Growth.* We believe our significant scale combined with our high frequency, re-occurring and multi-layered relationship with our integrators drives profitable growth and a deep, up to the minute understanding of the evolving needs of integrators and end consumers. This scale and insight fuels our investment in the sales experience and innovation across our end-to-end product and software ecosystem and our differentiated technology-enabled workflow solutions, which further reinforces our strong integrator relationships. This creates a self-reinforcing flywheel and is the key engine of our re-occurring revenue and growth. As we innovate, we make the integrator more efficient and provide end consumers with solutions and experiences that enhance the places they live, play, and work. This in turn helps accelerate industry adoption, which drives strong growth for Snap One as integrators continue to return to us for all smart living needs project after project.
- *End-to-End Ecosystem of Products and Software.* We have built an end-to-end ecosystem across a broad portfolio of proprietary products and software that integrate with leading third-party products. Our over 2,800 proprietary SKUs, which represented over 70% of our fiscal year 2020 net sales, are sold under exclusive brands and in many cases are acknowledged as best in their category by industry groups. In addition to our proprietary products, we sell and integrate with a curated set of leading third-party products from brands such as Alphabet, Amazon, KEF, Klipsch, Samsung, Sony, Sonos, Ubiquiti and Yamaha, which have the capability to integrate into the broader Snap One product and software ecosystem. With our full suite of infrastructure, connected, entertainment, and software solutions that deliver great experiences to end consumers, integrators can find everything they need in one place and deliver high-quality, reliable, and configurable smart living systems to end consumers.
- *Innovation to Drive Continuous Improvement.* We have a proven track record of innovation through significant investments in research and development (“R&D”) to build a robust, integrated platform

of proprietary products, software, and technology-enabled workflow solutions that power the smart living experience. Our product and software development process fosters an innovation feedback loop whereby we utilize the user and integrator feedback and learnings from our cloud software to continually enhance existing solutions to meet the demands of the connected homes and businesses of tomorrow. We believe this feedback loop combined with our joint-development model of partnering with manufacturers around the latest technologies, allow us to rapidly and efficiently bring new technology to market with lower R&D risk to Snap One. As of March 26, 2021, we had over 100 active issued patents and over 100 trademarks protecting our proprietary brands. Our strong product and software development engine is supported by a team of over 275 product development employees and 135 software engineers who have helped us introduce 450 new hardware and software releases on average per year during fiscal years 2020 and 2019.

- *Technology-Enabled Solutions Embedded in the Integrator Workflow Make it Easier to Do Business.* Our mission is to empower integrators to make it easier for them to profitably grow their businesses and deliver best-in-class immersive experiences to end consumers. Our scale allows us to continue to invest in and develop differentiated technology tools that are embedded into the integrator's workflow to support their needs throughout the project lifecycle. Our e-commerce platform has rich content to inform product research, design tools to enhance project planning, training materials and installation guides, and a robust forum where integrators can learn about and discuss solutions and technical issues before and during installation. We supplement this content with an experienced team of customer and technical support employees, receiving the Quest for Quality Awards of Best Customer Service (#1 Platinum) and Best Technical Support (#2 Gold) in 2021. We also offer a suite of proprietary cloud-based software solutions. These solutions include Composer, which allows integrators to configure the logic rules of a connected home or business and OvrC, which gives integrators the ability to manage all connected devices remotely post install without a service call; and OvrC Home, which allows integrators to use software to give the power of the typical support functions directly to end consumers. We believe these technology tools and services drive robust stickiness as integrators build their businesses around these capabilities and train their employees to use our software and products.
- *E-Commerce Driven, Omni-Channel Strategy.* Our business model is built around an e-commerce centric, omni-channel go-to-market strategy. We provide a comprehensive e-commerce portal, which allows integrators to easily research products, design projects, receive training and certifications, order products, and solicit ongoing support. Our e-commerce portal is complemented by an extensive network of 26 local branches and seven distribution centers, as of March 26, 2021. For the twelve months ended March 26, 2021, we opened or acquired five net new local branches, and we expect to continue to expand in the future. The local branch presence is an important part of our strategy as it allows us to better serve integrators locally by providing same day product availability when necessary, while creating a site for relationship building, training and product demonstration sessions. We believe integrators value the relationships and support we deliver at the local level, and this further increases their loyalty with our business across channels.

### **Our Growth Strategy**

We believe that end consumers need a professionally integrated platform for the next generation of smart living spaces that consists of the best products, services and software to deliver personalized, immersive experiences. The following are the central pillars to our growth strategy that we believe will enable us to provide integrators and end consumers with the solutions and workflow tools that will power the smart living spaces of tomorrow:

- *Consistent Innovation with New Products and Software Solutions.* Our award-winning products and software and shared product development model are key drivers of our success to date. Our close relationship with our integrator base and learnings from our cloud-based software provide a continuous feedback loop to drive ongoing product and software enhancements. As integrators acquire and install our products and software solutions, they are consistently providing us with feedback on their experience and the experience of the end consumer. This feedback has enabled us to identify and enter attractive market segments such as speakers and networking, develop new products, and improve existing products. We will continue to invest in enhancing our product suite and bolstering our

underlying software, and developing technologies to make integrators more efficient, which is critical to delivering the best solutions for our integrators and end consumers.

- *Drive Wallet Share Gains with Existing Integrators.* While our network of over 16,000 domestic DIFM integrators that we transact with is large, we believe we have a significant wallet share expansion opportunity with our existing integrator base. Across our entire base of domestic integrators, we capture on average approximately \$40,000 of annual spending and those integrators purchase on average approximately eight different product categories from us. Over time, we typically grow integrators' wallet share with us, as exemplified by the top ten percent of our domestic integrators spending on average approximately \$240,000 annually across approximately 17 different product categories with us. This is compared with Frost & Sullivan's estimate of over \$600,000 in average annual product spend for all domestic integrators. This suggests we have significant room to grow sales by increasing wallet share with existing integrators. Average wallet share with our integrators varies across DIFM markets, with particular strength in home technology, and demonstrated success in commercial and security. In a survey conducted by Frost & Sullivan, integrators indicated that on average they purchase product from twelve sources, and approximately 20% of respondents indicated that Snap One was their most used source for installation equipment from March 2020 to March 2021, more than twice the share of the next highest source. As we continue to expand our omni-channel coverage, extend our product suite, bolster our support services, and create deeper integration across our products, we believe we will be able to drive continued wallet share gains by making it compelling for integrators to use Snap One as their primary one-stop shop.
- *Grow Our Network of Integrators.* We have a leading market share within our core domestic home technology market, and our product portfolio and integrator support is designed to expand into attractive adjacent markets. We are making investments to grow our network of integrators across home technology and the attractive security and commercial markets, where we have low market penetration today, given that our network consists of over 16,000 of the over 70,000 domestic DIFM integrators. According to Frost & Sullivan, integrator spend in the domestic DIFM security and commercial markets represented more than \$36.2 billion in 2020 and is expected to grow to more than \$52.8 billion in 2025, representing a compound annual growth rate of 7.8%. We expanded internationally with our merger with Control4, and international net sales accounted for 11.6% of our net sales in fiscal year 2020. According to Frost & Sullivan, the integrator spend in the international DIFM (consisting of home technology, security, and commercial) market in 2020 was more than \$106.2 billion.

To support the expansion of our integrator network, we continue to invest in the build-out of our local branch footprint in attractive markets. By expanding this local branch footprint, we are able to attract new integrators locally across home technology, security and commercial as well as better serve existing integrators with enhanced services and support. In addition, we believe the market for continued geographic expansion represents a significant opportunity for Snap One given our modest presence outside North America today.

- *Efficiently Expand Our Software Solutions and Subscription-Based Revenue Models.* As we expand our penetration of connected homes and businesses domestically, we will continue to invest in the expansion of existing and development of new subscription-based services. Given the reach of OvrC with approximately 345,000 active homes and businesses on the platform as of March 26, 2021, we can efficiently reach a large base of potential end consumers for subscription-based services.

We see a significant opportunity to grow our Parasol remote management services business, which is powered by OvrC. Parasol is a subscription-based service sold to homeowners and small businesses through integrators for access to a continuous remote support service to troubleshoot devices on their network. We also aim to invest in and expand our penetration of the subscription-based 4Sight service that is enabled by our Control4 software, which allows homeowners and small businesses to remotely access and control their smart living system from any place at any time. For example, using 4Sight, a homeowner can remotely unlock their security gate to allow for a critical package delivery while at work and re-lock the gate once the delivery is complete. We believe our leadership position and expanding presence in the home will allow us to develop new high margin, recurring software-driven services.



- *Continue to Pursue Accretive Acquisitions.* Our disciplined acquisition strategy is core to our growth with past acquisitions complementing our product suite and expanding our nationwide coverage. Over the last five years, we have successfully completed and integrated more than ten acquisitions targeting new products and geographies and enhancing our workflow solutions. We will continue to pursue future acquisitions that selectively enhance our products, software and workflow solutions and expand into adjacent markets that allow us to serve our integrator base. We believe our network of third-party products as well as our close relationships with our integrators allow us to source a large pipeline of potential acquisition opportunities.

### **Our Integrated Platform**

Our end-to-end product and software ecosystem and technology-enabled workflow solutions create an integrated platform of leading offerings, which drives significant value for our integrators and personalized, immersive experiences for end consumers.

### **Our End-to-End Product Ecosystem**

Our leading portfolio of interconnected products (both proprietary as well as a curated selection of third-party products) and software solutions help connect, control, entertain and power homes and businesses. We sell over 2,800 proprietary SKUs and our brands received 36 #1 or #2 CE Pro Brand Leader Awards in 2021 of CE Pro's 62 identified sub-categories in the audio, video, networking/connectivity, control and automation, home enhancements, security and integrator support categories. In addition to our comprehensive suite of proprietary products, our curated portfolio of third-party products (including brands like Alphabet, Amazon, KEF, Klipsch, Samsung, Sony, Sonos, Ubiquiti and Yamaha) provides integrators with the resources to deliver comprehensive, personalized smart living systems for end consumers.

Our connected products, including our third-party products, integrate with one another through our software connectivity solutions. Our full product portfolio is also compatible with connected devices from leading brands like Alphabet, Amazon and Apple. End consumers receive superior control, functionality, and support when they hire an integrator that partners with Snap One. Our systems and deep relationships with integrators allow us to collect real-time feedback to guide our product development process, helping ensure that we provide the most effective products for our integrators to serve their needs.

### **Our Products**

We sell products under exclusive brands that are only sold through Snap One, as well as leading third-party products, to provide our end consumers with personalized smart living solutions. We sell unique and functional consumer-facing products, along with innovative infrastructure solutions to enable customized and efficient installation for our integrators. Our products are designed to meet the needs of professional integrators and the distinct consumer segment they serve by delivering reliability, a high degree of configurability, useful management tools and great experiences that delight consumers and make it easy for integrators to provide post-installation support. We also have confidential wholesale prices that allow integrators to price projects based on the premium service they provide and avoid detailed negotiations based on item level pricing. Our comprehensive proprietary and third-party product portfolio provides a one-stop shop experience for our integrators in order to ensure that they are able to purchase all products needed for projects through our platform. Over the years, integrators have come to us knowing they can benefit from our superior value proposition through access to our leading proprietary products, as well as a selection of the best third-party products in the marketplace.

Our product portfolio extends across the Connected, Entertainment and Infrastructure product categories:

- *Connected.* We provide technology products that connect to the network and directly enable the personalized experiences that our end consumers desire. Our Connected portfolio is enhanced by our proprietary software offerings. Our remote management software OvrC enables our integrators to remotely manage devices, update firmware and troubleshoot hardware on the network. Additionally, our Control4 OS3 software enables the integration of audio, video, lighting, temperature, security and communications for a unified consumer experience. End consumers directly interface with these



connected solutions via touch panels, remotes and lighting keypads. Our Connected product portfolio includes the following:

- *Networking.* Our networking products provide wired and Wi-Fi connectivity solutions that enable robust networks to support bandwidth-intensive applications.
- *Control and Lighting.* Our control and lighting products enable the unified management of a home or business through a single user interface.
- *Surveillance.* Our surveillance products provide next-generation security solutions and video analytics to deliver peace of mind to end consumers.
- *Power.* Our IP-enabled power products provide critical infrastructure to operate reliable and flexible automation systems.
- *Entertainment.* We provide a range of high-quality Entertainment products for indoor and outdoor solutions to deliver immersive experiences for end consumers. Our Entertainment products are designed to deliver on the desired end consumer expectations while also providing ease of use and installation efficiency for our integrators. Our outdoor Entertainment products contain specialized features, including weatherization, to enrich backyard experiences for our end consumers. Our Entertainment product portfolio includes the following:
  - *Audio and Video Products.* Our audio and video products include premium sound systems, amplifiers, televisions, projectors and optimized screens. These products are integral in bringing experiences to life for consumers throughout homes and businesses, whether it is centralized in a home theater, expansive through multiple audio zones, or enriching backyard entertainment.
  - *Media Distribution.* Our media distribution products provide the foundation for our entertainment systems and enable comprehensive and personalized experiences for end consumers. Our media distribution products make it easy for our end consumers to enjoy their favorite music and video anywhere in their environment, instantaneously.
- *Infrastructure.* Our Infrastructure products are foundational to every installation. These products are typically behind-the-wall or less visible to the end consumer than the rest of our product portfolio. Accordingly, our Infrastructure products are often an integrator preference item, so we engineer our solutions with reliability, ease of installation and integrator workflow in mind. Our Infrastructure product portfolio includes the following:
  - *Structured Wiring and Cables.* Our structured wiring and cables provide a quality back end to any installation and enables its overall effectiveness, protects sensitive system components and allows for a neat, organized, and aesthetically pleasing look.
  - *Racks.* Our racks are designed to fit in a variety of spaces, while housing the electronics needed to drive systems and create a pleasing appearance that also protects the components within it.
  - *Mounts.* Our mounts are durable and versatile to provide enhanced viewing experiences through improved design space and by creating the optimal viewing angles.

Snap One's platform provides our third-party partners with an efficient distribution channel for their products. They are able to access our expansive integrator network, and the associated extensive base of end consumers, to sell their products. In addition, our integration with these third-party products provides a one-stop shop for our integrators, and allows our integrators to efficiently use both proprietary and third-party products in their solutions. We believe our mutually beneficial relationships with third-party partners differentiate us from others in the industry.

### ***Our Software Solutions***

Our software solutions enable our integrators to provide optimized, personalized connected systems for our end consumers. Our proprietary OvrC system provides integrators with a free, cloud-based remote management and monitoring solution that enables integrators to troubleshoot connected devices and home systems remotely. As of March 26, 2021, OvrC had approximately 345,000 active homes and businesses

on the platform with approximately 14 million devices connected and over 18,000 unique weekly integrator users. Integrators can now resolve many product issues that may occur following an installation without making follow-up home visits. This saves the integrator time and money while improving their customer's satisfaction. In addition, we offer our OvrC Home software to end consumers, which provides them with the ability to manage their systems and fix small, common problems without needing to know system complexities. For instance, with OvrC Home, a consumer can reset their Wattbox power outlets and troubleshoot system issues without having to physically access it themselves or call for professional support. This provides value and convenience to end consumers.

Additionally, our Control4 OS3 system is our leading product for command and control of smart living systems and is in approximately 400,000 active homes and businesses orchestrating approximately 24 million connected devices as of March 26, 2021. We have expanded our control platform capabilities and meaningfully enhanced the end consumer experience through the integration of audio, video, lighting, temperature, security, communications and other functionalities throughout the home. Control4 is interoperable with over 16,000 third-party products across hundreds of manufacturers with approximately 60 devices connected per system. This gives the end consumer a simplified experience, as they are able to access multiple systems and devices through a centralized platform.

Our OvrC and Control4 OS3 software provide the foundation supporting the pillars of our growth strategy, which we have built upon to launch and monetize value-added services for end consumers. We have an identified pipeline of growth opportunities where we can leverage our existing OvrC and Control4 OS3 software to create unique subscription-based solutions that generate recurring revenue. We currently have two subscription-based services that we sell to homeowners. Parasol is enabled by our OvrC software and gives homeowners access to continuous remote support service to proactively or reactively troubleshoot devices on their network. 4Sight is enabled by our Control4 OS3 software and provides homeowners with access and control of their home solutions and communications. Using 4Sight, end consumers can remotely monitor and control their systems as if they were at their homes.

	Foundational Platform for Current and Future Services			Foundational Platform for Current and Future Services		
	Control4 OS 3	Control4 Composer	4SIGHT	OVC	OVC Home	Parasol
Description	Smart living operating and control solution for residential and commercial applications	Workflow software that enables integrators to efficiently configure Control4 systems	Subscription-based service to personalize and remotely access a Control4 system	Cloud-based remote management and monitoring system for integrators	End consumer-facing app that empowers homeowners to manage devices on their network	Subscription-based service for 24x7 remote support to troubleshoot devices on the network
Used by End Consumers	✓		✓		✓	✓
Used by Integrators		✓		✓		✓ Reduces integrator support burden
Revenue Model	Embedded within Control4 hardware pricing	Free functionality for integrators as part of Control4 OS3	Annual subscription fee	Freemium	Freemium	Monthly subscription fee (Integrators participate in recurring revenue stream)
Current / Future Recurring Revenue Potential	✓		✓		✓	✓

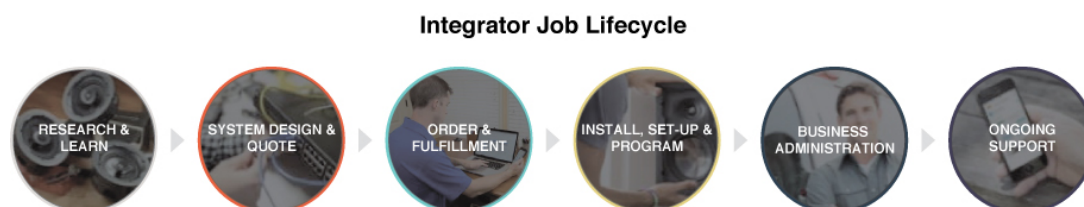
### Our Technology-Enabled Workflow Solutions

Our differentiated technology and software-enabled workflow solutions enhance the operations of integrators. These embedded solutions further differentiate Snap One from the rest of the smart living market. They provide utility from the beginning of a project through post-project monitoring and are a key driver of stickiness and wallet share growth with our integrators. We believe we operate a comprehensive e-commerce portal for smart living. The Snap One e-commerce portal is not just for ordering products. In fact, integrators typically make a purchase approximately one out of every thirteen times they visit our Snap One portals, which we believe is due to the variety of value-added services our portal provides. Our portals

generate value for integrators by providing business optimization and support tools through the lifecycle of any given project. This continuous integrator engagement enables continuing feedback from multiple points of interaction and gives us a rich data set, to which we apply analytical tools to target promotions, cross-selling and up-selling.

Our cloud-based software solutions, including OvrC and Control4 OS3, generate additional value for our integrators by allowing them to remotely monitor and manage connected systems after installation. These software solutions increase efficiency for our integrators by eliminating the number of costly service appointments, and providing tools to help continue to support and build consumer relationships through continuous system monitoring and management.

### ***Our Technology Tools Support the Entire Integrator Job Lifecycle***



- Research and Learn.** Integrators leverage our e-commerce portal for research and learning. We offer extensive product descriptions, specifications, education, videos, supporting documents and solutions-based merchandising to allow integrators to research different options for their projects. We make our library of content easily accessible, and we have a web search tool that allows our integrators to easily find relevant information. In certain markets, we amplify our research and training offering by providing consultations with local representatives and local training events. Given the pace of technological change, this offering allows our integrators to stay up to speed on the latest products and trends in the industry.
- System Design and Quote.** Our design tools give integrators access to technical drawings and CAD files in order to ensure the products they order fit their customers' homes and work together seamlessly. This is an essential component of delivering the right solutions for their customers. Integrators place orders with precision, reducing shrinkage and the potential for timing delays on executing their projects. We also have a confidential quoting and pricing system that is only available for our integrators.
- Order and Fulfillment.** Our nationwide distribution network allows us to serve integrators through strong delivery and local fulfillment. Our five U.S. distribution centers are strategically located across the country to ensure expeditious product delivery to our integrators. We monitor our inventory and provide integrators with stock status checks to confirm if the products they need are available or estimate availability if the products are on back-order. Orders placed online are trackable, keeping our integrators updated on the latest status of their product shipments. Our platform also offers same-day shipping. In addition, our local branch network allows us in many cases to provide integrators with same-day pickup for products that are required for projects. This helps increase integrators' efficiency since same-day delivery is mission-critical for integrators as the lack of any one component can stall a project. We also provide our third-party partners with an efficient distribution channel for their products through our network. Our partners are able to access our expansive integrator base, which creates value for our partners and strengthens our commercial relationships.
- Install, Set-Up and Program.** We have award-winning support services available through our online portal. Our portal provides various training videos, documents and other tools that ensure proper product installation. Product support technicians stand at the ready to handle calls and help our integrators successfully execute their product installs. We serve as an outsourced technical team that supports our integrators' success. In addition, our Control4 Composer software tool provides an intuitive interface that enables integrators to construct a bespoke control system for homeowners at the end of the product installation phase. Through Composer, integrators can create different "scenes" for homeowners, and enable the integration of various connected devices around the home. Overall,

the level of support we provide is differentiated due to our immediate accessibility and our ability to help our integrators execute projects across the full range of products selected for the job at hand.

- *Business Administration.* Integrators can use our platform to access invoices, track orders along with order history for their customers, and manage returns. Through these various points of interaction with our integrators, we have a robust data set, which we analyze to target promotions, cross-selling and up-selling opportunities.
- *Ongoing Support.* We provide our integrators with on-going monitoring capabilities so they can deliver superior service to their customers. Our OvrC offering, the remote management and monitoring platform for integrators, creates increased efficiency, as integrators can monitor systems and fix any issues remotely, reducing the need for inefficient service calls. This allows integrators to perform their projects with greater efficiency and effectiveness, creating durable relationships and strong brand loyalty with integrators. We also deliver award-winning training, certification, and support services, built to drive integrators' ongoing success. We deliver our support programs both online and at local branches. The training support staff in our branches can provide integrators with tools and various services throughout the lifecycle of their projects. This allows us to build deep relationships with our integrator base by embedding our services in our integrators' workflow, and gives us insights into real time integrator feedback.

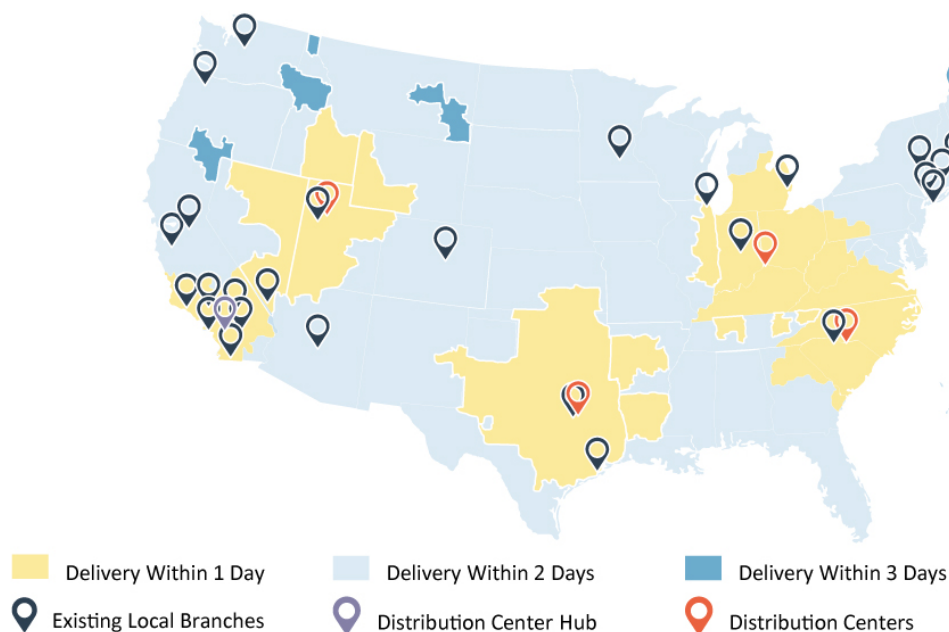
### **Our Software and Product Development**

We have a robust R&D organization that focuses on the development of new products, software, and technology-driven workflow solutions as well as the enhancement of our existing solutions. Our product and software development process fosters an innovation feedback loop whereby we leverage end consumer and integrator feedback to continually enhance existing solutions. Through our joint-development model, we partner with manufacturers to reliably and rapidly bring new product technology to market and reduce the risk of R&D investment. We focus our internal product development efforts on the application of these leading technologies to the specific challenges faced by integrators and their customers. Our strategy of "fast following" major technology standards while investing in differentiation for the integrator allows us to maintain market-leading products with an efficient, innovative, and capital-light organization. We believe our products are the best-of-breed in their respective categories. We expect to continue to invest substantial resources in R&D to expand our integrated platform of products, software, and technology-driven workflow solutions.

### **Omni-Channel Distribution and Manufacturing**

Our proprietary products are received at one of our five U.S. distribution centers, along with a selection of third-party products, which allows our integrators to bundle their purchases for an entire job with one partner either through our leading e-commerce site or for local purchase and or pickup at one of our 26 local branches as of March 26, 2021. These local branches are key to delivering additional value to our integrators, as we can in many cases provide same-day delivery of products that integrators may require for projects. Same day delivery can be mission critical for integrators as the lack of any one component can stall a project. Our local branches are more than fulfillment centers. We have training sessions and support staff in our branches to provide integrators with various services throughout the lifecycle of their projects. Our local branches also allow us to build deeper relationships with our existing integrator base, giving us insights into real-time feedback, and to expand our network by reaching the local population of integrators. Our omni-channel model facilitates approximately 95% inventory availability and allows us to reach over 99% of the population in the contiguous United States within two days.

### Extensive and Expanding Strategic Local Branch Network



In addition to our internal capabilities, we partner with a network of over 50 contract manufacturing and over 80 joint development suppliers to produce our proprietary products. Our supply chain teams, both in the United States and in Asia, partner closely with our suppliers through design, sourcing, quality validation and logistics to ensure high quality, high availability products for our integrators. In fiscal year 2020, approximately 95% of our supplier spend on our proprietary products was with Asia-based suppliers. We maintain contractual and operational safeguards designed to align with our suppliers and ensure high standards in quality. In addition to the work we do with our supplier partners, we perform full custom manufacturing of our Triad speaker line in Portland, Oregon along with light assembly of a few other products in Charlotte, North Carolina and Salt Lake City, Utah for configure to order support.

### Sales and Marketing

Our e-commerce portals are the heart of our marketing and sales strategy with over 76 million page views during fiscal year 2020. Our strategy is to make these portals the primary place for integrators to research products, design projects, receive training and certifications, order products and receive ongoing support. We drive engagement with integrators via digital marketing campaigns, a multi-faceted integrator rewards program, high quality content, and digital tools for training, research, management and other integrator needs.

To supplement this portal, we have invested in a multi-faceted sales and marketing organization that allocates effort across channel and sales teams based on the opportunity size of the integrator. We operate our sales effort through a combination of local branch sales personnel, outside sales representatives, and in-house sales development resources. In addition, our strong partner rewards program allows us to drive new integrator additions and increase integrator spend by providing spending and loyalty-based rewards such as free shipping, discounted pricing, advanced replacements and quarterly rebates.

We are active participants at global industry conferences and maintain a significant presence at Custom Electronics Design and Installation Association (CEDIA) trade shows.

### Our Competition

The smart living market is fragmented, highly competitive and continually evolving. We compete against smart living point product companies such as Alarm.com, Alphabet, Amazon, Apple, Crestron,

Logitech, Savant, Sonos and Ubiquiti. Many of these companies have significant market share, diversified product and service lines, well-established supply and distribution systems, strong worldwide brand recognition, loyal customer bases and significant financial, marketing, research, development and other resources. Their presence in the market has increased consumer awareness for smart living solutions and has helped contribute to the robust growth of the entire market and demand for our integrated solutions. In a number of cases, our competitors are also our partners within our third-party product ecosystem, and their products are purchased by integrators through Snap One and integrate seamlessly into a professionally installed solution.

We expect to encounter new competitors as we enter new markets as well as increased competition, both domestically and internationally, from other established and emerging smart living focused businesses. Our current and potential competitors may also establish cooperative relationships among themselves or with third parties and rapidly acquire significant market share. In particular, we may in the future compete with large technology companies that offer control capabilities among their products, applications and services, and have ongoing development efforts to address the broader smart living market. Such companies may have longer operating histories, significantly greater financial, technical, marketing, distribution or other resources, and greater name recognition than we do. In some instances, we may have commercial arrangements with technology or services providers in the connected home market with whom we may otherwise compete and our relationships with both our competitors and partners may change through time.

We believe the principal competitive factors in the smart living market include the following:

- simplicity and ease of use for both the integrator and end consumer;
- ability to offer a broad suite of products and comprehensive solutions;
- ability to provide efficient and timely distribution on an omni-channel basis;
- ability to provide secure access to wireless networks;
- ability to offer persistent awareness, control and intelligent automation;
- ability to provide quality product support;
- flexibility of the solutions and ability to customize for the end consumer;
- interoperability with a wide range of third-party devices;
- pricing, affordability and accessibility;
- network of integrators with local installation capabilities; and
- brand awareness and reputation.

We believe that we compete favorably with respect to these factors. In addition, we believe that our integrated platform of products and technology-enabled workflow solutions help to set us apart from our competitors.

### **Our Intellectual Property**

Our success and ability to compete effectively depends in part on our ability to protect our proprietary technology and to establish and adequately protect our intellectual property rights. To establish and protect our proprietary rights, we rely upon a combination of patent, copyright, trade secret and trademark laws, and contractual restrictions such as confidentiality agreements, licenses and intellectual property assignment agreements. We maintain a policy requiring our employees, contractors, consultants and other third parties to enter into confidentiality and proprietary rights agreements to control access to our proprietary information. These laws, procedures and restrictions provide only limited protection, and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated. Furthermore, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States, and we therefore may be unable to protect our proprietary technology in certain jurisdictions.

As of March 26, 2021, we had over 100 active issued patents and over 100 trademarks protecting our proprietary brands. We continue to review our product development and R&D efforts to assess the existence



and patentability of new intellectual property. We also enter into commercial arrangements with our third-party product partners to provide integration with our ecosystem and sell their products through our e-commerce portal and local branch network.

### Legal Proceedings

From time to time, we are involved in legal proceedings arising in the ordinary course of our business. Management believes that we do not have any pending or threatened litigation which, individually or in the aggregate, would have a material adverse effect on our business, results of operations, financial condition or cash flows.

### Our Properties

As of March 26, 2021, we had two primary corporate offices in the United States, in North Carolina and Utah, with our corporate headquarters located in Charlotte, North Carolina. Additionally, as of March 26, 2021, we had 26 existing local branches across the United States and seven distribution centers located in California, Kentucky, North Carolina, Texas, Utah, the United Kingdom and Australia. We lease or sublease all of our corporate offices, distribution centers and local branch spaces. We believe that our facilities are adequate for our operations and that suitable additional space will be available when needed.

As of March 26, 2021, our material operating locations were as follows:

<b>Locations</b>	<b>Approximate Square Footage</b>	<b>Lease Expiration Dates</b>
<b><i>Corporate Offices</i></b>		
Charlotte, North Carolina	69,953	1/31/2025
Draper, Utah	111,211	1/31/2022
<b><i>Distribution Centers</i></b>		
Carrollton, Texas	72,153	3/31/2025
Charlotte, North Carolina	123,000	7/31/2025
Hebron, Kentucky	63,514	11/30/2025
Salt Lake City, Utah	59,669	3/31/2022
San Bernardino, California	184,397	7/31/2027

### Human Capital

Our employees are central to our vision of “bringing together people, integrators and products to deliver joy, connectivity and security in our everyday lives.” Everything we do begins with our people, and recruiting, developing and investing in top talent is critical to our success.

As of March 26, 2021, we had 1,302 full-time employees, including 277 in product development, 316 in sales and marketing, 569 in operations and 140 in general and administrative. Of the 277 employees on our product development team, 138 were software engineers. Of our full-time employees, 1,137 were in the United States and 165 were in our international locations. None of our employees are represented by a labor union and/or covered by a collective bargaining agreement. We have not experienced any work stoppages.

We strive to foster a positive, collaborative and inclusive working environment that enables our people to thrive and our integrators to succeed. That is why we ask every person who joins Snap One to embrace our four company tenets:

- Be an Owner.
- Obsess over Customers.
- Be the Best Place to Work.
- Learn Every Day.

Consistent with our tenets, Snap One values diversity and belonging. Our solutions integrate thousands of unique products into smart homes and businesses, and similarly we believe that a truly innovative workforce should integrate employees with varied knowledge, experience and backgrounds to best promote innovation



and growth. We rely on the differences in who we are, how we think and what we have experienced to create a greater sense of community. For example, our inclusion groups are company-sponsored groups of employees that support and promote certain mutual objectives of both the employees and the company, including inclusion and diversity and the professional development of employees. We also have a Diversity, Equity and Inclusion Council to promote our shared vision of equality and belonging. Our emphasis on treating people well creates an attractive culture for our employees and enables us to create exceptional experiences for our customers.

We strive to provide our employees with career development opportunities and resources that enable them to grow professionally. This helps us to attract and retain a talented and diverse workforce by deepening employee engagement and enhancing the skills and competencies of our people. We use skills matrices in which employees' demonstration of our company tenets is assessed against the expectations for their current level of responsibility within the company and potential future roles. Employees and their managers use the results of this assessment to evaluate the employees' readiness to take on additional responsibility, to create and communicate individual development plans for employees and to identify opportunities that will position them for future professional growth. We supplement our rigorous criteria for assessing employees' readiness for a promotion with input from a variety of sources, and we seek to create growth opportunities that go beyond promotions.

## MANAGEMENT

## Executive Officers and Board of Directors

The following table sets forth information about our directors and executive officers as of the date of this prospectus:

Name	Age	Position
John Heyman	60	Chief Executive Officer, Director
Michael Carlet	53	Chief Financial Officer
Jefferson Dungan	51	Chief Operations Officer
Jeffrey Hindman	43	Chief Revenue Officer
G Paul Hess	48	Chief Product Officer
JD Ellis	42	Chief Legal Officer
Erik Ragatz	48	Chairman of the Board of Directors
Jacob Best	37	Director
Annmarie Neal	58	Director
Martin Plaehn	63	Director
Adalio Sanchez	62	Director
Kenneth R. Wagers III	49	Director
Amy Steel Vanden-Eykel	44	Director

Set forth below is a brief description of the business experience of our directors and executive officers. All of our executive officers serve at the discretion of our board of directors.

**John Heyman** has served as our Chief Executive Officer and a member of our board of directors since January 2015. He has worked in the technology industry for over 30 years, including sixteen years, most recently as Chief Executive Officer at Radiant Systems, Inc., a publicly-traded provider of technology to the hospitality and retail industries, from 1995 until its \$1.3 billion sale to NCR Corporation in 2011. From 2011 until joining Snap One, Mr. Heyman founded Actuate Partners, a private investment firm, and served as Executive Chairman of Influence Health, a technology provider to the healthcare industry. Mr. Heyman served as a director and a member of the Audit Committee of Manhattan Associates, a publicly traded provider of software to manage supply chains, inventory and omnichannel operations, from 2016 to 2019.

We believe that Mr. Heyman is qualified to serve as a director based on the perspective and experience he brings as our Chief Executive Officer and his experience as a seasoned executive.

**Michael Carlet** has served as our Chief Financial Officer since 2014. Prior to joining Snap One, Mr. Carlet served as Chief Operating Officer and Chief Financial Officer of the automotive division of Sears Holdings from 2013 to 2014. Prior to Sears, Mr. Carlet spent over 15 years with Driven Brands, Inc., the parent company of Meineke Car Care Centers, Inc., Maaco Franchising, Inc. and other automotive franchise brands, where he served as Chief Financial Officer from 2002 to 2013 and as Controller from 1997 to 2000. He began his career in public accounting with Ernst & Young.

**Jefferson Dungan** has served as our Chief Operations Officer since we completed the acquisition of Control4 in August 2019. From 2006 to August 2019, Mr. Dungan held leadership positions at Control4 in Product Marketing, IT, Operations and Business Development, most recently serving as Senior Vice President, Operations and Business Development. Mr. Dungan also led Control4's acquisitions of Leaf, PakEdge and Triad. Prior to Control4, Mr. Dungan held senior positions at HP, Celestica and BEA.

**Jeffrey Hindman** has served as our Chief Revenue Officer since 2019. He joined Snap One in 2016 as President of New Markets and became Executive Vice President of Sales and Marketing in 2018. Prior to Snap One, Mr. Hindman served eight years with Radiant Systems, Inc. and ultimately NCR Corporation (an enterprise technology provider for restaurants, retailers and banks, which acquired Radiant in 2011) in a

variety of roles, most recently as General Manager of NCR's Hospitality SMB division. Prior to Radiant, Mr. Hindman was a consultant with McKinsey & Company and a technology investment banker with J.P. Morgan.

**G Paul Hess** has served as our Chief Product Officer since 2019 and has held senior positions in product development, product management and marketing since joining Snap One in 2010. Prior to Snap One, Mr. Hess led regional and national sales roles for ELAN Home Systems, now part of Nortek Security and Control, a residential control and audio-video manufacturer, from 2003 to 2010. Prior to ELAN, Mr. Hess worked in audiovisual retail sales before transitioning to co-ownership of a smart home dealership focused on upscale and estate smart home projects.

**JD Ellis** has served as our Chief Legal Officer since August 2019 and has also led our Human Resources department since February 2020. Prior to joining Snap One, Mr. Ellis worked at Control4 Corporation from 2010 to August 2019, including as General Counsel and head of Human Resources from 2018 to 2019 and as Associate General Counsel from 2010 to 2018. Prior to Control4, Mr. Ellis served as in-house legal counsel to Ivanti (formerly LANDesk Software) from 2007 through the company's acquisition by Emerson Electric in 2010.

**Erik Ragatz** has served as Chairman and a member of our board of directors since 2017. Mr. Ragatz has worked at Hellman & Friedman since 2001, where he has been a Partner since 2008. Mr. Ragatz leads Hellman & Friedman's efforts to invest in the consumer, retail and industrial sectors. Since 2014, he has been Chairman of the Board of Directors of Grocery Outlet, a publicly traded extreme value retailer of consumables and fresh products, and has served on the Board of Directors of Wand TopCo Inc. (d/b/a Caliber Collision), a chain of auto body repair and paint shops, as Chairman (2014-2020) and currently as Lead Director. He was formerly Chairman of the Board of Directors of Goodman Global (2008-2012), a manufacturer and distributor of HVAC systems and Associated Materials (2010-2020), a manufacturer and distributor of external building materials, and a Director of LPL (2009-2012), a publicly-traded provider of brokerage and investment advisory services to financial advisors.

We believe that Mr. Ragatz is qualified to serve as a director based on his prior executive leadership and his experience in and knowledge of the industry in which we operate.

**Jacob Best** has served as a member of our board of directors since 2017. He has been a Director at Hellman & Friedman since 2016. Prior to joining Hellman & Friedman, Mr. Best worked as the Chief of Staff at Emdeon, a healthcare technology business, in 2013 and the Head of Medical Networks at Grand Rounds, a provider of tech-enabled interaction platforms to doctors and patients, from 2014 to 2016. From 2009 to 2012, Mr. Best was an Associate at Hellman & Friedman and previously worked at Bain & Company in New York. Mr. Best served as a director of Associated Materials, a manufacturer and distributor of external building materials, from 2016 to 2020. Mr. Best was formerly a Director of Goodman Global, a leading manufacturer and distributor of HVAC equipment, in 2012 and Ellucian, a leading provider of software to higher education institutions, in 2012.

We believe that Mr. Best is qualified to serve as a director based on his experience as an executive and knowledge of the industry in which we operate.

**Annamarie Neal** has served as a member of our board of directors since January 2021. Dr. Neal is a Partner and Chief Talent Officer at Hellman & Friedman, where she has worked since 2015. Prior to joining Hellman & Friedman, Dr. Neal ran her own consulting firm and held the Chief Talent Officer roles at Cisco Systems from 2006 to 2012 and at First Data Corporation from 2000 to 2005.

We believe that Dr. Neal is qualified to serve as a director based on her experience as an executive and her deep knowledge and expertise in succession, compensation, organization effectiveness and HR operations.

**Martin Plaehn** has served as a member of our board of directors since 2019. He served as the Chief Executive Officer and Chairman of the Board of Control4 Corporation until its acquisition by Snap One in 2019. Mr. Plaehn joined Control4 in 2011 and led the company's growth, including its initial public offering in 2013. Prior to Control4, he held a variety of positions in the electronics industry including roles as Senior Vice President of Product and Service Development at RealNetworks from 2010 to 2011; Chief Executive Officer at Bungee Labs from 2006 to 2008; Executive Vice President of Technology Products

and Services at RealNetworks from 1999 to 2004; Chief Executive Officer of Viewpoint Digital from 1996 to 1999; Senior Vice President of Product Development at Alias | Wavefront; and Executive Vice President of Business and Product Development, as well as a member of the board of directors, at Wavefront Technologies until its merger with Alias Research in 1995.

We believe that Mr. Plaehn is qualified to serve as a director based on his perspective and experience as a Chief Executive Officer and director and his experience as a seasoned executive.

**Adalio Sanchez** became a member of our board of directors in June 2021. Mr. Sanchez is President of S Group Advisory LLC, a management consulting firm providing advisory services on business strategy, technology, and operational excellence. Since 2015, he also has served on the board of directors of ACI Worldwide Inc., a software company serving the electronics payments market, and since 2019 has served on the board of Avnet Inc., a global electronic components distribution and technology solutions company. He also serves on the board of trustees of the MITRE Corporation, a not-for-profit firm that manages federally-funded research and development centers supporting several U.S. government agencies since November 2018. Mr. Sanchez previously served on the board of Quantum Corporation, a computer storage solutions company, from May 2017 to April 2019, and served as interim CEO from November 2017 to January 2018. From 2014 to 2015, Mr. Sanchez served as Senior Vice President of the Lenovo Group Limited, an international technology company. Prior to that, he spent 32 years at IBM Corporation, a global technology and innovation company, where he served in various capacities including sixteen years in senior executive and global general management roles.

We believe that Mr. Sanchez is qualified to serve as a director based on his perspective and experience as a director and his experience as a seasoned executive.

**Kenneth R. Wagers III** has served as a member of our board of directors since 2020. Mr. Wagers was recently appointed Chief Financial Officer of Flexport, a global logistics and freight forwarding business, in April 2021. Mr. Wagers has more than 25 years of experience in financial and accounting management, operations, and engineering. Prior to joining Flexport, Mr. Wagers served as Chief Financial Officer of FleetPride, a retailer of parts for heavy-duty trucks and trailers, from 2019 to 2021. Prior to joining FleetPride, Mr. Wagers served as Chief Operating Officer of XPO Logistics, a global provider of supply chain solutions, from 2018 to 2019. Prior to that, Mr. Wagers served as the Head of Finance for Worldwide Transportation and Logistics at Amazon.com from 2013 to 2018 and as Chief Financial Officer of LinkAmerica, a private equity-owned logistics and transportation business, from 2012 to 2013. Mr. Wagers also held multiple senior-level finance and accounting roles at Dr Pepper Snapple Group and UPS after beginning his career in UPS' operations and engineering department.

We believe that Mr. Wagers is qualified to serve as a director based on his perspective and experience as a Chief Financial Officer and his experience as a seasoned executive.

**Amy Steel Vanden-Eykel** became a member of our board of directors in July 2021. Ms. Vanden-Eykel is the Senior Vice President of Merchandising & Marketing, for Staples, Inc., an office products and services company, and has held this role since September of 2019. In this role, Ms. Vanden-Eykel leads the teams responsible for Staples' eCommerce experience, the pricing and promotional strategy and several marketing teams. Ms. Vanden-Eykel joined Staples in July of 2008 and has held positions of progressively increasing seniority since that time. Prior to joining Staples, Ms. Vanden-Eykel worked for seven years at Kaiser Associates, a strategy consulting firm.

We believe that Ms. Vanden-Eykel is qualified to serve as a director based on her perspective and experience as a seasoned executive.

## Board of Directors

Our business and affairs are managed under the direction of our board of directors. Our board of directors currently consists of eight directors.

Our amended and restated certificate of incorporation will provide that, subject to the right of holders of any series of preferred stock, our board of directors will be divided into three classes of directors, with the classes to be as nearly equal in number as possible, and with the directors serving staggered three-year

terms, with only one class of directors being elected at each annual meeting of stockholders. As a result, approximately one-third of our board of directors will be elected each year. We expect that, following this offering, our initial Class I directors will be Messrs. Ragatz, Heyman and Plaehn (with their terms expiring at the annual meeting of stockholders to be held in 2022), our initial Class II directors will be Messrs. Wagers, Sanchez and Dr. Neal (with their terms expiring at the annual meeting of stockholders to be held in 2023) and our initial Class III directors will be Mr. Best and Ms. Vanden-Eykel (with their terms expiring at the annual meeting of stockholders to be held in 2024).

Our amended and restated certificate of incorporation and amended and restated bylaws will provide that, subject to any rights of holders of preferred stock to elect additional directors under specified circumstances, the number of directors will be fixed from time to time exclusively pursuant to a resolution adopted by the board of directors; however, if at any time Hellman & Friedman owns at least 40% in voting power of the stock of our Company entitled to vote generally in the election of directors, the stockholders may also fix the number of directors pursuant to a resolution adopted by the stockholders. Subject to certain exceptions described below with respect to the stockholders agreement we intend to enter into, newly created director positions resulting from an increase in size of the board of directors and vacancies may be filled by our board of directors or our stockholders; provided, however, that at any time when Hellman & Friedman beneficially owns less than 40% in voting power of the stock of our company entitled to vote generally in the election of directors, such vacancies shall be filled by our board of directors (and not by the stockholders).

Our stockholders agreement will provide that following the completion of this offering, Hellman & Friedman will have the right to nominate the number of directors to our board of directors described below (such persons nominated by Hellman & Friedman, the “Hellman & Friedman nominees”). Hellman & Friedman will have the right to nominate a number of nominees equal to (x) the total number of directors comprising our board of directors at such time, multiplied by (y) the percentage of our outstanding common stock held from time to time by Hellman & Friedman. For purposes of calculating the number of Hellman & Friedman nominees, any fractional amounts are rounded up to the nearest whole number. For so long as we have a classified board, the Hellman & Friedman nominees will be divided by Hellman & Friedman as evenly as possible among the classes of directors. See “Certain Relationships and Related Party Transactions — Stockholders Agreement.”

Pursuant to the stockholders agreement, for so long as Hellman & Friedman has the right to nominate any persons to our board of directors, (i) we will include the Hellman & Friedman nominees on the slate that is included in our proxy statements relating to the election of directors of the class to which such persons belong and provide the highest level of support for the election of each such persons as we provide to any other individual standing for election as a director, and (ii) we will include on the slate that is included in our proxy statement relating to the election of directors only (x) the Hellman & Friedman nominees, and (y) the other nominees (if any) nominated by the nominating and corporate governance committee of our board of directors. In addition, Hellman & Friedman and certain other stockholders will agree with the Company to vote in favor of the Company slate that is included in our proxy.

In the event that a Hellman & Friedman nominee ceases to serve as a director for any reason (other than the failure of our stockholders to elect such individual as a director), the persons entitled to designate such nominee director under the stockholders agreement will be entitled to appoint another nominee to fill the resulting vacancy.

### ***Background and Experience of Directors***

When considering whether directors and nominees have the experience, qualifications, attributes or skills, taken as a whole, to enable our board of directors to satisfy its oversight responsibilities effectively in light of our business and structure, the board of directors focused primarily on each person’s background and experience as reflected in the information discussed in each of the directors’ individual biographies set forth above. We believe that our directors provide an appropriate mix of experience and skills relevant to the size and nature of our business. Once appointed, directors serve until their term expires, they resign or they are removed by the stockholders.

***Role of Board of Directors in Risk Oversight***

The board of directors has extensive involvement in the oversight of risk management related to us and our business and accomplishes this oversight through the regular reporting by the Audit and Risk Management Committee. Through its regular meetings with management, including the finance, legal and internal audit functions, the Audit and Risk Management Committee reviews and discusses all significant areas of our business and summarizes for the board of directors all areas of risk and the appropriate mitigating factors. In addition, our board of directors receives periodic detailed operating performance reviews from management.

***Controlled Company Exception***

After the completion of this offering, Hellman & Friedman will continue to beneficially own more than 50% of our common stock and voting power. As a result, (a) under certain provisions of our amended and restated bylaws which will be in effect upon the closing of this offering, Hellman & Friedman and those other parties to our stockholders agreement will be entitled to nominate at least a majority of the total number of directors comprising our board of directors and (b) we will be a “controlled company” as that term is set forth in Section 5615(c)(1) of the Nasdaq Rules. Under the Nasdaq corporate governance standards, a company of which more than 50% of the voting power is held by an individual, group or another company is a “controlled company” and may elect not to comply with certain corporate governance standards, including (1) the requirement that a majority of the board of directors consist of independent directors, (2) the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities and (3) the requirement that our director nominations be made, or recommended to our full board of directors, by our independent directors or by a nominations committee that consists entirely of independent directors and that we adopt a written charter or board resolution addressing the nominations process. Following this offering, we do not intend to utilize these exemptions. However, if we utilize any of these exemptions in the future, you will not have the same protections afforded to stockholders of companies that are subject to all of the Nasdaq corporate governance requirements. In the event that we cease to be a “controlled company,” we will be required to comply with these provisions within the transition periods specified in the Nasdaq corporate governance rules.

***Committees of the Board of Directors***

After the completion of this offering, the standing committees of our board of directors will consist of an Audit and Risk Management Committee, a Compensation Committee and a Nominating and Corporate Governance Committee.

Our chief executive officer and other executive officers will regularly report to the non-executive directors and the Audit and Risk Management, the Compensation and the Nominating and Corporate Governance Committees to ensure effective and efficient oversight of our activities and to assist in proper risk management and the ongoing evaluation of management controls. The internal audit function will report functionally and administratively to our chief financial officer and directly to the Audit and Risk Management Committee. We believe that the leadership structure of our board of directors provides appropriate risk oversight of our activities given the controlling interests held by Hellman & Friedman.

***Audit and Risk Management Committee***

The members of our current Audit and Risk Management Committee are Messrs. Best, Ragatz and Wagers (who serves as the Chair). Upon the completion of this offering, we expect to have an Audit and Risk Management Committee consisting of Messrs. Best, Sanchez and Wagers, who will serve as the Chair. Messrs. Sanchez and Wagers qualify as independent directors under the Nasdaq corporate governance standards and independence requirements of Rule 10A-3 of the Exchange Act. Our board of directors has determined that Messrs. Wagers, Best and Sanchez qualifies as an “audit committee financial expert” as such term is defined in Item 407(d)(5) of Regulation S-K.

The purpose of the Audit and Risk Management Committee will be to prepare the audit committee report required by the SEC to be included in our proxy statement and to assist our board of directors in

overseeing and monitoring (1) the quality and integrity of our financial statements, including oversight of our accounting and financial reporting processes, internal controls and financial statement audits, (2) our compliance with legal and regulatory requirements, (3) our independent registered public accounting firm's qualifications, performance and independence, (4) our corporate compliance program, including our code of conduct and anti-corruption compliance policy, and investigating possible violations thereunder, (5) our risk management policies and procedures and (6) the performance of our internal audit function.

Our board of directors will adopt a written charter for the Audit and Risk Management Committee, which will be available on our website upon the completion of this offering.

#### *Compensation Committee Interlocks and Insider Participation*

Compensation decisions are made by our Compensation Committee. None of our current or former executive officers or employees currently serves, or has served during our last completed fiscal year, as a member of our Compensation Committee and, during that period, none of our executive officers served as a member of the compensation committee (or other committee serving an equivalent function) of any other entity whose executive officers served as a member of our board of directors.

We have entered into certain indemnification agreements with our directors and are party to certain transactions with Hellman & Friedman described in "Certain Relationships and Related Party Transactions — Indemnification of Directors and Officers" and "— Stockholders Agreement," respectively.

#### *Compensation Committee*

The members of our current Compensation Committee are Messrs. Best and Ragatz and Dr. Neal. Upon the completion of this offering, we expect to have a Compensation Committee consisting of Mr. Ragatz, Mr. Sanchez, Dr. Neal and Mr. Best, who will serve as the Chair.

The purpose of the Compensation Committee will be to assist our board of directors in discharging its responsibilities relating to, among other things, (1) setting our compensation program and compensation of our executive officers and directors, (2) administering our incentive and equity-based compensation plans and (3) preparing the compensation committee report required to be included in our proxy statement under the rules and regulations of the SEC.

Our board of directors will adopt a written charter for the Compensation Committee, which will be available on our website upon the completion of this offering.

#### *Nominating and Corporate Governance Committee*

Upon the completion of this offering, we expect to have a Nominating and Corporate Governance Committee consisting of Mr. Plaehn, Mr. Sanchez, Dr. Neal, Ms. Vanden-Eykel and Mr. Ragatz, who will serve as the Chair. The purpose of our Nominating and Corporate Governance Committee will be to assist our board of directors in discharging its responsibilities relating to (1) identifying individuals qualified to become new board members, consistent with criteria approved by the board of directors, (2) reviewing the qualifications of incumbent directors to determine whether to recommend them for reelection and selecting, or recommending that the board of directors select, the director nominees for the next annual meeting of stockholders, (3) identifying board members qualified to fill vacancies on any committee of the board of directors and recommending that the board of directors appoint the identified member or members to the applicable committee, (4) reviewing and recommending to the board of directors corporate governance principles applicable to us, (5) overseeing the evaluation of the board of directors and management and (6) handling such other matters that are specifically delegated to the committee by the board of directors from time to time.

Our board of directors will adopt a written charter for the Nominating and Corporate Governance Committee, which will be available on our website upon completion of this offering.

#### ***Director Independence***

Pursuant to the corporate governance listing standards of the Nasdaq, a director employed by us cannot be deemed to be an "independent director." Each other director will qualify as "independent" only if



our board of directors affirmatively determines that he or she has no material relationship with us, either directly or as a partner, stockholder or officer of an organization that has a relationship with us. Ownership of a significant amount of our stock, by itself, does not constitute a material relationship.

Our board of directors have affirmatively determined that each of our directors, other than Mr. Heyman, qualifies as “independent” in accordance with the Nasdaq rules. In making its independence determinations, our board of directors considered and reviewed all information known to it (including information identified through directors’ questionnaires).

### **Code of Conduct**

Prior to the consummation of this offering, we will adopt a Code of Conduct (the “Code of Conduct”) applicable to all employees, executive officers and directors that addresses legal and ethical issues that may be encountered in carrying out their duties and responsibilities, including the requirement to report any conduct they believe to be a violation of the Code of Conduct. The Code of Conduct will be available on our website, [www.investors.snapone.com](http://www.investors.snapone.com). The information available on or through our website is not part of this prospectus. If we ever were to amend or waive any provision of our Code of Conduct that applies to our principal executive officer, principal financial officer, principal accounting officer or any person performing similar functions, we intend to satisfy our disclosure obligations with respect to any such waiver or amendment by posting such information on our internet website set forth above rather than by filing a Form 8-K.

### **Directed Share Program**

At our request, the underwriters have reserved up to 692,500 shares, or up to 5% of the shares offered by this prospectus, for sale at the initial public offering price through a directed share program to certain of our directors, employees and partner providers. The sales will be made at our direction by Morgan Stanley & Co. LLC and its affiliates through a directed share program. The number of our shares available for sale to the general public in this offering will be reduced to the extent that such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus. Participants in the directed share program will not be subject to lock-up or market standoff restrictions with the underwriters or with us with respect to any shares purchased through the directed share program, except in the case of shares purchased by any of our directors or employees. For additional information, see “Underwriting (Conflicts of Interest) — Directed Share Program.”

## EXECUTIVE COMPENSATION

## Summary Compensation Table

The following table provides summary information concerning compensation earned by our principal executive officer and our two other most highly-compensated executive officers as of December 25, 2020 for services rendered for fiscal year 2020. These individuals are referred to as our named executive officers.

Name and Principal Position	Year	Salary (\$) <sup>(1)</sup>	Bonus (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$) <sup>(3)</sup>	All Other Compensation (\$) <sup>(4)</sup>	Total (\$)
John Heyman <i>Chief Executive Officer</i>	2020	\$648,352	\$491,833	\$487,500	\$37,089	\$1,664,774
Michael Carlet <i>Chief Financial Officer</i>	2020	\$334,431	\$236,146	\$188,438	\$46,710	\$ 805,725
Jeffrey Hindman <i>Chief Revenue Officer</i>	2020	\$334,341	\$236,146	\$188,438	\$16,275	\$ 775,200

- (1) The amounts reported represent the named executive officer's base salary earned during fiscal year 2020. As further described in "— Base Salary" section below, each named executive officer's base salary was increased, effective January 1, 2020. The amounts reported herein were calculated using the named executive officer's pre-increase base salary amount for the period of December 28, 2019 to December 31, 2019, and the named executive officer's increased base salary amount for the period of January 1, 2019 to December 25, 2020.
- (2) The amounts reported represent the fixed bonus amount earned with respect to the first half of fiscal year 2020 and the additional discretionary bonus awarded from the funding of a supplemental bonus pool for performance above target.
- (3) The amounts reported represent the bonus amount earned by the named executive officer under the Company's 2020 annual incentive plan with respect to the second half of fiscal year 2020 based on the achievement of certain pre-determined performance goals established thereunder.
- (4) For Mr. Heyman, amounts reported include matching contributions to the Company's 401(k) deferred compensation plan, reimbursement for equipment in connection with the installation of company products in his primary residence and reimbursement of Mr. Heyman's share of storage and maintenance costs for an airplane in which he has a partial interest; for Mr. Carlet, amounts reported include matching contributions to the Company's 401(k) deferred compensation plan and reimbursement for equipment, integrator services and other costs in connection with the installation of company products in his primary residence; and for Mr. Hindman, amounts reported include matching contributions to the Company's 401(k) deferred compensation plan, and payment of membership fees for an executive leadership organization.

## Narrative Disclosure to Summary Compensation Table

*Employment Agreements**John Heyman*

We entered into an employment agreement with Mr. Heyman, dated as of January 26, 2015, and amended and restated as of August 4, 2017, pursuant to which Mr. Heyman serves as our Chief Executive Officer, reporting to our board of directors. Mr. Heyman's agreement provides for a base salary fixed by our board of directors (which was \$650,000 for 2020) and eligibility to receive an annual bonus under the Company's annual incentive plan, as determined in the sole discretion of our board of directors. Mr. Heyman's employment agreement provided for an initial target bonus opportunity equal to 50% of base salary. For additional information with respect to Mr. Heyman's annual bonus opportunity for 2020, see "Annual Bonus/Non-Equity Incentive Plan Compensation" below. Mr. Heyman's employment agreement also provides

that Mr. Heyman is entitled to be reimbursed for his reasonable costs for travel on a private airplane between his residence and the Company's executive offices, up to an annual maximum of \$150,000. See "— Perquisites" below for additional details on Mr. Heyman's perquisites (including reimbursement for airplane travel).

Mr. Heyman's agreement has an initial term of five years until August 4, 2022 and will be renewed automatically for further one-year renewal terms unless either party gives notice of its intention not to renew the agreement at least 60 days before the expiration of the current term. Mr. Heyman's agreement also provides for severance benefits in the event of termination of his employment in certain cases, as described below under "— Termination and Change in Control Provisions."

Mr. Heyman's employment agreement also subjects Mr. Heyman to the following restrictive covenants that apply during the term of his employment and for two years thereafter (the "restricted period"): non-competition, employee and consultant non-solicitation (prohibiting the solicitation of any employee or consultant to terminate his or her employment with, or materially reduce his or her service to, the Company (as applicable)), employee no-hire and non-interference covenants (prohibiting interference with the relationship between the Company and its business relations, such as current or prospective clients, customers, licensees, suppliers and vendors). His employment agreement also includes a perpetual confidentiality and mutual non-disparagement covenant, and an assignment of intellectual property covenant. Mr. Heyman also entered into a separate non-interference agreement, which subjects Mr. Heyman to the same restrictive covenants as those set forth in his employment agreement, except the restricted period is the term of his employment and one year thereafter, and the non-disparagement covenant is not mutual.

#### *Michael Carlet*

We entered into an offer letter agreement with Mr. Carlet (dated as of October 7, 2014, and amended as of August 4, 2017), pursuant to which Mr. Carlet serves as our Chief Financial Officer. Mr. Carlet's agreement provides for a base salary fixed by our board of directors (which was \$335,000 for 2020), and eligibility to receive an annual bonus (with an initial target bonus opportunity of 30% of base salary) based on the achievement of individual and Company performance objectives. For additional information with respect to Mr. Carlet's annual bonus opportunity for 2020, see "Annual Bonus/Non-Equity Incentive Plan Compensation" below. Mr. Carlet's agreement also provides for severance benefits in the event of termination of his employment in certain cases, as described below under "— Termination and Change in Control Provisions."

Mr. Carlet also entered into separate non-interference agreements, which subject Mr. Carlet to the following restrictive covenants that apply during the term of his employment and for one year thereafter: non-competition, employee and consultant non-solicitation (prohibiting the solicitation of any employee or consultant to terminate his or her employment or materially reduce his or her service to the Company (as applicable)), employee no-hire, and non-interference covenants (prohibiting interference with the relationship between the Company and its business relations, such as current or prospective clients, customers, licensees, suppliers and vendors). His non-interference agreements also include a perpetual confidentiality covenant and non-disparagement covenant, and an assignment of intellectual property covenant.

#### *Jeffrey Hindman*

We entered into an offer letter agreement with Mr. Hindman (dated as of March 22, 2016, and amended as of August 4, 2017), pursuant to which Mr. Hindman currently serves as our Chief Revenue Officer. Mr. Hindman's agreement provides for a base salary (which was \$335,000 for 2020) and eligibility to receive an annual bonus (with an initial target bonus opportunity of 50% of base salary) based on the achievement of individual and Company performance objectives. For additional information with respect to Mr. Hindman's annual bonus opportunity for 2020, see "Annual Bonus/Non-Equity Incentive Plan Compensation" below. Mr. Hindman's agreement also provides for severance benefits in the event of termination of his employment in certain cases, as described below under "— Termination and Change in Control Provisions."

Mr. Hindman also entered into separate non-interference agreements, which subject Mr. Hindman to the following restrictive covenants that apply during the term of his employment and for one year thereafter:

non-competition, employee and consultant non-solicitation (prohibiting the solicitation of any employee or consultant to terminate his or her employment with or materially reduce their service to the Company (as applicable)), employee no-hire and non-interference covenants (prohibiting interference with the relationship between the Company and its business relations, such as current or prospective clients, customers, licensees, suppliers and vendors). His non-interference agreements also include a perpetual confidentiality covenant and non-disparagement covenant, and an assignment of intellectual property covenant.

### ***Base Salary***

We provide each named executive officer with a base salary for the services that the executive officer performs for us. This compensation component constitutes a stable element of compensation while other compensation elements are variable. Base salaries are reviewed annually and may be increased based on the individual performance of the named executive officer, Company performance, any change in the executive's position within our business, and/or the scope of his or her responsibilities and any changes thereto. In early 2020, following an annual review of salaries for our executive officers, Mr. Heyman's base salary was increased to \$650,000 (an increase of 30.0%), Mr. Carlet's base salary was increased to \$335,000 (an increase of 18.3%), and Mr. Hindman's base salary was increased to \$335,000 (an increase of 17.9%). In each case, the increase was retroactive to January 1, 2020 and was awarded based on our board of directors' assessment of the named executive officer's performance.

### ***Annual Bonus/Non-Equity Incentive Plan Compensation***

For fiscal year 2020, bonuses reflected our Company's strong performance despite the Covid-19 pandemic. In July 2020, taking into account the substantial disruption caused by the pandemic and the uncertainty of the economic outlook for the remainder of the year, our board of directors decided to bifurcate the calculation of bonus amounts for fiscal year 2020 into a component for the first half of the year and a component for the second half of the year. In respect of the first half of the year, executives would receive a fixed amount equal to 25% of their target bonus. In respect of the second half of the year, executives would be eligible to receive a variable amount based on the residual 75% of their target bonus, determined by the Company's achievement of a target tied to Adjusted EBITDA, further adjusted to exclude the impact of certain other items determined by our board of directors ("Compensation EBITDA"), including net changes to deferred revenue and other non-recurring charges, for the second half of the year. The right to receive both components of the bonus was contingent upon the executive remaining employed by the Company at the time the bonus was paid in 2021. The decision to bifurcate the bonus calculation gave executives and other bonus-eligible employees some assurance that they would receive at least a minimal bonus notwithstanding the adverse business impact of events beyond their control, while providing incentives to excel in the changed business environment of the second half of the year. The target amounts for Messrs. Heyman, Carlet and Hindman for the full year, which were set in early 2020, were \$650,000, \$251,250 and \$251,250, respectively, equal to 100% of the 2020 base salary for Mr. Heyman and 75% of 2020 base salary for each of Messrs. Carlet and Hindman.

If the Company achieved the target level Compensation EBITDA, executives would be eligible to receive 100% of the residual 75% of their target bonus for the year. If the Company did not achieve a threshold level of approximately 80% of target Compensation EBITDA, no bonus would be payable to executives. At threshold level Compensation EBITDA achievement, executives would be eligible to receive 25% of the residual 75% of their target bonus and for Compensation EBITDA achievement that fell between the threshold and target levels, the payout percentage would be interpolated on a straight-line mathematical basis. If Compensation EBITDA exceeded the target, the full residual 75% of the executive's target bonus would be payable and a supplemental bonus pool for all bonus-eligible employees (including executives) would be funded with 39% of the excess over target Compensation EBITDA, with any amounts from the supplemental bonus pool to be distributed among all bonus-eligible employees in the discretion of management, subject to, in the case of amounts to be distributed to the named executive officers, approval by our board of directors.

The Company exceeded its target for Compensation EBITDA in the second half of the year, resulting in full payment of residual target bonus amounts and establishment of a supplemental bonus pool. Mr. Heyman was awarded \$329,333 from the supplemental bonus pool and Messrs. Carlet and Hindman were awarded

\$173,333 each from the supplemental bonus pool. The total fiscal year 2020 annual bonus amounts earned by each named executive officer (which includes the fixed bonus amount earned with respect to the first half of the year, the bonus amount earned based on Compensation EBITDA relative to target for the second half of the year, and the additional discretionary bonus) was as follows: \$979,333 for Mr. Heyman and \$424,583 for each of Messrs. Carlet and Hindman. The fixed and additional discretionary bonus amounts are reported in the “Bonus” column of the Summary Compensation Table above, and the bonus amounts earned based on Compensation EBITDA relative to target for the second half of the year are reported in the “Non-Equity Incentive Plan Compensation” column in the Summary Compensation Table above.

#### **Perquisites**

The Company provides modest perquisites to its executives. Under the Company’s Executive Product Experience Program, as a one-time benefit and in order to provide the Company with improved developmental feedback on its solutions, executives at the level of Executive Vice President and above who install and use Company products in their primary residence are eligible to receive up to \$25,000 in such products, valued at the Company’s cost, without charge, and the Company will reimburse the executive for 75% of up to \$25,000 in integrator services and other costs. In addition, each year thereafter the executive is eligible to receive Company beta products as available and up to \$7,500 in new products, valued at the Company’s cost, without charge, and the Company will reimburse the executive for 70% of up to \$5,000 in integrator services and other costs. An executive who voluntarily leaves the Company within 24 months after the initial installation must reimburse the company for all costs for the products and services provided. In addition, the Company reimburses Mr. Heyman for his pro rata share of the maintenance and storage costs of a private airplane in which he owns a 25% interest and for the reasonable costs of travel on such airplane for business purposes and travel between his residence and the Company’s executive offices, up to an annual maximum of \$150,000. The Company also pays a portion of the membership fees for Mr. Hindman to belong to an executive leadership organization and reimburses him for his travel expenses to attend the organization’s meetings. Due to absence of travel because of the Covid-19 pandemic, no reimbursements for travel costs were made in 2020 to Messrs. Heyman or Hindman.

#### **No 2020 Equity Awards**

Our named executive officers did not receive an equity award in fiscal year 2020.

#### **Outstanding Equity Awards As of the End of Fiscal Year 2020**

The following table provides information regarding outstanding equity awards made to our named executive officers as the end of fiscal year 2020.

Name	Grant Date	Stock Awards			
		Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(4)</sup>	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(5)</sup>
John Heyman, Chief Executive Officer	10/23/2017	5,192,800 <sup>(1)</sup>	\$3,468,790	9,110,176 <sup>(2)</sup>	—
	8/28/2019	1,008,000 <sup>(1)</sup>	\$ 537,264		
	9/30/2019			890,000 <sup>(3)</sup>	—
Michael Carlet, Chief Financial Officer	10/23/2017	1,594,281 <sup>(1)</sup>	\$1,064,980	2,733,053 <sup>(2)</sup>	—
	8/28/2019	400,000 <sup>(1)</sup>	\$ 213,200	—	
	9/30/2019	—	—	500,000 <sup>(3)</sup>	—
Jeffrey Hindman, Chief Revenue Officer	10/23/2017	1,594,281 <sup>(1)</sup>	\$1,064,980	2,733,053 <sup>(2)</sup>	—
	8/28/2019	400,000 <sup>(1)</sup>	\$ 213,200	—	
	9/30/2019	—	—	500,000 <sup>(3)</sup>	—

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- (1) Represents time-vesting Class B-1 Units of Crackle Holdings, L.P. (“Holdings”). 20% of the units vest on the first anniversary of the Vesting Commencement Date, and 10% vest every six months thereafter (commencing on the sixth-month anniversary of the initial vesting date and ending on the five-year anniversary of the Vesting Commencement Date), subject to continued employment through the applicable vesting dates. For additional details on the vesting terms of the units see “Incentive Units” below. The “Vesting Commencement Date” is (i) the grant date with respect to the Class B-1 Units granted on October 23, 2017 and (ii) August 1, 2019 with respect to the Class B-1 Units granted on August 28, 2019.
  - (2) Represents Class B-2 Units of Holdings, which are subject to time-vesting requirements and vesting requirements that will be memorialized in a future agreement to reflect the intention that such vesting match that of the 2019 Class B-2 Units based on the achievement of a specified fair market value for a Class A Unit of Holdings (both of which vesting requirements must be satisfied for the units to fully vest). The units time-vest as follows: 20% of the units vest on the first anniversary of the grant date, and 10% vest every six months thereafter (commencing on the six month anniversary of the initial vesting date and ending on the five-year anniversary of the grant date), subject to continued employment through the applicable vesting dates. The other vesting requirement will be modified to match vesting of the 2019 Class B-2 Units and be satisfied if the fair market value of a Class A Unit of Holdings equals or exceeds \$2.50. For additional details on the vesting terms of the units see “Incentive Units” below.
  - (3) Represents Class B-2 Units of Holdings subject to time-vesting requirements and vesting requirements based on the achievement of a specified fair market value for a Class A Unit of Holdings (both of which vesting requirements must be satisfied for the units to fully vest). The units time-vest as follows: 20% of the units vest on the one year anniversary of August 28, 2019, and 10% vest every six months thereafter (commencing on the six month anniversary of the initial vesting date and ending on the five year anniversary of August 28, 2019), subject to continued employment through the applicable vesting dates (except as otherwise described in the “Incentive Units” section below). The other vesting requirements will be satisfied when the fair market value of a Class A Unit of Holdings equals or exceeds \$2.50. For additional details on the vesting terms of the units see “Incentive Units” below.
  - (4) Amounts in this column represent the value of the Class B-1 Units based on the appreciation of the value of our business from and after the date of grant through the date of our most recent valuation prior to December 25, 2020.
  - (5) The equity value of our business had not appreciated to a level that would have created value in the Class B-2 Units as of the date of our most recent valuation prior to December 25, 2020. Therefore, we believe the market value of the Class B-2 Units was zero on that date.

#### **Incentive Units**

Crackle Holdings, L.P. (“Holdings”) maintains the 2017 Incentive Plan pursuant to which it may grant Class B-1 Units and Class B-2 Units of Holdings (collectively, “Incentive Units”) to certain employees, directors and other service providers (including our named executive officers) of Holdings and its subsidiaries. The Incentive Units are intended to constitute “profits interests” within the meaning of Revenue Procedures 93-27 and 2001-43, and provide a significant alignment between our named executive officers and the Company. As profits interests, the Incentive Units have no value for tax purposes on the date of grant, and have economic characteristics similar to stock appreciation rights (i.e. representing the rights to share in any increase in the equity value of Holdings that exceeds specified thresholds).

Class B-1 Units granted under the 2017 Incentive Plan are subject to time-based vesting conditions, and Class B-2 Units are subject to both time-based vesting conditions and conditions relating to achievement of a specified value for a Class A Unit (both of which must be satisfied for the Class B-2 Units to fully vest). Except as described below, vesting is contingent upon each named executive officer’s continued employment through each applicable vesting date. As set forth in the “Outstanding Equity Awards As of the End of Fiscal Year 2020” table above, our named executive officers were granted Class B-1 Units in 2017 and 2019 (the “2017 Class B-1 Units” and “2019 Class B-1 Units,” respectively), and Class B-2 Units granted in 2017 and 2019 (the “2017 Class B-2 Units” and “2019 Class B-2 Units,” respectively).

The 2017 Class B-1 Units and 2019 Class B-1 Units are subject to time-based vesting, with (i) 20% vesting on the first anniversary of the grant date (in the case of the 2017 Class B-1 Units) or on the first anniversary of August 1, 2019 (in the case of the 2019 Class B-1 Units), and (ii) 10% vesting every six months thereafter (commencing on the six month anniversary of the initial vesting date and ending on the five year anniversary of the grant date or August 1, 2019, as applicable).

The 2017 Class B-2 Units and 2019 Class B-2 Units are subject to time-based vesting requirements and vesting requirements that will be memorialized (if not already memorialized) in a future agreement to reflect the intention that such vesting match that of the 2019 Class B-2 Units based on the achievement of a specified fair market value for a Class A Unit of Holdings (both of which vesting requirements must be satisfied for the units to fully vest). The 2017 Class B-2 Units time-vest pursuant to the same time-vesting schedule as the 2017 Class B-1 Units. The other vesting requirement will be modified (as applicable) to match vesting of the 2019 Class B-2 Units and be satisfied if the fair market value of a Class A Unit of Holdings equals or exceeds \$2.50. The 2019 Class B-2 Units time-vest, with 20% time-vesting on the first anniversary of August 28, 2019, and 10% vesting every six months thereafter (commencing on the six month anniversary of the initial vesting date and ending on the five year anniversary of August 28, 2019), and the other vesting requirement will be satisfied when the fair market value of a Class A Unit of Holdings equals or exceeds \$2.50.

In the event of a Sponsor Exit, (i) the vesting of the 2017 Class B-1 Units will fully accelerate, (ii) the vesting of a portion of the 2019 Class B-1 Units will accelerate, with such portion being the portion of units scheduled to vest on or prior to the third anniversary of August 1, 2019 to the extent that such units are unvested as of the Sponsor Exit, and (iii) the time-vesting condition of the Class B-2 Units will be deemed to be satisfied. In general, the named executive officers must be employed as of the Sponsor Exit event to receive such acceleration benefits. However, with respect to the 2019 Class B-1 Units and 2019 Class B-2 Units, if the executive's employment is terminated without cause prior to the first anniversary of a Sponsor Exit, the time-vesting conditions will be deemed to be satisfied as of the date of such termination. "Sponsor Exit" generally means the first to occur of (i) the date on which on which Hellman & Friedman reduces its direct or indirect equity investment in Holdings to less than 20% of the outstanding number of units of Holdings on a fully diluted basis or (ii) a sale of Holdings (as defined in the 2017 Incentive Plan and which includes, for example, a transaction where more than 50% of Holdings' outstanding voting securities are acquired or a sale of all or substantially all of Holdings' assets). This Offering will not constitute a Sponsor Exit.

Each of the named executive officers were required to enter into a Non-Interference Agreement as a condition to receiving their respective Incentive Units, and Mr. Heyman was also required to reaffirm the restrictive covenants set forth in his employment agreement. For additional details on each named executive officer's restrictive covenants, see "Employment Agreements" above. In the event a named executive officer materially breaches (and does not cure) his Non-Interference Agreement or, in the case of Mr. Heyman, the restrictive covenants set forth in his employment agreement, his vested and unvested Incentive Units would be immediately forfeited.

As described in the "Actions in Connection with this Offering" section below, unvested Incentive Units will be exchanged for shares of restricted stock of the Company and vested Incentive Units will be exchanged for shares of common stock in connection with this Offering.

### **Termination and Change in Control Provisions**

#### *Severance*

The employment agreement entered into with Mr. Heyman and offer letter agreements entered into with Mr. Carlet and Mr. Hindman each provide for severance benefits upon certain qualifying terminations of employment.

Under Mr. Heyman's employment agreement:

- If Mr. Heyman's employment is terminated due to his death or disability, he (or his heirs) will be entitled to receive a pro-rated portion of his annual bonus for the year in which his employment is



terminated, based on the number of days he was employed during the year, which will be payable at the same time annual bonuses for that year are payable to other active employees of the Company.

- If Mr. Heyman's employment is terminated by Mr. Heyman for good reason (as defined in his employment agreement) or by the Company without cause (as defined in his employment agreement), then the Company (i) will pay Mr. Heyman his base salary for twelve months after the date of termination (payable in installments, provided that this amount will be paid in a lump sum if the termination occurs within 30 days on or following a Sponsor Exit (as defined above)), and (ii) will pay Mr. Heyman a pro-rated portion of his annual bonus for the year in which his employment is terminated, based on the number of days he was employed during the year, which will be payable at the same time annual bonuses for that year are payable to other active employees of the Company. In addition, if Mr. Heyman elects to continue to participate in the Company's health insurance plans following his termination, the Company will reimburse Mr. Heyman for the cost of his medical and dental insurance premiums, at the same rate the Company contributed to his insurance premiums as of the date of termination, until twelve months after the date of termination or, if earlier, the date Mr. Heyman begins new employment where he is offered participation in a group health plan. Such severance benefits are contingent upon Mr. Heyman's execution and non-revocation of a general release of claims in favor of the Company, and continued compliance with the restrictive covenants set forth in his employment agreement.
- If the Company gives notice to Mr. Heyman that his employment is not to be extended for a renewal term at the expiration of the initial five-year term, and Mr. Heyman then resigns effective as of the expiration of the initial term and gives the Company notice of his resignation within 30 days after receipt of the Company's notice of nonrenewal, the Company will continue to pay Mr. Heyman his base salary for six months after the date of termination, subject to Mr. Heyman's execution and non-revocation of a general release of claims in favor of the Company, and continued compliance with the restrictive covenants set forth in his employment agreement.

Under Mr. Carlet's offer letter, if Mr. Carlet's employment is terminated by the Company without cause or by Mr. Carlet for good reason (as defined in his offer letter, as amended), the Company will pay Mr. Carlet his base salary for six months after the date of termination, subject to Mr. Carlet's execution and non-revocation of a general release of claims in favor of the Company, and continued compliance with the restrictive covenants to which he is subject.

Under Mr. Hindman's offer letter, if Mr. Hindman's employment is terminated by the Company or by Mr. Hindman for good reason (as defined in the offer letter, as amended), the Company will pay Mr. Hindman severance in accordance with its severance guidelines, which would entitle Mr. Hindman to twelve months of base salary pursuant to the terms thereof, subject to his execution and non-revocation of a general release of claims in favor of the Company, and continued compliance with the restrictive covenants to which he is subject.

#### *Equity Awards- Change in Control and Termination Provisions*

As described in the "Equity Awards" section above, the Incentive Units granted to our named executive officers are subject to certain acceleration provisions that are triggered upon a Sponsor Exit (which includes a sale of Holdings). Certain Incentive Unit awards also include vesting terms that apply in connection with a termination without cause. See "Equity Awards" for additional details.

#### **2021 Employee Stock Purchase Plan**

Our board of directors expects to adopt, and we expect our stockholders to approve, the 2021 Employee Stock Purchase Plan prior to the completion of the offering, which we refer to as the Employee Stock Purchase Plan for purposes of this disclosure. Under the Employee Stock Purchase Plan, our employees, and those of our subsidiaries, may purchase shares of our common stock during pre-specified offering periods. Our named executive officers will be eligible to participate in the Employee Stock Purchase Plan on the same terms and conditions as all other participating employees.

**Administration.** The Employee Stock Purchase Plan will be administered by a committee of our board of directors, which we refer to as the Committee for purposes of this disclosure. The Committee will

have full authority to administer the Employee Stock Purchase Plan and make and interpret rules and regulations regarding administration of the Employee Stock Purchase Plan as it may deem necessary or appropriate.

*Shares Available Under the Employee Stock Purchase Plan.* The Employee Stock Purchase Plan initially reserves 750,000 shares for issuance, which is subject to increase on the first day of each fiscal year beginning with the 2022 fiscal year in an amount equal to the lesser of (i) the positive difference, if any, between (x) 1% of the outstanding common stock of the Company on the last day of the immediately preceding fiscal year and (y) the available plan reserve on the last day of the immediately preceding fiscal year and (ii) a lower number of shares of our common stock as determined by the Committee. The number of shares available for issuance under the Employee Stock Purchase Plan is subject to adjustment for certain changes in our capitalization.

*Eligible Employees.* All of our employees and those of our subsidiaries will be eligible to participate in the Employee Stock Purchase Plan, except for employees who, immediately after grant of an option under the Employee Stock Purchase Plan, would own 5% or more of the combined voting power or value of all of our issued and outstanding stock.

*Participation.* Eligible employees may elect to participate in the Employee Stock Purchase Plan by filing a subscription agreement with us prior to any offering period indicating the amount of eligible compensation to be withheld from payroll during that offering period and applied to the Employee Stock Purchase Plan. Once enrolled in the Employee Stock Purchase Plan, a participant shall continue to participate in subsequent offering periods until such participant terminates employment or withdraws from any offering period.

*Eligible Compensation.* Eligible employees may authorize payroll deductions of 1% to 15% of such employees' base compensation on each payroll date that falls within an offering period. Payroll deductions shall commence on the first payroll date following the beginning of the offering period and shall continue until the participant withdraws from an offering period or terminates employment. Participants may not acquire rights to purchase more than \$25,000 of our common stock under the Employee Stock Purchase Plan for any calendar year.

*Offering Periods.* We plan to offer our common stock to participants during offering periods of up to 27 months, with expected offering periods of 6 months, beginning in 2021 on or after the completion of this offering.

*Purchase of Shares.* Shares of our common stock will be automatically purchased for the accounts of participants at the end of each offering period with their elected payroll deductions accumulated during the offering period. Shares will be purchased at a discounted per-share purchase price equal to 85% of the per-share closing price of our common stock on the last day of the applicable offering period.

*Cancellation of Election to Purchase.* A participant may cancel his or her participation in the Employee Stock Purchase Plan, but may not reduce or increase his or her contributions during an offering period. Termination of a participant's employment for any reason will also terminate such participant's participation in the Employee Stock Purchase Plan. In any of these cases, the participant is entitled to receive a refund of the payroll deductions collected on his or her behalf.

*Effect of a Change in Control.* Upon a future change in control of the Company, the administrator may, in its sole discretion, (i) shorten an offering period to provide for a purchase date on or prior to the change in control date or (ii) provide for the assumption of the purchase rights under the Employee Stock Purchase Plan and substitution of rights to purchase shares of the successor company in accordance with Section 424 of the Code.

*Termination and Amendment.* Our board of directors or the Committee may amend or terminate the Employee Stock Purchase Plan at any time, although no amendment may be made (i) that adversely affects the rights of any participant participating in an offering period or (ii) without approval of our stockholders to the extent such approval would be required under Section 423 of the Code.

## **Retirement Plan**

The Company maintains a 401(k) defined contribution retirement plan pursuant to which all employees age 21 or older may contribute a portion of their annual earnings, up to the limits set by the Internal Revenue Code, on a pre-tax or after-tax (Roth) basis. The Company makes matching contributions to participating employees' plan accounts equal to 100% of the first 3% of earnings that an employee elects to contribute, plus 50% of the next 3% of earnings that an employee elects to contribute, limited to a maximum annual amount as established by the IRS. The maximum matching contribution for employees in 2020 was \$12,825. Matching contributions are 100% vested when made.

## **2021 Compensation Decisions**

### ***Base Salary***

In February 2021, as part of an annual review of executive compensation, our board of directors increased Mr. Heyman's salary to \$700,000 (an increase of 7.7%), Mr. Carlet's salary to \$375,000 (an increase of 11.9%) and Mr. Hindman's salary to \$355,000 (an increase of 6.0%). These increases were retroactive to January 1, 2021 and were awarded as part of an overall review of executive compensation based on market data for a comparator group of publicly traded companies comparable in size to the Company across several financial metrics and with similar products or sales channels.

### ***Annual Bonus/Non-Equity Incentive Plan Compensation***

In February 2021, our board of directors adopted the 2021 Annual Incentive Plan. This plan covers all bonus-eligible employees. Under the plan, each participating employee is assigned a target bonus amount which is determined by that employee's position. For each participating employee, including our named executive officers, 80% of their potential bonus is determined based on company performance and 20% is based on their individual performance. The measure for assessing company performance in 2021 is Compensation EBITDA. The measure for assessing individual performance is the degree to which the employee achieves goals that were defined for that employee at beginning of the year. Our board of directors, in its discretion, may also award bonuses to our named executive officers outside of the terms of the 2021 Annual Incentive Plan.

### ***Actions in Connection with this Offering***

#### ***Equity Conversion***

In connection with this offering, it is currently anticipated that all outstanding unvested Incentive Units, including those held by our named executive officers, will be replaced with newly issued shares of our restricted common stock on the basis of a ratio that takes into account the number of unvested Incentive Units held, the applicable distribution threshold applicable to such Class B Units, and the value of distributions that the holder would have been entitled to receive had Holdings liquidated on the date of such replacement in accordance with the terms of the distribution "waterfall" set forth in the Partnership Agreement. Vested Incentive Units will be exchanged into shares of our common stock using the same formula. It is currently anticipated that (i) the unvested restricted shares of our common stock that the named executive officers receive in respect of their unvested Class B-1 Units will be subject to the same vesting terms that apply to the Class B-1 Units prior to the Equity Conversion, and (ii) the unvested restricted shares of our common stock that the named executives officers receive in respect of their Class B-2 Units will vest based upon achievement of one or more of (A) the Total Return Hurdle, (B) the Average Return Hurdle and/or (C) the VWAP Hurdle (each as defined below), as follows:

- 100% of the restricted shares will vest in the event Hellman & Friedman receives cash proceeds in respect of its investment in the company (i.e. cash distributions paid to Hellman & Friedman or cash proceeds received from the sale of any of its equity interests in the company) that equal or exceed \$1,399,409,115 in the aggregate (whether prior to, in connection with, or following this offering) (the "Total Return Hurdle"). If the Total Return Hurdle is not achieved prior to or in connection with a change in control of the company, all restricted shares will be forfeited for no consideration.

- 100% of the restricted shares will vest upon an Exit Trade (as defined below) if the cash received in respect of the Sponsor Shares (as defined below) sold prior to and including the Exit Trade exceeds (a) the Price Target (as defined below) multiplied by (b) the Sponsor Shares sold prior to and inclusive of the Exit Trade (the “Average Return Hurdle”). In addition, upon each trade or other sale of Sponsor Shares (as defined below) following the Exit Trade, but prior to the time in which the Sponsor ceases to hold any of the Initial Sponsor Shares (as defined below), if the Average Return Hurdle is satisfied, 100% of restricted shares will vest. “Price Target” is the amount per share of our common stock that is equivalent to a price per Class A Unit of Holdings equal to \$2.50 (as may be equitably adjusted for any units splits, recapitalizations or other similar events). An “Exit Trade” is any trade or other sale of common stock issued to Hellman & Friedman in connection with this offering in respect of Class A Units of Holdings held by Hellman & Friedman (each, a “Sponsor Share”, and the aggregate Sponsor Shares so received by the Sponsor, the “Initial Sponsor Shares”) following which Hellman & Friedman holds 10% or less of the Initial Sponsor Shares.
- The restricted shares will also vest if certain volume weighted average price (“VWAP”) hurdles are achieved, as follows: prior to an Exit Trade, or following an Exit Trade to the extent such trade does not result in satisfaction of the Average Return Hurdle, if, during the period commencing on the earlier of (a) the first anniversary of this offering or (b) the first Exit Trade, and ending on February 4, 2024, the price per share of common stock, measured using a 30-day VWAP, is at least equal to the Price Target (the “VWAP Hurdle”), then: 42% of the restricted shares will vest on August 4, 2022 (or such later date on which the VWAP Hurdle is achieved), an additional 42% of the restricted shares will vest on August 4, 2023 (or such later date on which the VWAP Hurdle is achieved), and the remaining 16% of the restricted shares will vest on February 4, 2024.

Vesting with respect to the restricted shares received in respect of Class B-2 Units is subject to the named executive officer’s continued employment through the applicable vesting dates. To the extent any such restricted shares have not vested on or prior to February 4, 2024, any such unvested restricted shares will be forfeited for no consideration.

Holders of Incentive Units (including the named executive officers) will also receive a certain number of stock options to purchase common shares of the company following the offering (“Leverage Replacement Options”), which are intended to preserve the upside of the Class B-1 Units and Class B-2 Units as of immediately prior to this offering that would otherwise be lost as a result of the Equity Conversion. The Leverage Replacement Options received to preserve the upside of the Class B-1 Units will be subject to the same vesting terms and conditions as applicable to the restricted shares received with respect to the unvested Class B-1 Units, and the Leverage Replacement Options received to preserve the upside of the Class B-2 Units will be subject to the same vesting terms and conditions as applicable to the restricted shares received with respect to the unvested Class B-2 Units. Based on an assumed initial public offering price of \$19.50 per share (the midpoint of the estimated price range set forth on the cover page of this prospectus), the number of Leverage Replacement Options expected to be granted to each named executive officer with respect to the unvested Class B-1 Units and Class B-Units is as follows: for Mr. Heyman, 755,559 and 530,630, respectively; for Mr. Carlet, 240,036 and 175,798, respectively; and for Mr. Hindman 240,036 and 175,798, respectively.

In addition, holders of Incentive Units will also receive a cash payment equal to \$0.12 per vested and unvested Class B-1 and Class B-2 Unit in lieu of participation in the tax receivable agreement (the “Additional Payment”). Additional Payments payable with respect to vested Class B-1 Units and Class B-2 units will be paid to such holders in connection with this offering. For holders below the Executive Vice President-level, Additional Payments with respect to unvested Class B-1 Units and Class B-2 Units will be paid at the same time as the Equity Conversion. For holders at or above the Executive Vice President-level (including the named executive officers):

- Additional Payments payable with respect to unvested Class B-1 Units that are scheduled to vest by October 31, 2022 pursuant to the time-vesting schedule applicable to such Class B-1 Units as of immediately prior to the Equity Conversion will be paid to such Holder at the same time as the Equity Conversion. All other Additional Payments with respect to unvested Class B-1 Units will be held in escrow, subject to the same vesting conditions as the restricted stock received in exchange for

the Class B-1 Units; provided that such vesting schedule shall be accelerated by a certain number of days equal to number of days following the Equity Conversion to October 31, 2022.

- Additional Payments with respect to any Class B-2 Units will be held in escrow, subject to the same vesting conditions as the related performance-based restricted shares.

The 2017 Incentive Plan will be terminated upon the effectiveness of this offering. The precise number of restricted shares to be delivered in respect of unvested Class B-1 and Class B-2 Units, shares to be delivered in respect of vested Class B-1 and Class B-2 Units, and the number of Leverage Replacement Options to be granted to each of the named executive officers will be based on the initial public offering price. The following table sets forth the assumed number and value of restricted shares and shares to be received in connection with the Equity Conversion that each of our named executive officers will receive based on an assumed initial public offering price of \$19.50 per share (the midpoint of the estimated price range set forth on the cover page of this prospectus).

	Shares Received in Exchange for Vested Class B-1 Units		Restricted Shares Received in Exchange for Unvested Class B-1 Units		Shares Received in Exchange for Vested Class B-2 Units		Restricted Shares Received in Exchange for Unvested Class B-2 Units	
	(#)	(\$)	(#)	(\$)	(#)	(\$)	(#)	(\$)
John Heyman	442,332	8,625,474	209,393	4,083,164	—	—	457,511	8,921,465
Michael Carlet	136,739	2,666,411	66,468	1,296,126	—	—	143,668	2,801,526
Jeffrey Hindman	136,739	2,666,411	66,468	1,296,126	—	—	143,668	2,801,526

#### 2021 Incentive Plan

Our board of directors expects to adopt, and we expect our stockholders to approve, the 2021 Incentive Plan prior to the completion of the offering, in order to provide a means through which to attract, retain and motivate key personnel. Awards under the 2021 Incentive Plan may be granted to any (i) individual employed by us or our subsidiaries (other than those U.S. employees covered by a collective bargaining agreement unless and to the extent that such eligibility is set forth in such collective bargaining agreement or similar agreement); (ii) director or officer of us or our subsidiaries; or (iii) consultant or advisor to us or our subsidiaries who may be offered securities registrable pursuant to a registration statement on Form S-8 under the Securities Act. The 2021 Incentive Plan will be administered by the compensation committee of our board of directors or such other committee of our board of directors to which it has properly delegated power, or if no such committee or subcommittee exists, our board of directors (as applicable, the “Committee”).

The 2021 Incentive Plan initially reserves 10,500,000 shares for issuance, which is subject to increase on the first day of each fiscal year beginning with the 2022 fiscal year in an amount equal to the lesser of (i) the positive difference, if any, between (x) 4% of the outstanding common stock on the last day of the immediately preceding fiscal year and (y) the available plan reserve on the last day of the immediately preceding fiscal year and (ii) a lower number of shares of our common stock as determined by our board of directors; provided, however, that this automatic share reserve increase shall not apply following the tenth (10th) anniversary of the effective date of the plan.

All awards granted under the 2021 Incentive Plan will vest and/or become exercisable in such manner and on such date or dates or upon such event or events as determined by the Committee. Awards available for grant under the 2021 Incentive Plan include non-qualified stock options and incentive stock options, restricted shares of our common stock, restricted stock units, other equity-based awards tied to the value of our shares and cash-based awards.

Awards other than cash-based awards are generally subject to adjustment in the event of (i) any dividend (other than regular cash dividends) or other distribution, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, split-off, spin-off, combination, repurchase or exchange of shares of common stock or other securities, or other similar transactions or events, or (ii) unusual

or nonrecurring events affecting the Company, including changes in applicable rules, rulings, regulations or other requirement. In addition, in connection with a change in control, the Committee may, in its sole discretion, provide for any one or more of the following: (i) a substitution or assumption of, acceleration of the vesting of, the exercisability of, or lapse of restrictions on, any one or more outstanding awards and (ii) cancellation of any one or more outstanding awards and payment to the holders of such awards that are vested as of such cancellation (including any awards that would vest as a result of the occurrence of such event but for such cancellation) the value of such awards, if any, as determined by the Committee.

Our board of directors may amend, alter, suspend, discontinue, or terminate the 2021 Incentive Plan or any portion thereof at any time, but no such amendment, alteration, suspension, discontinuance or termination may be made without stockholder approval if (i) such approval is required under applicable law; (ii) it would materially increase the number of securities which may be issued under the 2021 Incentive Plan (except for adjustments in connection with certain corporate events); or (iii) it would materially modify the requirements for participation in the 2021 Incentive Plan. Any such amendment, alteration, suspension, discontinuance or termination that would materially and adversely affect the rights of any participant or any holder or beneficiary of any award will not to that extent be effective without such individual's consent.

All awards granted under the 2021 Incentive Plan are subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with (i) any clawback, forfeiture or other similar policy adopted by our board of directors or the Committee and as in effect from time to time and (ii) applicable law.

### Non-Employee Director Compensation

For fiscal year 2020, we did not pay compensation or grant equity awards to directors for their service on our board of directors, other than to Kenneth R. Wagers III and Martin Plaehn, our two directors who are not affiliated with Hellman & Friedman and are not employees. Each of Messrs. Wagers and Plaehn received a quarterly fee of \$18,750 for serving as directors, and Mr. Wagers also received a quarterly fee of \$6,250 for serving as chair of our Audit and Risk Management Committee.

In addition, Messrs. Wagers and Mr. Plaehn each received a grant of 71,942 restricted Class A Units of Holdings on August 1, 2020 (the "2020 restricted units"). One-third of the 2020 restricted units vest upon each of the first, second, and third anniversary of the grant date, provided that the units accelerate upon a Sponsor Exit (as defined above). Vesting is generally subject to each director's continued service through the applicable vesting date (or Sponsor Exit, as applicable), provided that the 2020 restricted units will fully accelerate upon a termination as a result of death or disability or termination by the Company without cause on or following the first anniversary of the date of grant. If Messrs. Wagers or Plaehn's service as a director is terminated without cause prior to first anniversary of grant, a pro-rata portion of Messrs. Wagers' or Plaehn's 2020 restricted units (as applicable) will vest, with such portion equal to the total number of restricted units granted to Mr. Wagers or Mr. Plaehn (as applicable), multiplied by a fraction, the numerator of which is the number of days that have elapsed since the grant date and the denominator of which is 1,096. Mr. Plaehn also received 71,942 restricted Class A Units of Holdings on August 1, 2019 (the "2019 restricted units"), which are subject to the same vesting terms as his 2020 restricted units.

Our directors are also reimbursed for reasonable travel and related expenses associated with attendance at board or committee meetings.

The following table provides summary information concerning compensation paid or accrued by us to or on behalf of our non-employee directors for services rendered to us during the last fiscal year.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Total (\$)
Martin Plaehn	75,000 <sup>(1)</sup>	100,000 <sup>(3)</sup>	175,000
Kenneth R. Wagers III	50,000 <sup>(2)</sup>	100,000 <sup>(3)</sup>	150,000

(1) Consists of cash fees of \$18,750 per quarter for serving as director.

(2) Consists of cash fees of \$18,750 per quarter for serving as director and cash fees of \$6,250 per quarter



for serving as chair of our Audit and Risk Management Committee. Mr. Wagers joined our board of directors in the third quarter of 2020.

- (3) Represents the aggregate grant date fair value, calculated in accordance with ASC Topic 718, of 71,942 restricted Class A Units of Holdings granted to each of Messrs. Plaehn and Wagers on August 1, 2020 (the “grant date”), all of which were unvested as of the end of fiscal year 2020. One-third of the restricted units vest upon each of the first, second and third anniversary of the grant date, provided that such units accelerate upon a Sponsor Exit. For additional details on the vesting terms of such restricted units, see above. The assumptions used in calculating the grant-date fair value of the restricted units reported in this column are set forth in Note 12 to the consolidated audited financial statements included elsewhere in this prospectus. As of the end of fiscal year 2020, Mr. Plaehn held a total of 119,903 unvested restricted units (comprised of 47,961 unvested 2019 restricted units and 71,942 unvested 2020 restricted units), and Mr. Wagers held a total of 71,942 unvested restricted units (comprised of his unvested 2020 restricted units).

In connection with this offering and with assistance from Korn Ferry as independent compensation consultant, we analyzed competitive market data relating to director compensation programs, including cash retainers, equity awards and stock ownership guidelines.

As a result of this analysis, in connection with this offering, our board of directors has approved a new Non-Employee Director compensation program. Under the new program, each Non-Employee Director will receive an annual retainer of \$200,000, consisting of an annual cash retainer of \$75,000 payable in quarterly installments and an additional \$125,000, which will be paid in the form of an equity-based award.

As part of this program, the chairpersons and members of the following committees will receive the additional fixed annual cash retainers (payable in quarterly installments in arrears) listed below. We reimburse all directors for travel and other expenses directly related to director activities and responsibilities.

Committee	Committee Member Retainer	Committee Chair Retainer
Audit and Risk Management Committee	\$ 10,000	\$ 25,000
Compensation Committee	\$ 7,500	\$ 15,000
Nominating and Corporate Governance Committee	\$ 7,500	\$ 15,000

In connection with this offering we will adopt stock ownership guidelines for our Non-Employee Directors in order to better align our eligible directors’ financial interests with those of our stockholders by requiring such directors to own a minimum level of our shares. Each of our Non-Employee Directors will be required to own stock in an amount equal to five times the amount of the annual cash retainer (excluding committee retainers) within five years of becoming subject to the guidelines.

#### **Directors Deferral Plan**

Our Board of Directors expects to adopt the Snap One Holdings Corp. Directors Deferral Plan (“Directors Deferral Plan”) prior to the completion of the offering. All directors who are not our employees or any of our subsidiaries are eligible to participate in the Directors Deferral Plan.

*Deferral Elections.* Under the terms of the Directors Deferral Plan, our non-employee directors may elect to defer all or a portion of shares issued upon settlement of their restricted stock unit awards in the form of deferred stock units credited to an account maintained by us. Deferred stock units will be awarded from, and subject to the terms of, the 2021 Incentive Plan. Each deferred stock unit represents the right to receive a number of shares of our common stock equal to the number of deferred stock units initially credited to the director’s account plus the number of deferred stock units credited as a result of any dividend equivalent rights (to which deferred stock units initially credited to a director’s account are entitled).

*Settlement of Deferred Stock Units.* Directors may elect that settlement of deferred stock units be made or commence on (i) the first business day in a year following the year for which the deferral is made, (ii) following termination of service on our board of directors or (iii) the earlier of (i) or (ii). Directors may elect that deferred stock units be settled in a single one-time distribution or in a series of up to 15 annual



installments. In addition, deferred stock unit accounts will be settled upon a Change in Control (as defined in the 2021 Incentive Plan) or upon a director's death.

*Administration; Amendment and Termination.* Our Compensation Committee will administer the Directors Deferral Plan. The Directors Deferral Plan or any deferral may be amended, suspended, discontinued by our Compensation Committee at any time in the Compensation Committee's discretion; provided that no amendment, suspension or discontinuance will reduce any director's accrued benefit, except as required to comply with applicable law. Our Compensation Committee may terminate the Plan at any time, as long as the termination complies with applicable tax and other requirements.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

### Stockholders' Agreement

We intend to enter into a stockholders agreement with Hellman & Friedman and the other unit holders of the Investor, which include certain of our directors, officers and other employees, in connection with this offering.

This stockholders agreement will provide that following the completion of this offering, our board of directors will consist of eight members. Hellman & Friedman will have the right to nominate to our board of directors a number of nominees equal to (x) the total number of directors comprising our board of directors at such time, multiplied by (y) the percentage of our outstanding common stock held from time to time by Hellman & Friedman. For purposes of calculating the number of directors that Hellman & Friedman will be entitled to nominate, any fractional amounts are rounded up to the nearest whole number. In addition, the board of directors will be divided into three classes and serve staggered, three year terms. For so long as we have a classified board, the Hellman & Friedman-nominated board members will be divided by Hellman & Friedman as evenly as possible among the classes of directors. After giving effect to this offering, Hellman & Friedman will have the right to nominate up to six of our eight directors.

Pursuant to the stockholders agreement, we will include the Hellman & Friedman nominees on the slate that is included in our proxy statement relating to the election of directors of the class to which such persons belong and provide the highest level of support for the election of each such person as we provide to any other individual standing for election as a director. In addition, pursuant to the stockholders agreement, Hellman & Friedman will agree with the Company to vote in favor of the Company slate that is included in our proxy statement.

In the event that a Hellman & Friedman nominee ceases to serve as a director for any reason (other than the failure of our stockholders to elect such individual as a director), Hellman & Friedman will be entitled to appoint another nominee to fill the resulting vacancy.

The stockholders agreement will contain provisions that entitle the stockholder parties thereto to certain rights to have their securities registered by us under the Securities Act. Hellman & Friedman will be entitled to an unlimited number of "demand" registrations, subject to certain limitations. In addition, the stockholder parties to the stockholders agreement, including Hellman & Friedman, are entitled to customary "piggyback" registration rights. The stockholders agreement will provide that we will pay certain expenses of the stockholder parties relating to such registrations and indemnify them against certain liabilities which may arise under the Securities Act. These securities will represent approximately 77.6% of our outstanding common stock after this offering, or 75.4% if the underwriters exercise in full their option to purchase additional shares.

### Employment Agreements

We have entered into employment agreements with our executive officers. For more information regarding employment agreements with our named executive officers, see "Executive Compensation — Employment Agreements."

### Tax Receivable Agreement

In connection with this offering, we expect to be able to utilize net operating losses and certain other tax benefits that arose prior to or in connection with this offering and are therefore attributable to the TRA Participants. These tax benefits will reduce the amount of tax that we would otherwise be required to pay in the future. We will enter into a tax receivable agreement that will provide for the payment by us to the TRA Participants of 85.0% of the amount of cash savings, if any, in U.S. federal, state, and local income tax that we actually realize, or are deemed to realize (calculated using certain assumptions), as a result of the utilization of such tax benefits, including certain tax benefits attributable to payments under the tax receivable agreement. We expect to benefit from the remaining 15.0% of cash tax savings, if any, in income tax we realize. With respect to certain pre-IPO owners that are not TRA Participants, we intend to make a cash dividend of approximately \$13.1 million to the Investor, which will be used in part to pay such pre-IPO owners

for their interests in the sum of (i) the current fair market value of the tax receivable and (ii) the total cash distribution that will be made to such pre-IPO owners in lieu of their participation in the tax receivable agreement. A portion of the cash distribution to pre-IPO owners in lieu of their participation in the tax receivable agreement are subject to vesting requirements and will be held in escrow. Distributions made to pre-IPO owners which are not subject to vesting requirements will be recorded as an expense in the period the distributions are made. Distributions made to pre-IPO owners which are subject to vesting requirements will be recorded to expense over the remaining estimated service period. The cash distribution will be in addition to any payments we make under the tax receivable agreement and will not reduce the amounts we will otherwise be required to pay under the tax receivable agreement.

For purposes of the tax receivable agreement, the cash tax savings in income tax will be computed by comparing the actual income tax liability of the Company (calculated with certain assumptions, including using an assumed state and local tax rate to calculate tax benefits) to the amount of such taxes that the Company would have been required to pay without giving effect to the tax benefits subject to the tax receivable agreement. The term of the tax receivable agreement will continue until all such tax benefits have been utilized or expired or we exercise our right to terminate the tax receivable agreement for an amount based on the agreed payments remaining to be made under the agreement (as described in more detail below), or certain changes of control occur or we breach any of our material obligations under the tax receivable agreement. In the case of a change of control or a material breach of our obligations, all obligations generally will be accelerated and due as if we had exercised our right to terminate the tax receivable agreement. Estimating the amount of payments that may be made under the tax receivable agreement is by its nature imprecise, insofar as the calculation of amounts payable depends on a variety of factors. The amount and timing of any payments under the tax receivable agreement will vary depending upon a number of factors, including the amount, character and timing of our income. We will be required to pay 85.0% of the cash tax savings, if any, as and when realized. If we do not have taxable income, we are not required (absent circumstances requiring an early termination payment, other acceleration of our obligations under the tax receivable agreement or a change of control) to make payments under the tax receivable agreement for that taxable year because no cash tax savings will have been realized. However, unutilized deductions that do not result in realized benefits in a given tax year as a result of insufficient taxable income may be applied to taxable income in future years and accordingly would impact the amount of cash tax savings in such future years and the amount of corresponding payments under the tax receivable agreement in such future years.

We expect that the payments that we may make under the tax receivable agreement will be material. There may be a material negative effect on our liquidity if, as a result of timing discrepancies or otherwise, the payments under the tax receivable agreement exceed the actual cash tax savings that we realize in respect of the tax benefits subject to the tax receivable agreement. Late payments under the tax receivable agreement generally will accrue interest at an uncapped rate equal to LIBOR plus 500 basis points per annum until paid. The payments under the tax receivable agreement are not conditioned upon continued ownership of us by the TRA Participants.

Furthermore, we may elect to terminate the tax receivable agreement early with respect to all TRA Participants by making an immediate payment equal to the present value of the anticipated future cash tax savings. In determining such anticipated future cash tax savings, the tax receivable agreement includes several assumptions, including (i) that we will have sufficient taxable income in each future taxable year to fully realize potential tax savings and utilize the benefits that are the subject of the tax receivable agreement in the manner specified in the agreement and (ii) the tax rates for future years will be those specified in the law as in effect at the time of termination. In addition, the present value of such anticipated future cash tax savings is discounted at a rate equal to the lesser of (i) 6.5% per annum, compounded annually, and (ii) LIBOR plus 200 basis points. Assuming an implied average LIBOR rate of 2.18%, we estimate that the aggregate amount of these termination payments would be approximately \$116.1 million if we were to exercise our termination right immediately following this offering.

Upon certain changes of control, in the event that we breach any of our material obligations under the tax receivable agreement, whether as a result of a failure to make any payment when due, failure to honor any other material obligation required thereunder or by operation of law as a result of the rejection of the tax receivable agreement in a case commenced under the federal bankruptcy laws or otherwise, or upon the

occurrence of certain bankruptcy or insolvency proceedings involving us, then all obligations under the tax receivable agreement shall be automatically accelerated and shall be immediately due and payable, and such obligations shall be calculated in the manner described above with regard to the exercise of our termination rights. The TRA Participants will be entitled to elect to receive such accelerated amounts or to seek specific performance of the agreement.

The tax receivable agreement contains procedures for the resolution of certain disputes as to amounts payable by us, including in the case of an early termination or an acceleration event. In general, disagreements on such matters that cannot be resolved by the parties themselves within specified time periods shall be submitted for binding determination by an expert third party in the manner provided in the tax receivable agreement. In addition, the tax receivable agreement contains mandatory arbitration provisions.

As a result of the change of control provisions, the early termination right or an acceleration event, we could be required to make payments under the tax receivable agreement that are greater than or less than the specified percentage of the actual cash tax savings that we realize in respect of the tax benefits subject to the tax receivable agreement. In these situations, our obligations under the tax receivable agreement could have a material negative impact on our liquidity.

Decisions made by the TRA Participants in the course of running our business may influence the timing and amount of payments that are received by the Investor under the tax receivable agreement. In addition, payments under the tax receivable agreement will be based on the tax reporting positions that we will determine. We will not be reimbursed for any payments previously made under the tax receivable agreement if a tax benefit is successfully challenged by the IRS. As a result, in certain circumstances, payments could be made under the tax receivable agreement in excess of our cash tax savings.

As a general matter, we intend to fund the required payments under the tax receivable agreement with cash provided by operations and available borrowings under our Credit Facility. In the event that these sources are insufficient to fund the required payments, we may need to seek additional equity or debt financing and/or sell assets. We may not be able to raise any such financing or sell such assets on terms acceptable to us or at all. If we are unable to fund our required payments under the tax receivable agreement, our business, results of operations, and financial condition could be materially and adversely affected. See “Risk Factors — Risks Related to this Offering and Ownership of our Common Stock — In certain cases, payments under the tax receivable agreement may be accelerated and/or significantly exceed the actual cash savings we realize in respect of the tax benefits subject to the tax receivable agreement” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Tax Receivable Agreement.”

#### **Indemnification of Directors and Officers**

We have entered, or will enter, into an indemnification agreement with each of our directors and executive officers. The indemnification agreements, together with our amended and restated bylaws, will provide that we will jointly and severally indemnify each indemnitee to the fullest extent permitted by the DGCL from and against all loss and liability suffered and expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by or on behalf of the indemnitee in connection with any threatened, pending, or completed action, suit or proceeding. Additionally, we will agree to advance to the indemnitee all out-of-pocket costs of any type or nature whatsoever incurred in connection therewith. See “Description of Capital Stock — Limitations on Liability and Indemnification of Officers and Directors.”

#### **Related Persons Transaction Policy**

Prior to the completion of this offering, our board of directors will adopt a written policy on transactions with related persons, which we refer to as our “related person policy.” Our related person policy will require that all “related persons” (as defined in paragraph (a) of Item 404 of Regulation S-K) must promptly disclose to our general counsel any “related person transaction” (defined as any transaction that is anticipated would be reportable by us under Item 404(a) of Regulation S-K in which we were or are to be a participant and the amount involved exceeds \$120,000 and in which any related person had or will have a direct or indirect material interest) and all material facts with respect thereto. Our general counsel will communicate that information to our board of directors or to a duly authorized committee thereof. Our related person policy will provide that no related person transaction entered into following the completion of this offering will be executed without the approval or ratification of our board of directors or a duly authorized committee thereof. It will be our policy that any directors interested in a related person transaction must recuse themselves from any vote on a related person transaction in which they have an interest.

## PRINCIPAL AND SELLING STOCKHOLDERS

The following table and accompanying footnotes set forth information with respect to the beneficial ownership by each of the following persons of the common stock of Snap One Holdings Corp. as of the date of this prospectus, assuming the Equity Conversion is effected immediately prior to the consummation of the offering:

- each person known by us to own beneficially 5% or more of our outstanding shares of common stock;
- the selling stockholders;
- each of our directors;
- each of our named executive officers; and
- our directors and executive officers as a group.

The number of shares and percentages of beneficial ownership prior to this offering set forth below are based on the number of shares of our common stock to be issued and outstanding immediately prior to the consummation of this offering following completion of the Equity Conversion. Until the completion of the Equity Conversion, all of our common stock will be beneficially owned by the Investor. The number of shares and percentages of beneficial ownership after this offering set forth below are based on the number of shares of our common stock to be issued and outstanding immediately after the consummation of this offering and giving effect to the Equity Conversion assuming an initial public offering price of \$19.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus, excluding any potential purchases pursuant to the directed share program relating to this offering. An increase or decrease in the assumed initial public offering price will impact the number of shares outstanding after consummation of this offering and the number of shares held by the persons and entities referred to in the table set forth below. See “Dilution.” In addition, see the definition of Equity Conversion for a description of the determination of shares of common stock exchanged or issued, as applicable, in connection with the Equity Conversion.

Beneficial ownership for the purposes of the following table is determined in accordance with the rules and regulations of the SEC. A person is a “beneficial owner” of a security if that person has or shares “voting power,” which includes the power to vote or to direct the voting of the security, or “investment power,” which includes the power to dispose of or to direct the disposition of the security or has the right to acquire such powers within 60 days. Securities that can be so acquired are deemed to be outstanding for purposes of computing such person’s ownership percentage, but not for purposes of computing any other person’s percentage. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which such person has no economic interest.

Unless otherwise noted in the footnotes to the following table, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to their beneficially owned common stock.

Except as otherwise indicated in the footnotes below, the address of each beneficial owner is c/o 1800 Continental Boulevard, Suite 200, Charlotte, North Carolina 28273.

Name of Beneficial Owner	Shares Beneficially Owned Prior to the Offering		Shares to be Sold in this Offering				Shares Beneficially Owned After the Offering			
	Shares	Percentage	If Underwriters' Option to Purchase Additional Shares is Not Exercised		If Underwriters' Option to Purchase Additional Shares is Exercised in Full		If Underwriters' Option to Purchase Additional Shares is Not Exercised		If Underwriters' Option to Purchase Additional Shares is Exercised in Full	
			Shares	Percentage	Shares	Percentage	Shares	Percentage	Shares	Percentage
5% Stockholders:										
H&F Investors <sup>(1)</sup>	55,311,529	90.5%	—	—	—	—	55,311,529	73.8%	55,311,529	71.9%
Directors and Named Executive Officers:										
John Heyman <sup>(2)</sup>	1,603,298	2.6%	—	—	46,820	*	1,603,298	2.1%	1,556,478	2.0%
Michael Carlet <sup>(3)</sup>	420,984	*	—	—	21,085	*	420,984	*	399,899	*
Jeffrey Hindman <sup>(4)</sup>	420,984	*	—	—	21,085	*	420,984	*	399,899	*
Erik Ragatz <sup>(5)</sup>	—	—	—	—	—	—	—	—	—	—
Jacob Best <sup>(5)</sup>	—	—	—	—	—	—	—	—	—	—
Annmarie Neal <sup>(5)</sup>	—	—	—	—	—	—	—	—	—	—
Martin Plaehn <sup>(6)</sup>	14,218	*	—	—	—	—	14,218	*	14,218	*
Adalio Sanchez	—	—	—	—	—	—	—	—	—	—
Kenneth R. Wagers III <sup>(7)</sup>	7,109	*	—	—	—	—	7,109	*	7,109	*
Amy Steel Vanden-Eykel	—	—	—	—	—	—	—	—	—	—
All directors and executive officers as a group (13 persons) <sup>(8)</sup>	2,843,757	4.7%	—	—	103,979	*	2,843,757	3.8%	2,739,778	3.6%
Other Selling Stockholder:										
Other <sup>(9)</sup>	254,924	*	—	—	14,989	*	254,924	*	239,935	*

\* Indicates beneficial ownership of less than 1%.

- (1) Reflects (i) 23,806,436 shares directly held by Hellman & Friedman Capital Partners VIII, L.P. ("Main Fund"), (ii) 10,684,335 shares directly held by Hellman & Friedman Capital Partners VIII (Parallel), L.P. ("Parallel Fund"), (iii) 2,019,187 shares directly held by HFCP VIII (Parallel-A), L.P. ("Parallel-A Fund"), (iv) 606,277 shares directly held by H&F Executives VIII, L.P. ("Executives Fund"), (v) 124,384 shares directly held by H&F Associates VIII, L.P. ("Associates Fund") and (vi) 18,070,910 shares held by H&F Copper Holdings VIII, L.P. ("Copper Fund"), collectively with Main Fund, Parallel Fund, Parallel-A Fund, Executives Fund and Associates Fund, the "H&F Funds"). H&F Copper Holdings VIII GP, LLC ("Copper GP") is the general partner of Copper Fund and Main Fund is the managing member of Copper GP. Hellman & Friedman Investors VIII, L.P. ("Investors GP") is the general partner of each of Main Fund, Parallel Fund, Parallel-A Fund, Executives Fund and Associates Fund, and H&F Corporate Investors VIII, Ltd. ("Investors Ltd.") is the general partner of Investors GP. A three member board of directors of Investors Ltd. has voting and investment discretion over the shares held by the H&F Funds. Each of the members of the board of directors of Investors Ltd. disclaims beneficial ownership of such shares. The address of each entity named in this footnote is c/o Hellman & Friedman LLC, 415 Mission Street, Suite 5700, San Francisco, California 94105.
- (2) Includes 666,904 shares of unvested restricted common stock, 3,469 of which are expected to vest within 60 days of the date of this prospectus.
- (3) Includes 210,316 shares of unvested restricted common stock, 1,377 of which are expected to vest within 60 days of the date of this prospectus.

- (4) Includes 210,136 shares of unvested restricted common stock, 1,377 of which are expected to vest within 60 days of the date of this prospectus.
- (5) The address of each of Dr. Neal and Messrs. Best and Ragatz is c/o Hellman & Friedman LLC, 415 Mission Street, Suite 5700, San Francisco, California 94105
- (6) Includes 11,848 shares of unvested restricted common stock, 4,739 of which are expected to vest within 60 days of the date of this prospectus.
- (7) Includes 7,109 shares of unvested restricted common stock, 2,370 of which are expected to vest within 60 days of the date of this prospectus.
- (8) Includes 1,280,963 shares of unvested restricted common stock, 22,713 of which are expected to vest within 60 days of the date of this prospectus.
- (9) Consists of one selling stockholder that is an executive officer of the Company not otherwise listed in this table who beneficially owns less than 1% of our common stock. Includes 105,038 shares of unvested restricted common stock, none of which are expected to vest within 60 days of the date of this prospectus.



## DESCRIPTION OF CAPITAL STOCK

### General

In connection with this offering, we will amend and restate our amended and restated certificate of incorporation and our amended and restated bylaws. The following description summarizes the material terms of, and is qualified in its entirety by, our amended and restated certificate of incorporation and amended and restated bylaws, each of which will be in effect upon the consummation of this offering, the forms of which are filed as exhibits to the registration statement of which this prospectus is a part. For a complete description of our capital stock, you should refer to our amended and restated certificate of incorporation, amended and restated bylaws and the applicable provisions of Delaware laws. Under “Description of Capital Stock,” “we,” “us,” “our,” the “Company” and “our Company” refer to Snap One Holdings Corp. and its consolidated subsidiaries and “Hellman & Friedman” refers to the investment funds of Hellman & Friedman and its affiliates, so long as Hellman & Friedman owns shares of common stock of the Company.

Our purpose is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the DGCL. Upon the consummation of this offering, our authorized capital stock will consist of 500,000,000 shares of common stock, par value \$0.01 per share, and 50,000,000 shares of preferred stock, par value \$0.01 per share. No shares of preferred stock will be issued or outstanding immediately after the public offering contemplated by this prospectus. Unless our board of directors determines otherwise, we will issue all shares of our capital stock in uncertificated form.

### Common Stock

Holders of our common stock will be entitled to one vote for each share held of record on all matters on which stockholders are entitled to vote generally, including the election or removal of directors. The holders of our common stock do not have cumulative voting rights in the election of directors.

Upon our liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and subject to the rights of the holders of one or more outstanding series of preferred stock having liquidation preferences, if any, or the right to participate with the common stock, the holders of our common stock will be entitled to receive pro rata our remaining assets available for distribution. Holders of our common stock do not have preemptive, subscription, redemption, sinking fund or conversion rights. The common stock will not be subject to further calls or assessment by us. All shares of our common stock that will be outstanding at the time of the completion of the offering will be fully paid and non-assessable. The rights, powers, preferences and privileges of holders of our common stock will be subject to those of the holders of any shares of our preferred stock or any series or class of stock we may authorize and issue in the future.

### Preferred Stock

Our amended and restated certificate of incorporation will authorize our board of directors to establish one or more series of preferred stock (including convertible preferred stock). Unless required by law or by the Nasdaq rules, the authorized shares of preferred stock will be available for issuance without further action by investors in our common stock, and holders of our common stock will not be entitled to vote on any amendment to our amended and restated certificate of incorporation that relates solely to the terms of any outstanding shares of preferred stock, if the holders of such shares of preferred stock are entitled to vote thereon. Our board of directors is authorized to determine, with respect to any series of preferred stock, the powers (including voting powers), preferences and relative, participating, optional and other special rights, and the qualifications, limitations or restrictions thereof, including, without limitation:

- the designation of the series;
- the number of shares of the series, which our board of directors may, except where otherwise provided in the preferred stock designation, increase (but not above the total number of authorized shares of the class of stock) or decrease (but not below the number of shares then outstanding);
- whether dividends, if any, will be cumulative or non-cumulative and the dividend rate of the series;

- the dates at which dividends, if any, will be payable;
- redemption rights and price or prices, if any, for shares of the series;
- the terms and amounts of any sinking fund provided for the purchase or redemption of shares of the series;
- the amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of our company;
- whether the shares of the series will be convertible into shares of any other class or series of the stock of our company, or any other security of our company or any other entity, and, if so, the specification of the other class or series or other security, the conversion price or prices or rate or rates, any rate adjustments, the date or dates as of which the shares will be convertible and all other terms and conditions upon which the conversion may be made;
- restrictions on the issuance of shares of the same series or of any other class or series of our capital stock; and
- the voting rights, if any, of the holders of the series.

We could issue a series of preferred stock that could, depending on the terms of the series, impede or discourage an acquisition attempt or other transaction that some, or a majority, of the holders of our common stock might believe to be in their best interests or in which the holders of our common stock might receive a premium for their common stock over the market price of the common stock. Additionally, the issuance of preferred stock may adversely affect the holders of our common stock, including, without limitation, by restricting dividends on the common stock, diluting the voting power of the common stock or subordinating the liquidation rights of the common stock. As a result of these or other factors, the issuance of preferred stock could have an adverse impact on the market price of our common stock.

### **Dividends**

Holders of our common stock will be entitled to receive dividends when, as and if declared by our board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to the rights of the holders or one or more outstanding series of our preferred stock.

The DGCL permits a corporation to declare and pay dividends out of “surplus” or, if there is no “surplus,” out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. “Surplus” is defined as the excess of the net assets of the corporation over the amount determined to be the capital of the corporation by the board of directors. The capital of the corporation is typically calculated to be (and cannot be less than) the aggregate par value of all issued shares of capital stock. Net assets equals the fair value of the total assets minus total liabilities. The DGCL also provides that dividends may not be paid out of net profits if, after the payment of the dividend, remaining capital would be less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets.

Declaration and payment of any dividend will be subject to the discretion of our board of directors. The time and amount of such dividends, if any, will be dependent upon our financial condition, operations, compliance with applicable law, cash requirements and availability, debt repayment obligations, capital expenditure needs and restrictions in our debt instruments, contractual restrictions, business prospects, industry trends, the provisions of Delaware law affecting the payment of distributions to stockholders and any other factors our board of directors may consider relevant.

We do not expect to declare or pay any dividends on our common stock in the foreseeable future. In addition, our ability to pay dividends on our common stock is limited by the covenants of our Credit Agreement and may be further restricted by the terms of any future debt or preferred securities. See “Dividend Policy” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Credit Facilities.”

### **Annual Stockholder Meetings**

Our amended and restated certificate of incorporation and our amended and restated bylaws will provide that annual stockholder meetings will be held at a date, time and place, if any, as exclusively selected by our board of directors or a duly authorized committee thereof. To the extent permitted under applicable law, we may conduct meetings by remote communications, including by webcast.

### **Effects of Our Certificate of Incorporation and Bylaws and Certain Provisions of Delaware Law**

Our amended and restated certificate of incorporation and our amended and restated bylaws will contain, and the DGCL does contain, provisions (which are summarized in the following paragraphs) that are intended to enhance the likelihood of continuity and stability in the composition of our board of directors. These provisions are intended to avoid costly takeover battles, reduce our vulnerability to a hostile change of control and enhance the ability of our board of directors to maximize stockholder value in connection with any unsolicited offer to acquire us. However, these provisions may have the effect of delaying, deterring or preventing a merger or acquisition of our company by means of a tender offer, a proxy contest or other takeover attempt that a stockholder might consider in its best interest, including attempts that might result in a premium over the prevailing market price for the shares of common stock held by stockholders.

### **Authorized but Unissued Capital Stock**

Delaware law does not require stockholder approval for any issuance of authorized shares. However, the listing requirements of the Nasdaq, which would apply if and so long as our common stock remains listed on the Nasdaq, require stockholder approval of certain issuances equal to or exceeding 20% of the then outstanding voting power or then outstanding number of shares of common stock. Additional shares that may be used in the future may be issued for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

Our board of directors may generally issue one or more series of preferred shares on terms calculated to discourage, delay or prevent a change of control of our company or the removal of our management. Moreover, our authorized but unissued shares of preferred stock will be available for future issuances in one or more series without stockholder approval and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, to facilitate acquisitions and employee benefit plans.

One of the effects of the existence of authorized and unissued and unreserved common stock or preferred stock may be to enable our board of directors to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of our Company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive our stockholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices.

### **Classified Board of Directors**

Our amended and restated certificate of incorporation will provide that, subject to the right of holders of any series of preferred stock, our board of directors will be divided into three classes of directors, with the classes to be as nearly equal in number as possible, and with the directors serving staggered three-year terms, with only one class of directors being elected at each annual meeting of stockholders. As a result, approximately one-third of our board of directors will be elected each year. The classification of directors will have the effect of making it more difficult for stockholders to change the composition of our board of directors. Our amended and restated certificate of incorporation and amended and restated bylaws will provide that, subject to any rights of holders of preferred stock to elect additional directors under specified circumstances, the number of directors will be fixed from time to time exclusively pursuant to a resolution adopted by the board of directors; however, if at any time Hellman & Friedman owns at least 40% in voting power of the then-outstanding shares of stock of our Company entitled to vote generally in the election of directors, the stockholders may also fix the number of directors.

### **Business Combinations**

We are subject to Section 203 of the Delaware General Corporation Law, which prohibits persons deemed to be “interested stockholders” from engaging in a “business combination” with a publicly held Delaware corporation for three years following the date these persons become interested stockholders unless the business combination is, or the transaction in which the person became an interested stockholder was, approved in a prescribed manner or another prescribed exception applies. We will opt out of Section 203 of the DGCL; however, our amended and restated certificate of incorporation will contain similar provisions providing that we may not engage in certain “business combinations” with any “interested stockholder” for a three-year period following the time that the stockholder became an interested stockholder, unless:

- prior to such time, our board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding certain shares;
- at or subsequent to that time, the business combination is approved by our board of directors and by the affirmative vote of holders of at least 66 2/3% of our outstanding voting stock that is not owned by the interested stockholder; or
- the stockholder became an interested stockholder inadvertently and (i) as soon as practicable divested itself of sufficient ownership to cease to be an interested stockholder and (ii) had not been an interested stockholder but for the inadvertent acquisition of ownership within three years of the business combination.

Generally, a “business combination” includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an “interested stockholder” is a person who, together with that person’s affiliates and associates, owns, or within the previous three years owned, 15% or more of our outstanding voting stock. For purposes of this section only, “voting stock” has the meaning given to it in Section 203 of the DGCL.

Under certain circumstances, these provisions will make it more difficult for a person who would be an “interested stockholder” to effect various business combinations with our company for a three-year period. These provisions may encourage companies interested in acquiring our Company to negotiate in advance with our board of directors because the stockholder approval requirement would be avoided if our board of directors approves either the business combination or the transaction which results in the stockholder becoming an interested stockholder. These provisions also may have the effect of preventing changes in our board of directors and may make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Our amended and restated certificate of incorporation will provide that Hellman & Friedman, and any of its direct or indirect transferees and any group as to which such persons or entities are a party, does not constitute an “interested stockholder” for purposes of these provisions.

### **Removal of Directors; Vacancies**

Under the DGCL, unless otherwise provided in our amended and restated certificate of incorporation, directors serving on a classified board may be removed by the stockholders only for cause. Our amended and restated certificate of incorporation will provide that, other than directors elected by holders of our preferred stock, if any, directors may be removed with or without cause upon the affirmative vote of a majority in voting power of all outstanding shares of stock entitled to vote thereon, voting together as a single class; provided, however, at any time when Hellman & Friedman beneficially owns less than 40% in voting power of the then-outstanding shares of stock of our company entitled to vote generally in the election of directors, directors may only be removed for cause, and only by the affirmative vote of holders of at least 66 2/3% in voting power of all the then-outstanding shares of stock of our company entitled to vote thereon, voting together as a single class. In addition, our amended and restated certificate of incorporation will also provide that, subject to the rights granted to one or more series of preferred stock then outstanding or the rights granted pursuant to the stockholders agreement, any newly created directorship on the board of

directors that results from an increase in the number of directors and any vacancies on our board of directors will be filled only by the affirmative vote of a majority of the remaining directors, even if less than a quorum, or by a sole remaining director or by the stockholders; provided, however, at any time when Hellman & Friedman beneficially owns less than 40% in voting power of the then-outstanding shares of stock of our company entitled to vote generally in the election of directors, any newly created directorship on the board of directors that results from an increase in the number of directors and any vacancy occurring in the board of directors may only be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director (and not by the stockholders). Our amended and restated certificate of incorporation will provide that the board of directors may increase the number of directors by the affirmative vote of a majority of the directors or, at any time when Hellman & Friedman beneficially owns at least 40% of the voting power of the then-outstanding shares of stock of our Company entitled to vote generally in the election of directors, of the stockholders.

#### **No Cumulative Voting**

Under Delaware law, the right to vote cumulatively does not exist unless the certificate of incorporation specifically authorizes cumulative voting. Our amended and restated certificate of incorporation will not authorize cumulative voting. Therefore, stockholders holding a majority in voting power of the then-outstanding shares of our stock entitled to vote generally in the election of directors will be able to elect all of our directors.

#### **Special Stockholder Meetings**

Our amended and restated certificate of incorporation will provide that special meetings of our stockholders may be called at any time only by or at the direction of the board of directors or the chairman of the board of directors; provided, however, that at any time when Hellman & Friedman beneficially owns, in the aggregate, at least 40% in voting power of the then-outstanding shares of stock of our company entitled to vote generally in the election of directors, special meetings of our stockholders shall also be called by the board of directors or the chairman of the board of directors at the request of Hellman & Friedman. Our amended and restated bylaws will prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting. These provisions may have the effect of deferring, delaying or discouraging hostile takeovers or changes in control or management of our Company.

#### **Requirements for Advance Notification of Director Nominations and Stockholder Proposals**

Our amended and restated bylaws will establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors. In order for any matter to be properly brought before a meeting of our stockholders, a stockholder will have to comply with advance notice requirements and provide us with certain information. Generally, to be timely, a stockholder's notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the immediately preceding annual meeting of stockholders. Our amended and restated bylaws will also specify requirements as to the form and content of a stockholder's notice. Our amended and restated bylaws will allow the chairman of the meeting at a meeting of the stockholders to adopt rules and regulations for the conduct of meetings, which may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These provisions may also deter, delay or discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to influence or obtain control of our company.

#### **Stockholder Action by Written Consent**

Pursuant to Section 228 of the DGCL, any action required to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of our stock entitled to vote thereon were present and voted, unless our amended and restated certificate of incorporation provides otherwise. Our amended and restated certificate of

incorporation will preclude stockholder action by written consent at any time when Hellman & Friedman beneficially owns less than 40% in voting power of the then-outstanding shares of stock of our Company entitled to vote generally in the election of directors, other than certain rights that holders of our preferred stock may have to act by consent.

### **Supermajority Provisions**

Our amended and restated certificate of incorporation and our amended and restated bylaws will provide that the board of directors is expressly authorized to make, alter, amend, change, add to, rescind or repeal, in whole or in part, our amended and restated bylaws without a stockholder vote in any matter not inconsistent with Delaware law or our amended and restated certificate of incorporation. In addition, for as long as Hellman & Friedman beneficially owns at least 40% in voting power of the then-outstanding shares of stock of our company entitled to vote generally in the election of directors, any amendment, alteration, rescission or repeal of our amended and restated bylaws by our stockholders will require the affirmative vote of a majority in voting power of the outstanding shares of our stock present in person or represented by proxy at the meeting of stockholders and entitled to vote on such amendment, alteration, change, addition, rescission, change, addition or repeal. At any time when Hellman & Friedman beneficially owns less than 40% in voting power of the then-outstanding shares of the stock of our company entitled to vote generally in the election of directors, any amendment, alteration, rescission, change, addition or repeal of our amended and restated bylaws by our stockholders will require the affirmative vote of the holders of at least 66 2/3% in voting power of all the then-outstanding shares of stock of our Company entitled to vote thereon, voting together as a single class.

The DGCL provides generally that the affirmative vote of a majority of the outstanding shares entitled to vote thereon, voting together as a single class, is required to amend a corporation's certificate of incorporation, unless the certificate of incorporation requires a greater percentage.

Our amended and restated certificate of incorporation will provide that at any time when Hellman & Friedman beneficially owns less than 40% in voting power of the then-outstanding shares of stock of our Company entitled to vote generally in the election of directors, the following provisions in our amended and restated certificate of incorporation may be amended, altered, repealed or rescinded only by the affirmative vote of the holders of at least 66 2/3% in voting power of all the then-outstanding shares of stock of our company entitled to vote thereon, voting together as a single class:

- the provision requiring a 66 2/3% supermajority vote for stockholders to amend our bylaws;
- the provisions providing for a classified board of directors (the election and term of our directors);
- the provisions regarding resignation and removal of directors;
- the provisions regarding competition and corporate opportunities;
- the provisions regarding Section 203 of the DGCL and entering into business combinations with interested stockholders;
- the provisions regarding stockholder action by written consent;
- the provisions regarding calling annual or special meetings of stockholders;
- the provisions regarding filling vacancies on our board of directors and newly created directorships;
- the provisions eliminating monetary damages for breaches of fiduciary duty by a director; and
- the amendment provision requiring that the above provisions be amended only with a 66 2/3% supermajority vote.

The combination of the classification of our board of directors, the lack of cumulative voting and the supermajority voting requirements will make it more difficult for our existing stockholders to replace our board of directors as well as for another party to obtain control of us by replacing our board of directors. Because our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management.

These provisions may have the effect of deterring hostile takeovers or delaying or preventing changes in control of our management or our company, such as a merger, reorganization or tender offer. These provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage certain types of transactions that may involve an actual or threatened acquisition of our company. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal. These provisions are also intended to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our shares that could result from actual or rumored takeover attempts. Such provisions may also have the effect of preventing changes in management of our company.

#### **Dissenters' Rights of Appraisal and Payment**

Under the DGCL, with certain exceptions, our stockholders will have appraisal rights in connection with a merger or consolidation of us. Pursuant to the DGCL, stockholders who properly request and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery.

#### **Stockholders' Derivative Actions**

Under the DGCL, any of our stockholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the stockholder bringing the action is a holder of our shares at the time of the incident to which the action relates or such stockholder's stock thereafter devolved by operation of law.

#### **Exclusive Forum**

Our amended and restated certificate of incorporation will provide that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for any (i) derivative action or proceeding brought on behalf of our company, (ii) action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, employee or stockholder of our company to our company or our company's stockholders, (iii) action asserting a claim against our company or any current or former director, officer, employee or stockholder of our company arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or our amended and restated bylaws (as either may be amended from time to time) or (iv) action asserting a claim governed by the internal affairs doctrine of the State of Delaware. These provisions shall not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction and our stockholders cannot waive compliance with federal securities laws and the rules and regulations thereunder. Unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of our company shall be deemed to have notice of and consented to the forum provisions in our amended and restated certificate of incorporation. Although our amended and restated certificate of incorporation will contain the exclusive forum provision described above, it is possible that a court could find that such a provision is inapplicable for a particular claim or action or that such provision is unenforceable.

#### **Conflicts of Interest**

Delaware law permits corporations to adopt provisions renouncing any interest or expectancy in certain opportunities that are presented to the corporation or its officers, directors or stockholders. Our amended and restated certificate of incorporation will, to the maximum extent permitted from time to time by Delaware law, renounce any interest or expectancy that we have in, or right to be offered an opportunity to participate in, any business opportunities that are from time to time presented to our officers, directors or stockholders or their respective affiliates, other than those officers, directors, stockholders or affiliates who are our or our subsidiaries' employees. Our amended and restated certificate of incorporation will provide that, to the fullest extent permitted by law, none of Hellman & Friedman or any director who is not



employed by us (including any non-employee director who serves as one of our officers in both his director and officer capacities) or his or her affiliates will have any duty to refrain from (i) engaging in a corporate opportunity in the same or similar business activities or lines of business in which we or our affiliates now engage or propose to engage or (ii) otherwise competing with us or our affiliates. In addition, to the fullest extent permitted by law, in the event that Hellman & Friedman or any non-employee director acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity for itself or himself, or herself, or its or his, or her, affiliates or for us or our affiliates, such person will have no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and they may take any such opportunity for themselves or offer it to another person or entity. Our amended and restated certificate of incorporation will not renounce our interest in any business opportunity that is expressly offered to a non-employee director solely in his or her capacity as a director or officer of our company. To the fullest extent permitted by law, no business opportunity will be deemed to be a potential corporate opportunity for us unless we would be permitted to undertake the opportunity under our amended and restated certificate of incorporation, we have sufficient financial resources to undertake the opportunity and the opportunity would be in line with our business.

#### **Limitations on Liability and Indemnification of Officers and Directors**

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties, subject to certain exceptions. Our amended and restated certificate of incorporation will include a provision that eliminates the personal liability of directors for monetary damages for any breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL. The effect of these provisions is to eliminate the rights of us and our stockholders, through stockholders' derivative suits on our behalf, to recover monetary damages from a director for breach of certain fiduciary duties as a director, including breaches resulting from grossly negligent behavior. However, exculpation does not apply to any director if the director has acted in bad faith, knowingly or intentionally violated a law during the performance of his or her duties, fiduciary or otherwise, owed to us, authorized illegal dividends, repurchases or redemptions or derived an improper benefit from his or her actions as a director.

Our amended and restated bylaws will provide that we must indemnify and advance expenses to our directors and officers to the fullest extent authorized by the DGCL. We also will be expressly authorized to carry directors' and officers' liability insurance providing indemnification for our directors, officers and certain employees for some liabilities. We believe that these indemnification and advancement provisions and insurance will be useful to attract and retain qualified directors and executive officers.

The limitation of liability, indemnification and advancement provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, any investment in our common stock may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

We have entered, or will enter, into an indemnification agreement with each of our directors and officers. These agreements will require us to indemnify these individuals to the fullest extent permitted under the DGCL against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

#### **Transfer Agent and Registrar**

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company, LLC.

#### **Listing**

We have applied to list our Class A common stock on the Nasdaq under the symbol "SNPO."

## SHARES ELIGIBLE FOR FUTURE SALE

### General

Prior to this offering, there has not been a public market for our common stock, and we cannot predict what effect, if any, market sales of shares of common stock or the availability of shares of common stock for sale will have on the market price of our common stock prevailing from time to time. Nevertheless, sales of substantial amounts of common stock, including shares issued upon the exercise of outstanding options, in the public market, or the perception that such sales could occur, could materially and adversely affect the market price of our common stock and could impair our future ability to raise capital through the sale of our equity or equity-related securities at a time and price that we deem appropriate. See “Risk Factors — Risks Related to this Offering and Ownership of Our Common Stock — Future sales, or the perception of future sales, by us or our existing stockholders in the public market following this offering could cause the market price for our common stock to decline.”

Upon the consummation of this offering, we will have 74,985,528 shares of common stock outstanding. All shares sold in this offering will be freely tradable without registration under the Securities Act and without restriction, except for shares held by our “affiliates” (as defined under Rule 144). The shares of common stock held by certain stockholders including Hellman & Friedman and certain of our directors, officers and employees after this offering will be “restricted” securities under the meaning of Rule 144 and may not be sold in the absence of registration under the Securities Act, unless an exemption from registration is available, including the exemptions pursuant to Rule 144 under the Securities Act.

Pursuant to Rule 144, the restricted shares held by our affiliates will be available for sale in the public market at various times after the date of this prospectus following the expiration of the applicable lock-up period.

In addition, a total of 10,500,000 shares of our common stock has been reserved for issuance under the 2021 Incentive Plan and a total of 750,000 shares of our common stock has been reserved for issuance under our 2021 Employee Stock Purchase Plan (each subject to adjustments for stock splits, stock dividends and similar events), which will equal approximately 15.0% of the shares of our common stock outstanding immediately following this offering. We intend to file one or more registration statements on Form S-8 under the Securities Act to register common stock issued or reserved for issuance under the 2021 Incentive Plan and our 2021 Employee Stock Purchase Plan. Any such Form S-8 registration statement will automatically become effective upon filing. Accordingly, shares registered under such registration statement will be available for sale in the open market, unless such shares are subject to vesting restrictions or the lock-up restrictions described below.

### Rule 144

In general, under Rule 144, as currently in effect, a person (or persons whose shares are deemed aggregated) who is not deemed to be or have been one of our affiliates for purposes of the Securities Act at any time during 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than an affiliate, is entitled to sell such shares without registration, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of a prior owner other than an affiliate, then such person is entitled to sell such shares without complying with any of the requirements of Rule 144.

Under Rule 144, our affiliates or persons selling shares on behalf of our affiliates, who have met the six-month holding period for beneficial ownership of “restricted shares” of our common stock, are entitled to sell within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately 749,855 shares immediately after this offering; or
- the average reported weekly trading volume of our common stock on Nasdaq during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us. The sale of these shares, or the perception that sales will be made, could adversely affect the price of our common stock after this offering because a great supply of shares would be, or would be perceived to be, available for sale in the public market.

### **Rule 701**

In general, under Rule 701 of the Securities Act as currently in effect, any of our employees, consultants or advisors who purchase shares from us in connection with a compensatory stock or option plan or other written agreement in a transaction that was completed in reliance on Rule 701, and complied with the requirements of Rule 701, will be eligible to resell such shares 90 days after the effective date of this offering in reliance on Rule 144, but without compliance with certain restrictions, including the holding period, contained in Rule 144.

### **Registration Rights**

Certain of our stockholders, including Hellman & Friedman and certain of its affiliates, will have certain registration rights with respect to our common stock pursuant to the stockholders agreement. See “Certain Relationships and Related Party Transactions — Stockholders Agreement.” Registration of these shares under the Securities Act would result in these shares becoming freely tradable immediately upon effectiveness of such registration.

### **Lock-Up Agreements**

In connection with this offering, we, our officers, directors and all significant equity holders, as well as the selling stockholders, have agreed with the underwriters, subject to certain exceptions, not to sell, dispose of or hedge any shares of our common stock or securities convertible into or exchangeable for shares of common stock during the period ending 180 days after the date of this prospectus (the “restricted period”), except with the prior written consent of Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC.

Immediately following the consummation of this offering, equity holders subject to lock-up agreements and market standoff agreements will hold 61,135,528 shares of our common stock, representing approximately 81.5% of our then outstanding shares of common stock, or approximately 79.3% if the underwriters exercise in full their option to purchase additional shares.

We have agreed not to issue, sell or otherwise dispose of any shares of our common stock during the restricted period. We may, however, grant options to purchase shares of common stock, issue shares of common stock upon the exercise of outstanding options, issue shares of common stock in connection with certain acquisitions or business combinations or an employee stock purchase plan and in certain other circumstances.

After the offering, certain of our employees, including our executive officers, and/or directors may enter into written trading plans that are intended to comply with Rule 10b5-1 under the Exchange Act. Sales under these trading plans would not be permitted until the expiration of the lock-up agreements relating to the offering described above.

## **CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS**

The following is a summary of certain United States federal income tax consequences to Non-U.S. holders (as defined below) of the ownership and disposition of our common stock. This summary does not address the consequences of our tax receivable agreement or consequences relevant to pre-IPO owners. Except where noted, this summary deals only with common stock that is held as a capital asset by a non-U.S. holder (as defined below).

A “non-U.S. holder” means a beneficial owner of our common stock (other than an entity or arrangement treated as a partnership for United States federal income tax purposes) that is not, for United States federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This summary is based upon provisions of the Code, and United States Treasury regulations, rulings, judicial decisions, and administrative pronouncements, in each case as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarized below. This summary does not address all of the United States federal income tax considerations that may be relevant to you in light of their particular circumstances, nor does it address the Medicare tax on net investment income, the alternative minimum tax, United States federal estate and gift taxes or the effects of any state, local or non-United States tax laws. In addition, it does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws (including if you are a United States expatriate, foreign pension fund, “controlled foreign corporation,” “passive foreign investment company” or a partnership or other pass-through entity for United States federal income tax purposes). We cannot assure you that a change in law will not alter significantly the tax considerations that we describe in this summary.

If a partnership (or other entity or arrangement treated as a partnership for United States federal income tax purposes) holds our common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our common stock, you should consult your tax advisors.

If you are considering the purchase of our common stock, you should consult your own tax advisors concerning the particular United States federal income tax consequences to you of the purchase, ownership and disposition of our common stock, as well as the consequences to you arising under other United States federal tax laws and the laws of any other taxing jurisdiction.

### **Dividends**

In the event that we make a distribution of cash or other property (other than certain pro rata distributions of our stock) in respect of our common stock, the distribution generally will be treated as a dividend for United States federal income tax purposes to the extent it is paid from our current or accumulated earnings and profits, as determined under United States federal income tax principles. Any portion of a distribution that exceeds our current and accumulated earnings and profits generally will be treated first as a tax-free return of capital, causing a reduction in the adjusted tax basis of a non-U.S. holder’s common stock, and to the extent the amount of the distribution exceeds a non-U.S. holder’s adjusted tax basis in our

common stock, the excess will be treated as gain from the disposition of our common stock (the tax treatment of which is discussed below under “— Gain on Disposition of Common Stock”).

Dividends paid to a non-U.S. holder generally will be subject to withholding of United States federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. However, dividends that are effectively connected with the conduct of a trade or business by the non-U.S. holder within the United States (and, if required by an applicable income tax treaty, are attributable to a United States permanent establishment) are not subject to the withholding tax, provided certain certification and disclosure requirements are satisfied. Instead, such dividends are subject to United States federal income tax on a net income basis generally in the same manner as if the non-U.S. holder were a United States person as defined under the Code. Any such effectively connected dividends received by a foreign corporation may be subject to an additional “branch profits tax” at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

A non-U.S. holder who wishes to claim the benefit of an applicable treaty rate and avoid backup withholding, as discussed below, for dividends will be required (a) to provide the applicable withholding agent with a properly executed Internal Revenue Service (“IRS”) Form W-8BEN or Form W-8BEN-E (or other applicable form) certifying under penalty of perjury that such holder is not a United States person as defined under the Code and is eligible for treaty benefits or (b) if our common stock is held through certain foreign intermediaries, to satisfy the relevant certification requirements of applicable United States Treasury regulations. Special certification and other requirements apply to certain non-U.S. holders that are pass-through entities rather than corporations or individuals.

A non-U.S. holder eligible for a reduced rate of United States federal withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

### **Gain on Disposition of Common Stock**

Subject to the discussion of backup withholding and FATCA below, any gain realized by a non-U.S. holder on the sale or other disposition of our common stock generally will not be subject to United States federal income or withholding tax unless:

- the gain is effectively connected with a trade or business of the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment of the non-U.S. holder);
- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or
- we are or have been a “United States real property holding corporation” for United States federal income tax purposes at any time within the five-year period preceding the disposition or the non-U.S. holder’s holding period, whichever period is shorter, the non-U.S. holder is not eligible for a treaty exemption, and either (i) our common stock is not regularly traded on an established securities market during the calendar year in which the sale or disposition occurs or (ii) the non-U.S. holder owned or is deemed to have owned at any time within the five-year period preceding the disposition or the non-U.S. holder’s holding period, whichever period is shorter, more than 5% of our common stock.

A non-U.S. holder described in the first bullet point immediately above will be subject to tax on the gain derived from the sale or other disposition in the same manner as if the non-U.S. holder were a United States person as defined under the Code. In addition, if any non-U.S. holder described in the first bullet point immediately above is a foreign corporation, the gain realized by such non-U.S. holder may be subject to an additional “branch profits tax” at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. An individual non-U.S. holder described in the second bullet point immediately above will be subject to a 30% (or such lower rate as may be specified by an applicable income tax treaty) tax on the gain derived from the sale or other disposition, which gain may be offset by United States source capital losses even though the individual is not considered a resident of the United States.

Generally, a corporation is a “United States real property holding corporation” if the fair market value of its United States real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business (all as determined for United States federal income tax purposes). We believe we are not and do not anticipate becoming a “United States real property holding corporation” for United States federal income tax purposes.

### **Information Reporting and Backup Withholding**

Distributions paid to a non-U.S. holder and the amount of any tax withheld with respect to such distributions generally will be reported to the IRS. Copies of the information returns reporting such distributions and any withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty.

A non-U.S. holder will not be subject to backup withholding on distributions received if such holder certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that such holder is a United States person as defined under the Code), or such holder otherwise establishes an exemption.

Information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale or other disposition of our common stock within the United States or conducted through certain United States-related financial intermediaries, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person as defined under the Code), or such owner otherwise establishes an exemption.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a non-U.S. holder’s United States federal income tax liability provided the required information is timely furnished to the IRS.

### **Additional Withholding Requirements**

Under Sections 1471 through 1474 of the Code (such Sections commonly referred to as “FATCA”), a 30% United States federal withholding tax may apply to any dividends paid on our common stock to (i) a “foreign financial institution” (as specifically defined in the Code and whether such foreign financial institution is the beneficial owner or an intermediary) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) its compliance (or deemed compliance) with FATCA (which may alternatively be in the form of compliance with an intergovernmental agreement with the United States) in a manner which avoids withholding, or (ii) a “non-financial foreign entity” (as specifically defined in the Code and whether such non-financial foreign entity is the beneficial owner or an intermediary) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) adequate information regarding certain substantial United States beneficial owners of such entity (if any). If a dividend payment is both subject to withholding under FATCA and subject to the withholding tax discussed above under “— Dividends,” an applicable withholding agent may credit the withholding under FATCA against, and therefore reduce, such other withholding tax. FATCA withholding may also apply to payments of gross proceeds of dispositions of our common stock, although under proposed United States Treasury regulations (the preamble to which specifies that taxpayers are permitted to rely on them pending finalization), no withholding will apply on payments of gross proceeds. You should consult your own tax advisors regarding these requirements and whether they may be relevant to your ownership and disposition of our common stock.

**UNDERWRITING (CONFLICTS OF INTEREST)**

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC, Jefferies LLC and UBS Securities LLC are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares indicated below:

<b>Name</b>	<b>Number of Shares</b>
Morgan Stanley & Co. LLC	
J.P. Morgan Securities LLC	
Jefferies LLC	
UBS Securities LLC	
BMO Capital Markets Corp.	
Raymond James & Associates, Inc.	
Truist Securities, Inc.	
William Blair & Company, L.L.C.	
Drexel Hamilton, LLC	
Penserra Securities LLC	
R. Seelaus & Co., LLC	
Siebert Williams Shank & Co., LLC	
<b>Total:</b>	<b><u>13,850,000</u></b>

The underwriters and the representatives are collectively referred to as the “underwriters” and the “representatives,” respectively. The underwriters are offering the shares of common stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters’ over-allotment option described below.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of \$ \_\_\_\_\_ per share under the public offering price. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representatives.

We and the selling stockholders have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to 2,077,500 additional shares of common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of common stock as the number listed next to the underwriter’s name in the preceding table bears to the total number of shares of common stock listed next to the names of all underwriters in the preceding table. The selling stockholders will only sell shares of common stock in this offering if the underwriters exercise such option.

The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters’ option to purchase up to an additional 2,077,500 shares of common stock.



	Per Share	Total	
		No Exercise	Full Exercise
Public offering price	\$	\$	\$
Underwriting discounts and commissions to be paid by us	\$	\$	\$
Proceeds, before expenses, to us	\$	\$	\$
Proceeds, before expenses, to the selling stockholders	\$	\$	\$

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately \$5.3 million. We have also agreed to reimburse the underwriters for expenses in an amount up to \$40,000. The Underwriters have agreed to reimburse us for certain expenses incurred in connection with this offering.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of shares of common stock offered by them.

We expect our common stock to be approved for quotation on the NASDAQ Global Select Market under the trading symbol “SNPO.”

We and our directors, our executive officers and substantially all of the holders of our outstanding shares of common stock or securities convertible into or exchangeable into shares of our common stock outstanding upon the completion of this offering (the “lock-up parties”), have agreed, subject to certain exceptions, with the underwriters not to, during the period ending 180 days following the date of this prospectus (the “lock-up period”): (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock beneficially owned (as such term is used in Rule 13d-3 of the Exchange Act), by such lock-up party or any other securities so owned convertible into or exercisable or exchangeable for our common stock or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock, whether any such transaction described in clause (a) or (b) is to be settled by delivery of our common stock or such other securities, in cash or otherwise.

The restrictions described in (a) and (b) above are subject to certain additional exceptions, including the following transfers of the lock-up party’s common stock or securities convertible into or exercisable or exchangeable for common stock:

1. transactions relating to shares of common stock or other securities (i) acquired in open market transactions after the completion of this offering or (ii) unless the undersigned is our director or officer, any shares of common stock the undersigned may purchase in the offering, whether or not directed by us, provided in each case that no filing under Section 16(a) of the Exchange Act shall be required or shall be voluntarily made in connection with subsequent sales of common stock or other securities acquired during the lock-up period;
2. transfers of shares of common stock or any security convertible into or exercisable or exchangeable for common stock (i) as a bona fide gift or charitable contribution, (ii) to an immediate family member of the undersigned or a trust for the direct or indirect benefit of the undersigned or one or more immediate family member of the undersigned (for purposes hereof, “immediate family member” shall mean any relationship by blood, marriage or adoption, not more remote than first cousin), (iii) if the lock-up party is a trust, to a trustor or beneficiary of the trust or to the estate of a beneficiary of such trust, (iv) if the lock-up party is a corporation, partnership, limited liability company, trust or other business entity, to another corporation, partnership, limited liability company, trust or other business entity that is an affiliate (as defined in Rule 405 promulgated under the Securities Act) of such lock-up party, or to any investment fund or other entity controlled or managed by such lock-up party or affiliates of such lock-up party, or as part of a distribution, transfer or disposition without consideration by such lock-up party to its stockholders, current or former partners (general or limited), members, beneficiaries or other equity holders, or to the estates of any such stockholders, partners, members, beneficiaries or other equity holders,

- (v) by will, other testamentary document or intestate succession to the legal representative, heir, beneficiary or a member of the immediate family of such lock-up party or (vi) to a nominee or custodian of a person or entity to whom a disposition or transfer would be permissible under clauses (2)(i) through (2)(v); provided that in the case of any transfer or distribution pursuant to this clause (2), (x) each transferee shall sign and deliver a substantially similar lock-up agreement, (ii) no filing under Section 16(a) of the Exchange Act reporting a reduction in beneficial ownership of shares of common stock shall be voluntarily made during the lock-up period, and if such filing is required, such filing shall disclose that such transfer is not made for value and (iii) such transfer shall not involve a disposition for value;
3. the transfer of shares in connection with sales of common stock made pursuant to a trading plan that complies with Rule 10b5-1 under the Exchange Act (a “Rule 10b5-1 Trading Plan”) that has been entered into by such lock-up party prior to the date of the applicable lock-up agreement; provided that such Rule 10b5-1 Trading Plan was established by such lock-up party prior to the execution of the applicable lock-up agreement, the existence and details of such Rule 10b5-1 Trading Plan were communicated to the Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC prior to the execution of the relevant lock-up agreement and such Rule 10b5-1 Trading Plan will not be amended or otherwise modified during the lock-up period; provided, further, that it shall be a condition to such transfer that any required filing under Section 16(a) of the Exchange Act, or other required public filing, report or announcement reporting a reduction in beneficial ownership of shares of common stock shall indicate in the footnotes thereto the nature and conditions of such transfer;
  4. transfers of shares of common stock or any securities convertible into or exercisable or exchangeable for common stock that occur by operation of law (including pursuant to a qualified domestic order, divorce decree, separation agreement or in connection with a divorce settlement or court order or order by a regulatory authority), provided that (i) each transferee shall sign and deliver a substantially similar lock-up agreement and (ii) no filing under Section 16(a) of the Exchange Act reporting a reduction in beneficial ownership of shares of common stock shall be voluntarily made, and if any such filing is required, such filing shall clearly indicate in the footnotes thereto that such transfer is pursuant to the circumstances described in this clause (4);
  5. transfers of shares of common stock or any securities convertible into or exercisable or exchangeable for common stock to us pursuant to agreements under which we have the option to repurchase such shares or securities upon termination of service of such lock-up party (including upon death or disability of the undersigned) or a right of first refusal with respect to transfers of such shares, provided that any filing required to be made under Section 16(a) of the Exchange Act shall clearly indicate in the footnotes thereto that such transfer is pursuant to the circumstances described in this clause (5);
  6. the exercise of any stock option by or the vesting and settlement of any restricted stock unit of such lock-up party outstanding as of the date hereof or that was granted under a stock incentive plan or stock purchase plan described herein, provided that the shares received upon exercise or vesting or settlement shall continue to be subject to the applicable letter agreement and provided, further, no filing under Section 16(a) of the Exchange Act reporting a reduction in beneficial ownership of shares of common stock shall be voluntarily made, and if any such filing is required, such filing shall clearly indicate in the footnotes thereto that the filing relates to the exercise of a stock option or settlement of a restricted stock unit, that no shares were sold by the reporting person and that the shares received upon exercise of the stock option or settlement of the restricted stock unit are subject to a lock-up agreement with the underwriters;
  7. transfers of shares of common stock to us upon the exercise of stock options outstanding as of the applicable lock-up agreement or that were granted pursuant to a stock incentive plan or stock purchase plan described herein, on a “cashless” or “net exercise” basis, provided that the shares received upon exercise shall continue to be subject to the applicable lock-up agreement and provided, further, that no filing under Section 16(a) of the Exchange Act reporting a reduction in beneficial ownership of shares of common stock shall be voluntarily made, and if any such filing is required, such filing shall clearly indicate in the footnotes thereto that the filing relates to the

“cashless” or “net” exercise of a stock option, that no shares were sold by the reporting person and that the shares received upon exercise of the stock option are subject to a lock-up agreement with the underwriters;

8. transfers of shares of common stock to us, or the withholding of shares of common stock by us, in connection with the exercise of stock options or a vesting event or subsequent settlement (as applicable) of restricted stock awards, restricted stock units, shares issued pursuant to early exercised stock options, or other of our securities, in each case which are outstanding as of the date of the applicable lock-up agreement or were granted pursuant to a stock incentive plan or stock purchase plan described in herein, to cover tax withholding obligations or the payment of taxes, including estimated taxes, due in connection with the vesting event, provided that no filing under Section 16(a) of the Exchange Act reporting a reduction in beneficial ownership of shares of common stock shall be voluntarily made, and if any such filing is required, such filing shall clearly indicate in the footnotes thereto that the purpose of such transfer is to cover such tax withholding obligations or the payment of taxes due in connection with the vesting event;
9. the transfer of shares pursuant to a bona fide third-party tender offer, merger, consolidation, other similar transaction or series of related transactions involving a change of control (as defined below) of the company (including, without limitation, entering into any lock-up, voting or similar agreement pursuant to which the lock-up party may agree to transfer, sell, tender or otherwise dispose of common stock or other securities in connection with any such transaction, or vote any securities in favor of any such transaction); provided that all of such lock-up party's shares subject to the lock-up agreement that are not so transferred, sold, tendered or otherwise disposed of remain subject to this letter agreement; and provided, further, that in the event that such change of control is not completed, the lock-up party's shares shall remain subject to the lock-up agreement and title to the lock-up party's shares shall remain with such lock-up; and
10. to the underwriters pursuant to the Underwriting Agreement.

For the purposes of item 9 above, “change of control” means a transfer (whether by tender offer, merger, consolidation, other similar transaction or series of related transactions), in one transaction or a series of related transactions approved by our board of directors or a duly authorized committee thereof, to a person or group of affiliated persons, of our voting securities if, after such transfer, such person or group of affiliated persons would hold more than 50% of the total voting power of our voting stock provided that, for the avoidance of doubt, this offering does not constitute a change of control.

Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC, in their sole discretion, may release shares of our common stock and other securities subject to the lock-up agreements described above in whole or in part at any time.

In order to facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of common stock in the open market to stabilize the price of the common stock. These activities may raise or maintain the market price of the common stock above independent market levels or prevent or retard a decline in the market price of the common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares of common stock to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

### **Pricing of the Offering**

Prior to this offering, there has been no public market for our common stock. The initial public offering price was determined by negotiations between us and the representatives. Among the factors considered in determining the initial public offering price were our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

### **Directed Share Program**

At our request, the underwriters have reserved for sale at the initial public offering price up to 692,500 shares, or 5% of the shares offered by this prospectus, for certain employees, directors and other persons associated with us who have expressed an interest in purchasing shares in the offering. The number of shares available for sale to the general public in the offering will be reduced to the extent these persons purchase the directed shares in the program. Any directed shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares. Except for certain participants who have entered into lock-up agreements as contemplated above, each person buying shares through the directed share program shall have no restriction regarding transferring shares purchased in the directed share program. For those participants who have entered into lock-up agreements as contemplated above, the lock-up agreements contemplated therein shall govern with respect to their purchases of shares in the program. Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC in their sole discretion may release any of the securities subject to these lock-up agreements at any time. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act, in connection with sales of the directed shares.

### **Conflicts of Interest**

An affiliate of UBS Securities, LLC is a lender under our Credit Facilities. As described in “Use of Proceeds,” net proceeds from this offering will be used to repay outstanding borrowings under our Credit Facilities and an affiliate of UBS Securities, LLC will receive 5% or more of the net proceeds of this offering due to the repayment of borrowings under the Credit Facility. Therefore, such underwriter is deemed to have a “conflict of interest” under FINRA Rule 5121. Accordingly, this offering is being conducted in

compliance with the requirements of FINRA Rule 5121, which requires, among other things, that a “qualified independent underwriter” participate in the preparation of, and exercise the usual standards of “due diligence” with respect to, the registration statement and this prospectus. Morgan Stanley & Co. LLC has agreed to act as a qualified independent underwriter for this offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act, specifically including those inherent in Section 11 thereof. Morgan Stanley & Co. LLC will not receive any additional fees for serving as a qualified independent underwriter in connection with this offering. We have agreed to indemnify Morgan Stanley & Co. LLC against liabilities incurred in connection with acting as a qualified independent underwriter, including liabilities under the Securities Act.

UBS Securities, LLC will not confirm any sales to any account over which it exercises discretionary authority without the specific written approval of the account holder. See “Use of Proceeds” for additional information.

## **Selling Restrictions**

### ***United Kingdom***

In relation to the United Kingdom, no shares may be offered pursuant to the offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the shares which has been approved by the Financial Conduct Authority in accordance with the UK Prospectus Regulation, except that an offer may be made to the public in the United Kingdom of any shares at any time under the following exemptions under the UK Prospectus Regulation:

- (a) to any legal entity which is a qualified investor as defined under the UK Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the UK Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of the shares shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

In the United Kingdom, the offering is only addressed to, and is directed only at, “qualified investors” within the meaning of Article 2(e) of the UK Prospectus Regulation, who are also (i) persons having professional experience in matters relating to investments who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”); (ii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Order; or (iii) persons to whom it may otherwise lawfully be communicated (all such persons being referred to as “relevant persons”). This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

For the purposes of this provision, the expression an “offer to the public” in relation to the shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offering and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares, and the expression “UK Prospectus Regulation” means the UK version of Regulation (EU) No 2017/1129 as amended by The Prospectus (Amendment etc.) (EU Exit) Regulations 2019, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018.

### ***European Economic Area***

In relation to each Member State of the European Economic Area (each an “EEA State”), no shares may be offered pursuant to the offering to the public in that EEA State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that EEA State

or, where appropriate, approved in another EEA State and notified to the competent authority in that EEA State, all in accordance with the EU Prospectus Regulation, except that an offer may be made to the public in that EEA State of any shares at any time under the following exemptions under the EU Prospectus Regulation:

- (a) to any legal entity which is a qualified investor as defined under the EU Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the EU Prospectus Regulation), subject to obtaining the prior consent of representatives for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation, provided that no such offer of the shares shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to the shares in any EEA State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares, and the expression “EU Prospectus Regulation” means Regulation (EU)2017/1129.

### ***Canada***

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

### ***Australia***

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission (“ASIC”), in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the “Corporations Act”), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons (the “Exempt Investors”) who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act), “professional investors” (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure

to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

### ***Switzerland***

This document is not intended to constitute an offer or solicitation to purchase or invest in the securities. The securities may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“FinSA”) and no application has or will be made to admit the securities to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this document nor any other offering or marketing material relating to the securities constitutes a prospectus pursuant to the FinSA, and neither this document nor any other offering or marketing material relating to the securities may be publicly distributed or otherwise made publicly available in Switzerland.

### ***Japan***

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the “FIEL”) may be made with respect to the solicitation of the application for the acquisition of the shares of common stock.

Accordingly, the shares of common stock may not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements, and otherwise in compliance with, the FIEL and the other applicable laws and regulations of Japan.

### **Qualified Institutional Investors (“QII”)**

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the shares of common stock constitutes either a “QII only private placement” or a “QII only secondary distribution” (each as described in Paragraph 1, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the shares of common stock. The shares of common stock may only be transferred to QIIs.

### **Non-QII Investors**

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the shares of common stock constitutes either a “small number private placement” or a “small number private secondary distribution” (each as is described in Paragraph 4, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the shares of common stock. The shares of common stock may only be transferred en bloc without subdivision to a single investor.

### ***Dubai International Financial Centre***

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (“DFSA”). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection



with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

### ***Hong Kong***

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong), or the Companies (Winding Up and Miscellaneous Provisions) Ordinance, or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), or the Securities and Futures Ordinance, or (ii) to “professional investors” as defined in the Securities and Futures Ordinance and any rules made there under, or (iii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” in Hong Kong as defined in the Securities and Futures Ordinance and any rules made there under.

### ***Singapore***

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation’s securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore, or Regulation 32.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is

or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

**Singapore SFA Product Classification**—In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the “CMP Regulations 2018”), the Company has determined, and hereby notifies all relevant persons (as defined in the CMP Regulations 2018), that the shares are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### ***Israel***

This document does not constitute a prospectus under the Israeli Securities Law, 5728-1968, or the Securities Law, and has not been filed with or approved by the Israel Securities Authority. In Israel, this prospectus may be distributed only to, and is directed only at, and any offer of the shares is directed only at, (i) a limited number of persons in accordance with the Israeli Securities Law and (ii) investors listed in the first addendum, or the Addendum, to the Israeli Securities Law, consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters, venture capital funds, entities with equity in excess of NIS 50 million and “qualified individuals,” each as defined in the Addendum (as it may be amended from time to time), collectively referred to as qualified investors (in each case, purchasing for their own account or, where permitted under the Addendum, for the accounts of their clients who are investors listed in the Addendum). Qualified investors are required to submit written confirmation that they fall within the scope of the Addendum, are aware of the meaning of same and agree to it.

### ***New Zealand***

The shares offered hereby have not been offered or sold, and will not be offered or sold, directly or indirectly in New Zealand and no offering materials or advertisements have been or will be distributed in relation to any offer of shares in New Zealand, in each case other than:

- to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money;
- to persons who in all the circumstances can properly be regarded as having been selected otherwise than as members of the public;
- to persons who are each required to pay a minimum subscription price of at least NZ\$500,000 for the shares before the allotment of those shares (disregarding any amounts payable, or paid, out of money lent by the issuer or any associated person of the issuer); or
- in other circumstances where there is no contravention of the Securities Act 1978 of New Zealand (or any statutory modification or re-enactment of, or statutory substitution for, the Securities Act 1978 of New Zealand).

### ***Taiwan***

The shares have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the shares in Taiwan.

### ***India***

This prospectus has not been and will not be registered as a prospectus with the Registrar of Companies in India. This prospectus or any other material relating to these securities may not be circulated or distributed, directly or indirectly, to the public or any members of the public in India. Further, persons into whose possession this prospectus comes are required to inform themselves about and to observe any such restrictions.

Each prospective investor is advised to consult its advisors about the particular consequences to it of an investment in these securities. Each prospective investor is also advised that any investment in these securities by it is subject to the regulations prescribed by the Reserve Bank of India and the Foreign Exchange Management Act and any regulations framed thereunder.

**LEGAL MATTERS**

The validity of the shares of common stock offered by this prospectus will be passed upon for us by Simpson Thacher & Bartlett LLP, Palo Alto, California. Certain legal matters relating to this offering will be passed upon for the underwriters by Latham & Watkins LLP.

**EXPERTS**

The financial statements as of December 25, 2020 and December 27, 2019, and for each of the two fiscal years in the period ended December 25, 2020, included in this Prospectus and the related financial statement schedule included elsewhere in the Registration Statement, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein and elsewhere in the Registration Statement. Such financial statements and financial statement schedule have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

**WHERE YOU CAN FIND ADDITIONAL INFORMATION**

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the common stock offered by this prospectus. This prospectus is a part of the registration statement and does not contain all of the information set forth in the registration statement and its exhibits and schedules, portions of which have been omitted as permitted by the rules and regulations of the SEC. For further information about us and our common stock, you should refer to the registration statement and its exhibits and schedules.

We will file annual, quarterly and special reports and other information with the SEC. Our filings with the SEC will be available to the public on the SEC's website at <http://www.sec.gov>. Those filings will also be available to the public on, or accessible through, our website under the heading "Investor Relations" at [www.investors.snapone.com](http://www.investors.snapone.com). The information we file with the SEC or contained on or accessible through our corporate website or any other website that we may maintain is not part of this prospectus or the registration statement of which this prospectus is a part.

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the stockholders and the Board of Directors of Snap One Holdings Corp.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Snap One Holdings Corp. (formerly Crackle Intermediate Corp.) and subsidiaries (the "Company") as of December 25, 2020 and December 27, 2019, the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows, for each of the two fiscal years in the period ended December 25, 2020, and the related notes and the schedule listed in the Index at Schedule I (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 25, 2020 and December 27, 2019, and the results of its operations and its cash flows for each of the two fiscal years in the period ended December 25, 2020, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

Charlotte, North Carolina

April 19, 2021 (July 19, 2021 as to the effects of the stock split discussed at Note 18)

We have served as the Company's auditor since 2014.

**Snap One Holdings Corp. and Subsidiaries**  
**Consolidated Balance Sheets**  
(in thousands, except share amounts and par value)

	December 25, 2020	December 27, 2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 77,458	\$ 33,177
Accounts receivable, net	49,363	46,226
Inventories, net	157,099	165,345
Prepaid expenses and other current assets	9,650	9,650
Total current assets	293,570	254,398
Long-term assets:		
Property and equipment, net	20,208	20,109
Goodwill	559,735	559,735
Other intangible assets, net	617,616	665,124
Other assets	6,409	7,219
Total assets	<u>\$1,497,538</u>	<u>\$1,506,585</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Current maturities of long-term debt	\$ 21,149	\$ 6,824
Accounts payable	68,941	58,323
Accrued liabilities	80,658	69,574
Total current liabilities	170,748	134,721
Long-term liabilities:		
Revolving credit facility	—	5,000
Long-term debt, net of current portion	630,864	645,330
Deferred income tax liabilities, net	55,518	60,542
Other liabilities	22,669	24,065
Total liabilities	879,799	869,658
Commitments and contingencies (Note 14)		
Stockholders' equity		
Common Stock, \$0.001 par value, 100,000,000 shares authorized; and 59,216,665 and 58,140,138 shares issued and outstanding at December 25, 2020 and December 27, 2019	59	58
Additional paid in capital	659,626	654,943
Accumulated deficit	(43,018)	(18,134)
Accumulated other comprehensive income (loss)	756	(39)
Company's stockholders' equity	617,423	636,828
Noncontrolling interest	316	99
Total stockholders' equity	617,739	636,927
Total liabilities and stockholders' equity	<u>\$1,497,538</u>	<u>\$1,506,585</u>

The accompanying notes are an integral part of these consolidated financial statements



**Snap One Holdings Corp. and Subsidiaries**  
**Consolidated Statements of Operations**  
(in thousands, except share amounts and per share amounts)

	December 25, 2020	December 27, 2019
Net sales	\$ 814,113	\$ 590,842
Costs and expenses:		
Cost of sales, exclusive of depreciation and amortization	474,778	354,821
Selling, general and administrative expenses	267,240	209,986
Depreciation and amortization	57,972	39,657
Total costs and expenses	799,990	604,464
Income (loss) from operations	14,123	(13,622)
Other expenses (income):		
Interest expense	45,529	35,244
Other income	(1,827)	(1,048)
Total other expenses	43,702	34,196
Loss before income tax benefit	(29,579)	(47,818)
Income tax benefit	(4,351)	(13,357)
Net loss	(25,228)	(34,461)
Net loss attributable to noncontrolling interest	(344)	(97)
Net loss attributable to Company	\$ (24,884)	\$ (34,364)
Net loss per share, basic and diluted	\$ (0.42)	\$ (0.59)
Weighted average shares outstanding, basic and diluted	58,864,723	58,102,891

The accompanying notes are an integral part of these consolidated financial statements

**Snap One Holdings Corp. and Subsidiaries**  
**Consolidated Statements of Comprehensive Loss**  
**(in thousands)**

	December 25, 2020	December 27, 2019
Net loss	\$(25,228)	\$(34,461)
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	795	(39)
Comprehensive loss	(24,433)	(34,500)
Comprehensive loss attributable to noncontrolling interest	(344)	(97)
Comprehensive loss attributable to Company	<u>\$(24,089)</u>	<u>\$(34,403)</u>

The accompanying notes are an integral part of these consolidated financial statements

**Snap One Holdings Corp. and Subsidiaries**  
**Consolidated Statements of Stockholders' Equity**  
(in thousands, except share amounts)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total Stockholders' Equity
	Number of Shares	Amount					
Balance – December 28, 2018	58,077,370	\$ 58	\$ 395,778	\$ 16,230	\$ —	\$ 64	\$ 412,130
Net loss	—	—	—	(34,364)	—	(97)	(34,461)
Foreign currency translation adjustments	—	—	—	—	(39)	—	(39)
Capital contributions	62,768	—	255,510	—	—	132	255,642
Equity-based compensation expense	—	—	3,673	—	—	—	3,673
Repurchase of equity units	—	—	(18)	—	—	—	(18)
Balance – December 27, 2019	58,140,138	\$ 58	\$ 654,943	\$ (18,134)	\$ (39)	\$ 99	\$ 636,927
Net loss	—	—	—	(24,884)	—	(344)	(25,228)
Foreign currency translation adjustments	—	—	—	—	795	—	795
Capital contributions	—	—	400	—	—	561	961
Equity-based compensation expense	—	—	4,284	—	—	—	4,284
Additional share issuance	1,076,527	1	(1)	—	—	—	—
Balance – December 25, 2020	<u>59,216,665</u>	<u>\$ 59</u>	<u>\$ 659,626</u>	<u>\$ (43,018)</u>	<u>\$ 756</u>	<u>\$ 316</u>	<u>\$ 617,739</u>

The accompanying notes are an integral part of these consolidated financial statements

**Snap One Holdings Corp. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
(in thousands)

	December 25, 2020	December 27, 2019
Cash flows from operating activities:		
Net loss	\$(25,228)	\$ (34,461)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	57,972	39,657
Amortization of debt issuance costs	6,101	3,895
Unrealized loss on interest rate cap	5	257
Deferred income taxes	(5,423)	(13,772)
Loss on sale and disposal of property and equipment	29	—
(Gain) loss on sale of business	(979)	561
Equity-based compensation	4,284	3,673
Bad debt expense	1,094	838
Fair value adjustment to contingent value rights	800	314
Change in operating assets and liabilities:		
Accounts receivable	(4,231)	(3,191)
Inventories	7,862	(9,332)
Prepaid expenses and other assets	1,932	1,934
Accounts payable and accrued liabilities	20,009	5,528
Net cash provided by (used in) operating activities	64,227	(4,099)
Cash flows from investing activities:		
Purchases of property and equipment	(10,245)	(4,496)
Proceeds from sale of business	600	—
Receipt of payment on notes receivable	79	86
Acquisition of businesses, net of cash acquired	—	(584,192)
Net cash used in investing activities	(9,566)	(588,602)
Cash flows from financing activities:		
Proceeds from long-term debt	—	390,000
Payments on long-term debt	(6,824)	(2,923)
Payments of debt issuance costs	—	(20,198)
Proceeds from revolving credit facility	52,000	34,000
Payments on revolving credit facility	(57,000)	(38,000)
Repurchase of equity units	—	(18)
Proceeds from capital contributions	961	255,043
Net cash (used in) provided by financing activities	(10,863)	617,904
Effect of exchange rate changes on cash and cash equivalents	483	(125)
Net increase in cash and cash equivalents	44,281	25,078
Cash and cash equivalents – Beginning of period	33,177	8,099
Cash and cash equivalents – End of period	<u>\$ 77,458</u>	<u>\$ 33,177</u>
Supplementary cash flow information:		
Cash payments for interest	\$ 42,845	\$ 21,939
Cash paid (refunds) for taxes, net	\$ 217	\$ (1,591)
Noncash investing and financing activities:		
Capital expenditure in accounts payable	\$ 140	\$ 349
Noncash equity contribution	\$ 428	\$ 599

The accompanying notes are an integral part of these consolidated financial statements

**Snap One Holdings Corp. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**(in thousands, except share and per share amounts)**

**1. Description of Business**

Crackle Holdings LP (the “Parent”) was formed on June 14, 2017 by affiliates of Hellman & Friedman (the “Sponsor”) for the purposes of purchasing Snap One Holdings Corp., (formerly Crackle Intermediate Corp.) and its subsidiaries (collectively, the “Company”). On August 3, 2017, Parent acquired all of the Company’s outstanding equity interests. Since the acquisition of the Company by Parent on August 3, 2017, the Company has been controlled by funds managed by the Sponsor.

The Company provides products and support to its professional integrator-customers that enable them to deliver technology solutions to their residential and small business end users (“end consumers”). The Company’s product offering consists of both proprietary and third-party products in such categories as home automation, networking, audio, video, remote management and lighting as well as infrastructure products such as racks, mounts and cables.

**2. Significant Accounting Policies**

**Basis of Presentation** — The consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America (GAAP). The consolidated financial statements include the accounts of the Company and all subsidiaries required to be consolidated. All intercompany balances and transactions have been eliminated in the consolidated financial statements.

The Company’s fiscal year is the 52 or 53 week period that ends on the last Friday of December. Fiscal years 2020 and 2019 were 52-week periods.

**Use of Accounting Estimates** — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the consolidated financial statements and accompanying notes. Accordingly, the actual amounts could differ from those estimates.

Significant estimates relied upon in preparing these consolidated financial statements include, but are not limited to, the amortization period associated with customer relationships, estimated standalone selling prices associated with products that contain distinct performance obligations not sold separately, warranty reserves, excess and obsolete inventory reserves, impairment of long-lived assets, impairment of indefinite lived intangibles and goodwill, assumptions related to the valuation of contingent value rights (“CVRs”) and incentive units, the valuation allowance associated with deferred tax assets, and the valuation of assets and liabilities associated with acquisitions. If actual amounts differ from estimates, revisions are included in the consolidated statements of operations in the period the actual amounts become known.

**Segment Information** — Operating segments are identified as components of an enterprise for which discrete financial information is available for evaluation by the chief operating decision-maker, or CODM, in making decisions regarding resource allocation and assessing performance. The Company’s CODM is its Chief Executive Officer. The Company’s CODM views its operations and manages the business as a single operating segment and reportable segment.

**Fair Value Measurements** — GAAP defines fair value as the price that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Assets and liabilities recorded at fair value are measured and classified in accordance with a three-tier fair value hierarchy based on the observability of the inputs available in the market used to measure fair value:

**Level 1** — Valuations based on unadjusted quoted prices for identical instruments in active markets that are available as of the measurement date.

**Snap One Holdings Corp. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**(in thousands, except share and per share amounts)**

**Level 2** — Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

**Level 3** — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

This fair value hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Company's financial instruments that are remeasured at fair value on a recurring basis include contingent value rights and the interest rate cap (see Note 8). Additionally, cash and cash equivalents, accounts receivable, net, prepaid expenses, accounts payable, and accrued liabilities are classified as Level 1 and the carrying value of these assets and liabilities approximate their fair value due to the short-term nature of these financial instruments. See Note 9 for further details on fair value measurements.

Certain non-financial assets, such as property and equipment, goodwill and other intangible assets, are adjusted to fair value when an impairment charge is recognized using predominantly Level 2 and Level 3 inputs.

**Cash and Cash Equivalents** — The Company considers all cash on hand, credit card receivables and short-term investments with original maturities of three months or less to be cash and cash equivalents.

**Accounts Receivable, Net** — Accounts receivable are recorded at the invoiced amount less allowances for doubtful accounts and do not bear interest. The allowance for nonpayment by customers is based on the creditworthiness and historical payment experience of the Company's customers, age of receivables and current market conditions. Provisions for uncollectible receivables are recorded in selling, general and administrative expenses in the consolidated statements of operations. The Company writes off accounts receivable balances to the allowance for doubtful accounts when it becomes likely that they will not be collected.

Changes in the Company's allowance for doubtful accounts for the years ended December 25, 2020 and December 27, 2019 are as follows:

Allowance for doubtful accounts – December 28, 2018	\$ 615
Bad debt expense	838
Write-offs	(697)
Allowance for doubtful accounts acquired	1,380
Allowance for doubtful accounts – December 27, 2019	2,136
Bad debt expense	1,094
Write-offs	(877)
Allowance for doubtful accounts – December 25, 2020	<u>\$2,353</u>

**Concentration of Credit Risk** — The Company's cash and cash equivalents and accounts receivable are potentially subject to concentration of credit risk. Certain balances in cash and cash equivalents exceed the Federal Deposit Insurance Corporation limit of \$250. The Company believes credit risk related to these deposits is minimal. Accounts receivable are derived from revenue earned from customers. For the years ended December 25, 2020 and December 27, 2019, no customer accounted for more than 10% of net sales. No individual customer accounted for more than 10% of accounts receivable, net, at December 25, 2020 or December 27, 2019.

**Property and Equipment, Net** — Property and equipment, net is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the useful life of the related assets or the lease term. Expenditures for repairs

**Snap One Holdings Corp. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**(in thousands, except share and per share amounts)**

and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in selling, general and administrative expenses on the consolidated statements of operations.

The following table summarizes the estimated useful lives of each respective asset category:

Equipment	2 – 10 years
Computers and software	3 – 5 years
Furniture and fixtures	2 – 7 years
Leasehold Improvements	Shorter of 15 years or life of lease

Property and equipment, net is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverability of property and equipment, net is evaluated by comparing the carrying amount to the estimated undiscounted cash flows. If the carrying amount exceeds the estimated undiscounted cash flows, an impairment charge would be recognized for the amount by which the carrying amount exceeds the fair value of the property and equipment, net. There were no impairment losses recognized by the Company for the years ended December 25, 2020 and December 27, 2019.

**Internal-Use Software** — The Company capitalizes costs associated with customized internal-use software systems once they have reached the application development stage. Such capitalized costs include external direct costs utilized in developing or obtaining the applications and payroll and payroll-related expenses for employees who are directly associated with the development of the applications. Capitalization of such costs begins when the preliminary project stage is complete and ceases at the point in which the project is substantially complete and is ready for its intended purpose.

**Goodwill and Other Intangible Assets** — Goodwill and identifiable indefinite lived intangible assets are tested for impairment annually as of the end of the third quarter of each fiscal year, or more frequently upon the occurrence of certain events or substantive changes in circumstances that indicate impairment is more likely than not.

In assessing potential goodwill impairment, the Company has the option to first assess qualitative factors to determine whether events or circumstances indicate it is more likely than not that the fair value of the Company's net assets is less than the carrying amount of the Company's single reporting unit. If the qualitative factors indicate it is more likely than not that the fair value of net assets is less than its carrying amount, the Company performs a quantitative impairment test. In the quantitative assessment, the Company compares the fair value of the reporting unit to its carrying value. The Company estimates the fair value of the reporting unit using generally accepted valuation techniques which include a weighted combination of income and market approaches. The income approach incorporates a discounted future cash flows analysis with key assumptions in the cash flow model for future revenues, operating costs, working capital changes, capital expenditures, and a discount rate that approximates the Company's weighted-average cost of capital. The market approach considers the Company's results of operations and information about the Company's publicly traded competitors, such as earnings multiples, making adjustments to the selected competitors based on size, strengths and weaknesses, as well as publicly announced acquisition transactions.

The Company's valuation methodology for assessing impairment requires management to make judgments and assumptions based on historical experience and projections of future operating performance. If these assumptions differ materially from future results, the Company may record impairment charges in the future.

The Company performed annual impairment tests for goodwill and indefinite lived intangible assets at September 25, 2020 and September 27, 2019 and concluded there was no impairment.



**Snap One Holdings Corp. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**(in thousands, except share and per share amounts)**

The Company reviews identifiable definite lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For the years ended December 25, 2020 and December 27, 2019, the Company determined there were no indicators of impairment relating to identifiable definite lived intangible assets. The Company amortizes definite lived intangible assets using the straight-line method over their estimated useful lives. See Note 7.

**Notes Receivable** — Notes receivable are presented in other assets. The Company accrues interest on notes receivable based on the contractual terms of the notes. As of December 25, 2020, and December 27, 2019, the outstanding notes receivable balance was \$5,115 and \$4,740, respectively, and no allowance was recorded against the balance.

**Self-Insured Liabilities** — The Company is self-insured for employee medical coverage. The Company records a liability for estimates of the aggregate ultimate losses and claims incurred but not reported. Adjustments to the reserve are made when the facts and circumstances change. If actual settlements of medical claims are greater than estimated amount, additional expense will be recognized. As of December 25, 2020, and December 27, 2019, the liability was \$1,215 and \$425, respectively.

**Contingent Value Rights** — In connection with the acquisition of the Company by the Parent, the Company issued CVRs to the sellers. Each CVR gives the holder the ability to earn cash payments based on the return of the Sponsor's original investment hitting stated thresholds. The CVRs were issued at two thresholds. The first CVR is payable to the holders when the Sponsor's return on investment grows to between 2.25 and 2.5 times the Sponsor's original investment. The second CVR is payable to the holders when the Sponsor's return on investment grows to between 2.5 and 2.67 times the Sponsor's original investment. The Company records CVR obligations at fair value (see Note 9). Contingent consideration obligations generally become due and payable to the holders of these rights if specified future events occur or conditions are met. There were no amounts due and payable during the fiscal years ended December 25, 2020 and December 27, 2019.

**Warranties** — The Company provides assurance-type warranties on most of its proprietary products covering periods that vary between one year and the lifetime of the product. The warranties cover products that are defective under normal conditions of use and are in-line with industry standards. The Company estimates the costs that may be incurred under its warranties and records the liability at the time product sales are recorded. The warranty liability is primarily based on historical failure rates and costs to repair or replace the product, including any necessary shipping costs. Changes in the Company's accrued warranty liability for the years ended December 25, 2020 and December 27, 2019, are as follows:

Accrued warranty – December 28, 2018	\$ 11,335
Warranty claims	(9,686)
Warranty provisions	15,795
Acquired warranty liability	2,545
Accrued warranty – December 27, 2019	19,989
Warranty claims	(12,252)
Warranty provisions	8,786
Accrued warranty – December 25, 2020	<u>\$ 16,523</u>

As of December 25, 2020, the Company has recorded accrued warranty liabilities of \$11,767 in accrued liabilities and \$4,756 in other liabilities in the accompanying consolidated balance sheet. As of December 27, 2019, the Company has recorded accrued warranty of \$11,686 in accrued liabilities and \$8,303 in other liabilities.

**Revenue Recognition** — The Company sells hardware products to professional installers, who then resell the products to end consumers, in the installation of an audio/video, IT, smart-home or surveillance-related

**Snap One Holdings Corp. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**(in thousands, except share and per share amounts)**

package. In certain instances, the Company sells specific products directly to end consumers. The Company's products consist of proprietary hardware products with and without embedded software, as well as third-party products. The Company provides services associated with product sales including the ability to access the Company's hosted OvrC application ("hosting"), technical support, subscription services, and access to unspecified software updates and upgrades. The OvrC application provides the Company's integrators with a cloud-based remote management and monitoring platform to assist end consumers. These services are typically provided at no additional charge to the customer.

For product sales, revenue is recognized when the customer obtains control of the product, which occurs upon shipment, in an amount that reflects the consideration expected to be received in exchange for those products. For services, revenue is recognized ratably over the contract period in an amount that reflects the consideration expected to be received in exchange for those services as the customer receives such services on a consistent basis throughout the contract period. The technical support represents a series of distinct performance obligations that have the same pattern of transfer to the customer and are recognized as a single performance obligation ratably over the estimated life of the related product.

The Company's contracts with integrators, distributors and retailers can include promises to transfer multiple products and services. Determining whether multiple products and services are considered distinct performance obligations that should be accounted for separately rather than as a combined performance obligation can require significant judgment.

For contracts with multiple performance obligations, the Company allocates the contract's transaction price to each performance obligation based on the relative standalone selling price ("SSP"). Judgment is required to determine the SSP for each distinct performance obligation that is not sold separately, including technical support, customer reward programs, unspecified software updates and upgrades, and hosting. In instances where SSP is not directly observable, the primary method used to estimate the SSP is the expected cost plus an estimated margin approach, under which the Company forecasts the expected costs of satisfying a performance obligation and then adds an appropriate margin for that distinct service based on margins for similar services sold on a standalone basis.

For hardware products sold with embedded software, the products are dependent on and highly interrelated with the underlying software and accounted for as a single performance obligation with revenue recognized at the point in time when control is transferred to the customer, which is at the time the product is shipped. In cases where there is more than one performance obligation, a portion of the transaction price is allocated to hosting, unspecified software updates and upgrades, and technical support based on a relative stand-alone selling price method, as these services are provided at no additional charge. The allocated transaction price and corresponding revenue is deferred at the time of sale and recognized ratably over the estimated life of the related devices as this method best depicts the progress towards the completion of the related performance obligation.

The Company offers a subscription service that allows consumers to control and monitor their homes remotely and allows the end consumer's respective integrator to perform remote diagnostic services. With a subscription, the integrator simultaneously receives and consumes the benefits provided by the Company throughout the subscription period as the Company makes service available for use. There is a single performance obligation associated with the subscription services and the related revenue is deferred and recognized ratably over the contract period, which is typically one year, as this method best depicts the progress towards the completion of the related performance obligation.

The Company evaluates whether the Company is the principal or the agent for all customer sales. Generally, the Company reports revenue on a gross basis (the amount billed to customers is recorded as revenue, and the amount paid to vendors is recorded as cost of sales, exclusive of depreciation and amortization). The Company is the principal in these instances because the Company controls the inventory before it is transferred to customers. The Company's control is evidenced by the sole ability to monetize the inventory, being primarily responsible to customers, having discretion in pricing, or a combination of

**Snap One Holdings Corp. and Subsidiaries**  
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these factors. The Company also generates revenue through agency for certain third-party product sales where the supplier is the party responsible for ensuring fulfillment of the orders, has the obligation to mitigate any issues the customers may have with the products, and has the discretion in establishing the price for the products. In such cases, the Company does not control the promised good before it is transferred. The Company records sales for which the Company acts as an agent on a net basis.

The Company has various customer rewards programs (“marketing incentive programs”), which enable participants to earn points for qualifying rewards. The points are redeemed for rewards, including various prizes or product credits for future purchases. The marketing incentive programs provide the customer a material right and give rise to a separate performance obligation. The related revenue and expense incurred are recognized at the time of redemption, expiration, or forfeiture, as that is the point at which the performance obligation related to this incentive program is satisfied. As of December 25, 2020, and December 27, 2019, deferred revenue relating to marketing incentive programs was \$1,508 and \$2,024, respectively. The deferred revenue relating to marketing incentive programs is recorded in accrued liabilities on the Company’s consolidated balance sheets. The expense associated with the marketing incentive programs was \$1,672 for the year ended December 25, 2020 and included in cost of sales, exclusive of depreciation and amortization, in the accompanying consolidated statements of operations. There was no expense associated with marketing incentive programs for the year ended December 27, 2019.

Certain customers may receive cash-based incentives or credits (“volume rebates”) which are accounted for as variable consideration. The Company records reductions to revenue for integrator incentives at the time of the initial sale, which is based on estimates of the sales volume customers will reach during the measured period.

Revenue is recognized net of estimated discounts, rebates, and return allowances. The Company estimates the reduction to sales and cost of sales, exclusive of depreciation and amortization for returns based on current sales levels and the Company’s historical return trends. Sales return allowances and rebates were \$7,403 and \$6,549 as of December 25, 2020 and December 27, 2019, respectively.

The Company has elected to account for shipping and handling costs as activities to fulfill the promise to transfer the goods. As a result of this accounting policy election, the Company does not consider shipping and handling activities as promised services to its customers. Therefore, shipping and handling costs billed to customers are recorded in net sales, and the related costs in selling, general and administrative expenses.

Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 days. In instances where the timing of revenue recognition differs from the timing of invoicing, the Company has determined the contracts do not include a significant financing component. The invoicing terms provide customers with a simplified and predictable way to purchase products and services and are not intended to provide the Company with financing from its customers. The Company records revenue net of any taxes collected from customers, which are subsequently remitted to governmental authorities.

ASC 606 requires companies to recognize an asset for the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs. The Company has elected to immediately expense contract acquisition costs that would be amortized in one year or less. The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if the benefit of those costs is expected to be longer than one year. These incremental costs were not material for all periods presented. There were no capitalized costs to fulfill a contract with a customer.

**Selling, General and Administrative Expenses** — Selling, general and administrative expenses include office expenses such as payroll and occupancy costs, costs related to warehousing, distribution, outbound transportation to the Company’s customers, warranty, advertising, purchasing, insurance, non-income based taxes, research and development, and corporate overhead costs.

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The Company includes the cost of shipping and handling products sold to customers in selling, general and administrative expenses, and records the cost as incurred. Shipping charges billed to customers are included in net sales. For the years ended December 25, 2020 and December 27, 2019, shipping and handling costs totaled \$21,993 and \$18,340, respectively.

**Research and Development Expenses** — Research and development expenses consist primarily of personnel-related expenses for employees working on the product development and software and device engineering teams, including salaries, bonuses, equity-based compensation, benefits and other personnel costs, consulting and contractor expenses, as well as costs for prototypes, facilities, and travel. Research and development expenses were \$51,967 and \$41,520 for the years ended December 25, 2020 and December 27, 2019, respectively.

**Advertising** — Advertising costs, which are expensed as incurred, consist primarily of direct mail and print advertising, internet marketing and advertising, and trade show events. Advertising expenses were \$4,476 and \$5,653 for the years ended December 25, 2020 and December 27, 2019, respectively.

**Equity-Based Compensation** — The Company recognizes equity-based compensation expense based on the fair value of the awards at the grant date. The Company uses the Black-Scholes option-pricing model (“OPM”), which uses certain subjective assumptions in determining the fair value of the awards. Compensation cost is recognized ratably over the vesting period of the related equity-based compensation award. Forfeitures are accounted for as they occur. For further discussion, see Note 12.

**Other Income** — Other income primarily consists of interest income, gains and losses on disposal of businesses, and foreign currency remeasurement and transaction gains and losses.

**Income Taxes** — The Company files a consolidated federal income tax return and accounts for income taxes in accordance with ASC 740, *Income Taxes*, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or income tax returns. Under this method, deferred income tax assets and liabilities are recognized based on the differences between the consolidated financial statement amounts and income tax basis of assets and liabilities using enacted tax rates in effect for the period in which the differences are expected to be recovered or settled. Valuation allowances are established, when necessary, to reduce deferred income tax assets to the amount expected to be realized (see Note 13).

The Company records liabilities for income tax positions taken, or expected to be taken, when those positions are deemed uncertain to be upheld upon examination by taxing authorities. Interest and penalties, if incurred, would be recorded within the income tax provision in the accompanying consolidated statements of operations.

**Foreign Currency Translation and Foreign Currency Transactions** — The functional currency of the Company’s foreign subsidiaries are the pound sterling for the United Kingdom, Germany and Serbia; the Australian dollar for Australia; and the U.S. dollar for China and India. For subsidiaries with a functional currency different from the U.S. dollar, the subsidiaries’ assets and liabilities have been translated to U.S. dollars using the exchange rates in effect at the balance sheet dates. Statements of operations amounts have been translated using the monthly average exchange rate for each year. Foreign currency translation gains or losses are reflected in accumulated other comprehensive loss as a component of equity in the accompanying consolidated balance sheets. Foreign currency remeasurement and transaction gains and losses are included in other income.

**Net Loss Per Share** — The Company calculates net loss per share by dividing the net loss by the weighted average number of common shares outstanding. The Company had no potentially dilutive securities for the periods presented.

**Emerging Growth Company Status** — The JOBS Act permits an “emerging growth company” such as us to take advantage of an extended transition period to comply with new or revised accounting standards

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applicable to public companies until those standards would otherwise apply to private companies. The Company has elected not to “opt out” of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company will adopt the new or revised standard at the time private companies adopt the new or revised standard and will do so until such time that the Company either (i) irrevocably elects to “opt out” of such extended transition period or (ii) no longer qualifies as an emerging growth company. The Company may choose to early adopt any new or revised accounting standards whenever such early adoption is permitted for private companies.

**Recently Adopted Accounting Pronouncements** — In January 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2017-04, *Intangibles — Goodwill and Other (Topic 350) — Simplifying the Test for Goodwill Impairment*, which removes step two of the goodwill impairment test, which requires a hypothetical purchase price allocation. A goodwill impairment amount will now be the amount by which a reporting unit’s carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. Recently, the FASB issued ASU 2019-10, which deferred the effective date for annual or interim goodwill impairment tests to fiscal years beginning after December 15, 2022, with early adoption permitted for goodwill impairment tests performed after January 1, 2017. The Company adopted this standard for the year starting December 28, 2019. The adoption of this standard has not had a material impact on the Company’s consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Changes to the Disclosure Requirement for Fair Value Measurement*, which provides guidance to improve the effectiveness of fair value measurement disclosures in notes to the consolidated financial statements. The update removes several existing disclosure requirements, including but not limited to: (i) the amount of and reasons for transfers between Level 1 and Level 2 for the fair value hierarchy, (ii) the policy for timing of transfers between levels and (iii) the valuation processes for Level 3 fair value measurements. The update also modifies and clarifies several existing disclosure requirements. The Company adopted this standard for the year ended December 25, 2020. The adoption of this guidance did not have a material impact on the Company’s consolidated financial statements.

**Recent Accounting Pronouncements Pending Adoption** — In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which establishes the principles to report transparent and economically neutral information about the assets and liabilities that arise from leases. This new guidance requires lessees to recognize the lease assets and lease liabilities that arise from leases in the statement of financial position and to disclose qualitative and quantitative information about lease transactions, such as information about variable lease payments and options to renew and terminate leases. Recently, the FASB issued ASU 2020-05, which deferred the effective date to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Adoption of the new standard is expected to result in the recognition of right-of-use assets and operating lease liabilities related to currently classified operating leases. The Company is still evaluating the materiality of the impact of this standard on its consolidated financial statements and disclosures.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments — Credit Losses*. The ASU sets forth a “current expected credit loss” (“CECL”) model which requires the Company to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost and applies to some off-balance sheet credit exposures. This ASU was effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, with early adoption permitted. In November 2019, the FASB issued ASU 2019-10 which deferred the effective date to fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company is currently evaluating the impact this guidance will have on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing*

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*Arrangement That is a Service Contract*". The guidance aligns the requirements for capitalizing implementation costs incurred in a cloud computing arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. This standard is effective for annual reporting periods beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2021. The Company is currently evaluating the impact this guidance will have on its consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, "*Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*," which provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the benefits of) reference rate reform on financial reporting. The amendments in ASU 2020-04 are elective and apply to all entities, subject to meeting certain criteria, that have contract, hedging relationships, and other transactions that reference London Interbank Offered Rate (LIBOR) or another reference rate expected to be discontinued because of reference rate reform. The Company may elect to apply the amendments in ASU 2020-04 to contracts that reference LIBOR or a reference rate that is expected to discontinue as a result of reference rate reform through December 31, 2022. The Company is in the process of reviewing its debt obligations that use LIBOR as the reference rate and is currently evaluating the potential impact that the adoption of this ASU will have on its consolidated financial statements.

### **3. Acquisitions**

All of the Company's acquisitions have been accounted for under ASC 805, *Business Combinations*. Accordingly, the accounts of the acquired companies, after adjustments to reflect fair values assigned to assets and liabilities, have been included in the consolidated financial statements from their respective dates of acquisition. There were no material purchase price adjustments made subsequent to the initial recognition of assets and liabilities. As such, the accounting for the business combinations outlined below was complete as of December 27, 2019. There were no material acquisitions during the year ended December 25, 2020.

The Company records purchase price in excess of amounts allocated to identifiable assets and liabilities as goodwill. Goodwill includes, but is not limited to, the value of the workforce in place, ability to generate profits and cash flows, and an established going concern.

Customer relationships have been valued using the multi-period excess earnings method, a derivative of the income approach. The multi-period excess earnings method estimates the discounted net earnings attributable to the customer relationships that were acquired after considering items, such as possible customer attrition. Estimated useful lives were determined based on the length and trend of projected cash flows. The length of the projected cash flow period was determined based on how quickly the customer relationships are expected to amortize, which is based on the Company's historical experience in renewing and extending similar customer relationships and future expectations for renewing and extending similar existing customer relationships. The useful life of the customer relationships intangible assets represents the number of years over which the Company expects the customer relationships to economically contribute to the business.

The trade names have been valued using the relief from royalty method under the income approach to estimate the cost savings that will accrue to the Company, which would otherwise have to pay royalties or license fees on revenue earned through the use of the assets. Estimated useful lives were determined based on management's estimate of the period the name will be in use.

Technology has been valued using the relief from royalty method to value technology related to three major categories: Other Home Automation, Lighting and Speakers. The relief from royalty method, a derivative of the income approach, was used to estimate the cost savings that will accrue to the Company, which would otherwise have to pay royalties or license fees on revenue earned through the use of the asset. Estimated useful lives were determined based on management's estimate of the period the technology will be in use.



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**Transactions Completed in Fiscal Year 2019** — On March 14, 2019, the Company executed a stock purchase agreement with Marketing Representatives, Inc. (“MRI”), a New England based distributor of audiovisual equipment to home installers for cash consideration of \$9,260, net of cash of \$201, to expand the Company’s retail presence. The MRI Acquisition was funded by a combination of the Company’s cash on hand and borrowings.

On July 17, 2019, the Company executed a stock purchase agreement with Custom Plus Distributing, Inc. (“CPD”), a West Coast based distributor of audio-visual equipment to home installers for \$12,507, net of cash of \$814, to expand the Company’s retail presence. The CPD Acquisition was funded by a combination of the Company’s cash on hand and borrowings.

On May 8, 2019, the Company entered into an agreement and plan of merger to acquire all the issued and outstanding shares of common stock of Control4 Corporation (“C4” or “Control4”). On August 1, 2019, the transaction was executed for \$563,024, net of cash of \$21,272, to expand the Company’s product offerings. The acquisition of Control4 was funded through a cash contribution from Sponsor to the Company of \$218,695, proceeds from the incremental borrowing under the amendment to the Company’s credit agreement of \$365,002 (see Note 8), and the rollover shareholders’ interest valued at \$599.

Together, these three acquisitions are referred to as the “2019 acquisitions”. The allocation of the purchase price for the 2019 acquisitions is as follows:

	MRI	CPD	C4	Total
Accounts receivable	\$ 902	\$ 437	\$ 21,725	\$ 23,064
Inventories	5,908	6,084	49,654	61,646
Prepaid expenses and other current assets	84	64	8,716	8,864
Property and equipment	219	174	8,914	9,307
Other intangible assets	3,397	8,078	297,152	308,627
Deferred tax assets	166	150	675	991
Other assets	—	—	1,038	1,038
Total identifiable assets acquired	10,676	14,987	387,874	413,537
Accounts payable	2,694	4,153	20,551	27,398
Accrued liabilities	950	681	39,256	40,887
Other liabilities	—	—	6,985	6,985
Deferred tax liabilities	—	—	41,003	41,003
Total liabilities assumed	3,644	4,834	107,795	116,273
Total fair value of net assets, excluding goodwill	7,032	10,153	280,079	297,264
Goodwill	2,228	2,354	282,945	287,527
Total purchase consideration, net of cash	<u>\$ 9,260</u>	<u>\$12,507</u>	<u>\$563,024</u>	<u>\$584,791</u>

Accounts receivable, prepaid expenses and other current assets, accounts payable, and accrued liabilities and other current liabilities (with the exception of deferred revenue as discussed below) were stated at their historical carrying values, which approximated their fair value given the short-term nature of these assets and liabilities for the 2019 acquisitions.

The cumulative fair value of accounts receivables acquired in the 2019 acquisitions includes gross amounts due of \$24,444, of which \$1,380 is expected to be uncollectible.

Inventories were also stated at their historical carrying value, which approximated their fair value based on the nature of the inventory acquired and analysis of current replacement costs and obsolescence.



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Property and equipment acquired consisted of equipment, computers and software, furniture and fixtures, and leasehold improvements. The historical carrying value of property and equipment was considered to approximate the fair value based on the nature of the assets acquired and analysis of physical deterioration and obsolescence.

For income tax purposes, a carryover basis in goodwill of \$1,698, \$1,146, and \$356 will be deductible in future periods for MRI, CPD and C4, respectively.

The Company recorded intangible assets related to the 2019 acquisitions based on their estimated fair values, which consisted of the following:

	Useful Lives (Years)	MRI	CPD	C4	Total
Customer Relationships	13 – 25	\$2,575	\$7,144	\$155,000	\$164,719
Trade name	2 – 10	822	934	47,000	48,756
Technology – Other Home Automation	5	—	—	65,152	65,152
Technology – Lighting	10	—	—	24,000	24,000
Technology – Speakers	15	—	—	6,000	6,000
Total Intangible Assets		<u>\$3,397</u>	<u>\$8,078</u>	<u>\$297,152</u>	<u>\$308,627</u>

Long-term liabilities assumed consisted primarily of warranty reserves and deferred revenue. The long-term warranty reserves are primarily based on historical failure rates, costs to repair or replace the product, and any necessary shipping costs, which is considered to approximate the fair value of the remaining obligation for the 2019 acquisitions.

Deferred revenue was valued using the bottom-up method, a derivative of the income approach, whereby the estimated costs required to fulfill the obligation plus an appropriate profit margin were discounted to fair value, resulting in a cumulative balance for the 2019 acquisitions of \$4,971 in accrued liabilities and \$3,123 in other liabilities.

The Company recognized \$11,828 of transaction-related expenses, consisting primarily of advisory, legal, and other professional fees related to the 2019 acquisitions. These transaction-related expenses were incurred by and for the benefit of the Company, and were included in selling, general and administrative expenses in the consolidated statements of operations.

The operating results of C4, MRI and CPD have been included in the Company's consolidated statements of operations and comprehensive loss since the respective acquisition dates. The following table shows the net sales and net income (loss) attributable to each acquired entity from the acquisition date until the end of the Company's fiscal year ending December 27, 2019.

Acquired entity	Time Period	Net Sales	Net Income (Loss)
MRI	March 14, 2019 to December 27, 2019	\$ 26,854	\$ 825
CPD	July 17, 2019 to December 27, 2019	\$ 15,693	\$ (300)
Control4	August 1, 2019 to December 27, 2019	\$108,377	\$(8,084)

**Unaudited Pro Forma Information** — The unaudited pro forma information below presents the consolidated results of operations for the fiscal year ending December 27, 2019, as if the acquisitions had occurred on the first day of the fiscal year (December 28, 2018). The adjustments reflected in the pro forma results relate to interest expense on the debt to fund the acquisitions, the amortization of acquired intangibles, adjustments for revenue recognition and the related tax effects of these adjustments.

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	<u>2019</u>
Net sales	\$763,783
Net loss	(69,377)

This information is presented for informational purposes only and does not necessarily represent what the combined company's results of operations would have been if the acquisition had occurred as indicated or serve to project such results in future periods. The pro forma results do not include any anticipated synergies, cost savings or other expected benefits of an acquisition.

#### 4. Revenue and Geographic Information

**Contract Balances** — The Company invoices each order upon hardware shipment and recognizes revenue for each distinct performance obligation when transfer of control has occurred, which may extend over a period of three years. Amounts invoiced in advance of revenue recognition are recorded as deferred revenue on the consolidated balance sheets. Deferred revenue primarily relates to unspecified software updates and upgrades, hosting, technical support, marketing incentive programs, and subscription services. The following table represents the changes in deferred revenue:

Deferred revenue – December 28, 2018	\$ 9,292
Amounts billed, but not recognized	16,596
Recognition of revenue	(10,162)
Deferred revenue acquired	8,094
Deferred revenue – December 27, 2019	23,820
Amounts billed, but not recognized	28,366
Recognition of revenue	(21,720)
Deferred revenue – December 25, 2020	<u>\$ 30,466</u>

The Company recorded deferred revenue of \$18,654 in accrued liabilities and \$11,812 in other liabilities as of December 25, 2020. The Company recorded deferred revenue of \$14,642 in accrued liabilities and \$9,178 in other liabilities as of December 27, 2019.

**Disaggregation of Revenue** — The following table sets forth revenue from the United States and all international integrators and distributors for the years ended December 25, 2020 and December 27, 2019:

	<u>2020</u>	<u>2019</u>
United States	\$719,429	\$528,634
International	94,684	62,208
Total	<u>\$814,113</u>	<u>\$590,842</u>

Additionally, the Company's revenue includes amounts recognized over time and at a point in time, and are as follows for the years ended December 25, 2020 and December 27, 2019:

	<u>2020</u>	<u>2019</u>
Products transferred at a point in time	\$792,393	\$580,623
Services transferred over time	21,720	10,219
Total	<u>\$814,113</u>	<u>\$590,842</u>

**Disaggregation of Property and Equipment** — Property and equipment, net, by geography as of December 25, 2020 and December 27, 2019 were as follows:

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	2020	2019
United States	\$15,550	\$16,827
International	4,658	3,282
Total	<u>\$20,208</u>	<u>\$20,109</u>

**5. Inventories, Net**

Inventory is stated at the lower of cost or net realizable value, cost being determined under the moving-average method, first-in, first-out (FIFO) basis, or specific identification. Inventory costs include the net acquisition cost from the factory, the cost of transporting the product to the Company's warehouses, and product assembly costs. Reserves for slow-moving and obsolete inventories are provided on historical experience, inventory aging, and product demand. The Company evaluates the adequacy of these reserves and makes adjustments to reserves, as required.

As of December 25, 2020, and December 27, 2019, the Company's inventory consisted of the following:

	2020	2019
Raw Materials	\$ 11,340	\$ 8,813
Work In Process	591	2,178
Finished Goods	155,618	160,943
Reserve For Obsolete and Slow Moving Inventory	(10,450)	(6,589)
Total Inventory	<u>\$157,099</u>	<u>\$165,345</u>

Changes in the Company's reserve for obsolete and slow-moving inventory as of December 25, 2020 and December 27, 2019, consisted of the following:

Inventory Reserve – December 28, 2018	\$ 878
Valuation adjustment	3,740
Write-offs	(1,457)
Inventory reserves acquired	3,428
Inventory Reserve – December 27, 2019	6,589
Valuation adjustment	4,579
Write-offs	(718)
Inventory Reserve – December 25, 2020	<u>\$10,450</u>

**6. Property and Equipment, Net**

Property and equipment, net, as of December 25, 2020 and December 27, 2019, consisted of the following:

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	2020	2019
Equipment	\$ 11,422	\$ 7,001
Computers and software	20,490	18,416
Furniture and fixtures	3,240	4,784
Leasehold improvements	8,673	5,519
Construction in progress	2,035	1,205
Total property and equipment	45,860	36,925
Less: Accumulated depreciation	(25,652)	(16,816)
Property and equipment, net	<u>\$ 20,208</u>	<u>\$ 20,109</u>

Total depreciation expense for the years ended December 25, 2020 and December 27, 2019, was \$10,481 and \$8,169, respectively.

**7. Goodwill and Other Intangible Assets, Net**

Goodwill for the years ended December 25, 2020 and December 27, 2019, was \$559,735. Goodwill increased by \$287,527 during the year ended December 27, 2019 due to the 2019 acquisitions (see Note 3). There were no changes to goodwill during the year ended December 25, 2020.

As of December 25, 2020, and December 27, 2019, other intangible assets, net, consisted of the following:

2020	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	5 – 25 years	\$494,333	\$ (70,060)	\$424,273
Technology	5 – 15 years	95,078	(22,406)	72,672
Trade names – definite	2 – 10 years	54,360	(10,253)	44,107
Trade names – indefinite	indefinite	76,564	—	76,564
Total intangible assets		<u>\$720,335</u>	<u>\$(102,719)</u>	<u>\$617,616</u>

2019	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	5 – 25 years	\$494,333	\$(44,930)	\$449,403
Technology	5 – 15 years	95,078	(6,589)	88,489
Trade names – definite	2 – 10 years	54,360	(3,692)	50,668
Trade names – indefinite	indefinite	76,564	—	76,564
Total intangible assets		<u>\$720,335</u>	<u>\$(55,211)</u>	<u>\$665,124</u>

Total amortization expense for intangible assets for the years ended December 25, 2020 and December 27, 2019, was \$47,491 and \$31,488, respectively. The weighted-average useful life remaining for amortizing definite lived intangible assets was approximately 16.0 years as of December 25, 2020.

As of December 25, 2020, the estimated amortization expense for intangible assets for the next five fiscal years and thereafter are as follows:

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2021	\$ 47,274
2022	46,188
2023	45,049
2024	38,667
2025	31,075
Thereafter	332,799
Total	<u>\$541,052</u>

## 8. Debt Agreements

On August 4, 2017, the Company's wholly owned subsidiary, Wirepath LLC (the "Borrower") entered into a credit agreement (the "Credit Agreement"), consisting of a \$265,000 senior secured term loan (the "Initial Term Loan") and a \$50,000 senior secured revolving credit facility (the "Revolving Credit Facility"). The Initial Term Loan matures on August 4, 2024, and the Revolving Credit Facility matures on August 4, 2022, and are both collateralized by substantially all of the Company's assets. Debt issuance costs of \$9,696, consisting primarily of arrangement fees and professional fees, were capitalized in connection with the Initial Term Loan. Additionally, deferred debt issuance costs of \$1,829 were capitalized in connection with the Revolving Credit Facility, consisting primarily of arrangement fees and discount.

On February 5, 2018, the Borrower repriced the Initial Term Loan facility pursuant to an amendment to reduce the margin under the Initial Term Loan by 75 basis points and reduce the margin under the Revolving Credit Facility by 75 basis points. On October 31, 2018, the Borrower repriced the Initial Term Loan facility pursuant to an incremental amendment to reduce the margin under the Initial Term Loan by 50 basis points, increased the aggregate amount of the Initial Term Loan to \$292,355, and further reduced the margin under the Revolving Credit Facility by 50 basis points. The Company capitalized \$1,054 and \$889 of costs incurred with the February and October 2018 amendments, respectively, that will be amortized over the life of the debt. On August 1, 2019, the Borrower amended the Credit Agreement to borrow an additional \$390,000 senior secured term loan (the "Incremental Term Loan" and, together with the Initial Term Loan, as amended, the "Term Loans") and increased the commitments under the Revolving Credit Facility from \$50,000 to \$60,000. The Incremental Term Loan has the same maturity as the Initial Term Loan. Debt issuance costs of \$20,198 incurred in connection with the 2019 amendment have been deferred and are being amortized over the life of the related debt. Debt issuance costs are amortized using a straight-line method over the period from the date of issuance or amendment through the maturity date, which the Company determined to approximate the effective interest method.

Borrowings under the Term Loans and the Revolving Credit Facility bear interest at a variable rate, at the Borrower's option, of either (i) a eurodollar rate based on the London interbank offered rate ("LIBOR") for a specific interest period plus an applicable margin, subject to a eurodollar rate floor of 0.00%, or (ii) an alternate base rate plus an applicable margin, subject to a base rate floor of 0.00%. Interest is payable quarterly for the Term Loans and the Revolving Credit Facility. The margins for the Initial Term Loan are fixed at 4.00% per annum for eurodollar rate loans and 3.00% per annum for base rate loans. The margins for the Incremental Term Loan are fixed at 4.75% per annum for eurodollar rate loans and 3.75% per annum for base rate loans. The margins for the Revolving Credit Facility range from 3.50% to 4.00% per annum for eurodollar rate loans and 2.50% to 3.00% per annum for base rate loans, depending on the applicable first lien secured leverage ratio. Unused commitments under the Revolving Credit Facility are subject to a 0.50% availability fee.

The LIBOR rate for the Initial Term Note and the Revolving Credit Facility is defined as LIBOR (0.22% as of December 25, 2020), plus the applicable margin (4.00% as of December 25, 2020), amounting to an effective rate of 4.22% as of December 25, 2020. The LIBOR rate for the Incremental Term Note is

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defined as LIBOR (0.22% as of December 25, 2020), plus the applicable margin (4.75% as of December 25, 2020), amounting to an effective rate of 4.97% as of December 25, 2020.

On December 31, 2018, the Company purchased an interest rate cap to guard against unexpected increases in the LIBOR to which the Company's debt instruments are tied. Pursuant to the agreements, the Company has capped LIBOR at 3.55% with respect to the aggregate notional amount of \$189,600, decreasing by scheduled principal payments on the Initial Term Loan through the expiration of the interest rate cap agreements in December 2021. In the event LIBOR exceeds 3.55%, the Company will pay interest at the capped rate plus the applicable margin. In the event LIBOR is less than 3.55%, the Company will pay interest at the prevailing LIBOR rate plus the applicable margin. The asset is recorded at fair value, see Note 9.

The Term Loans amortize in fixed equal quarterly installments in an amount equal to 1.0% per annum of the total aggregate principal amount thereof immediately after borrowing, with the balance due at maturity. The Borrower may voluntarily prepay loans or reduce commitments under the Credit Agreement, in whole or in part, subject to minimum amounts, with prior notice but without premium or penalty (subject to customary exceptions). The Company may also be required to make additional payments under the financing agreement equal to a percentage of the Company's annual excess cash flows or net proceeds from any non-ordinary course asset sales or certain debt issuances, if any. In accordance with these provisions, the Company has an obligation to make a mandatory excess cash flow payment offer related to the term loans of \$14,325 to the lender. The lender has the option to decline the prepayment. The entire amount of the expected payment has been classified within current maturities of long-term debt on the consolidated balance sheet as of December 25, 2020.

The Borrower's obligations under the Credit Agreement are guaranteed by its direct parent company, its wholly owned subsidiary Crackle Purchaser LLC (formerly known as Crackle Purchaser Corp.) and each of the Borrower's current and future direct and indirect subsidiaries other than (i) foreign subsidiaries, (ii) unrestricted subsidiaries, (iii) non-wholly owned subsidiaries, (iv) immaterial subsidiaries and (v) certain holding companies of foreign subsidiaries, and are secured by a first lien on substantially all of their assets, including the capital stock of subsidiaries (subject to certain exceptions).

As of December 25, 2020, the Company had no borrowings under the Revolving Credit Facility and \$4,894 of outstanding letters of credit. The amount available under the Revolving Credit Facility was \$55,106 as of December 25, 2020.

As of December 27, 2019, the Company had \$5,000 in borrowings under the Revolving Credit Facility and additional \$2,200 of outstanding letters of credit. The amount available under the Revolving Credit Facility was \$52,800 as of December 27, 2019.

As of December 25, 2020, the future scheduled maturities of the above notes payable are as follows:

2021	\$ 21,149
2022	6,824
2023	6,824
2024	637,811
Total future maturities of long-term debt	672,608
Unamortized debt issuance costs	(20,595)
Total indebtedness	652,013
Less: Current maturities of long-term debt	21,149
Long-term debt	<u>\$630,864</u>

Unamortized costs related to issuance of the Term Loans were \$20,595 and \$26,330 as of December 25, 2020 and December 27, 2019 and are presented as a direct deduction from the carrying amount of long-term

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debt. Unamortized costs related to the issuance of the Revolving Credit Facility were \$583 and \$948 as of December 25, 2020 and December 27, 2019 and are included in other assets in the consolidated balance sheets. The costs related to debt issuances are amortized to interest expense over the life of the related debt. As of December 25, 2020, the future amortization of debt issuance costs is as follows:

2021	\$ 6,101
2022	5,951
2023	5,735
2024	3,391
Total	<u>\$21,178</u>

Interest expense as of December 25, 2020 and December 27, 2019 consisted of the following:

	2020	2019
Interest expense from Revolving Credit Facility	\$ 1,632	\$ 1,146
Interest expense from Initial Term Note	14,841	18,889
Interest expense from Incremental Term Note	22,935	11,086
Interest expense from Rate Cap	20	228
Amortization of debt issuance costs	6,101	3,895
Total Interest expense	<u>\$45,529</u>	<u>\$35,244</u>

**Debt Covenants and Default Provisions** — The Credit Agreement contains various customary affirmative and negative covenants, including, but not limited to, restrictions on the Borrower and its restricted subsidiaries' ability to incur or guarantee indebtedness; grant or incur liens or security interests on assets; merge and consolidate with other companies; sell or otherwise dispose of assets; make acquisitions, loans or investments; pay dividends or make other distributions in respect of, or repurchase or redeem capital stock; prepay, redeem or repurchase certain subordinated debt; enter into certain transactions with affiliates; enter into agreements which would restrict certain subsidiaries' abilities to pay dividends; amend organizational documents or change the Borrower's line of business or fiscal year or quarters. The financial covenants the Company is measured against are consolidated earnings before interest, taxes, depreciation and amortization, adjusted for allowable add-backs specified in the Credit Agreement ("consolidated EBITDA"), and associated ratios, as defined in the Credit Agreement. The Borrower was in compliance with such covenants as of December 25, 2020 and December 27, 2019.

In addition, the Revolving Credit Facility is subject to a first lien secured leverage ratio of 8.15 to 1:00, tested quarterly if, and only if, the aggregate principal amount from the revolving facility loans, letters of credit (to the extent not cash collateralized or backstopped or, in the aggregate, not in excess of \$5,000) and swingline loans outstanding and/or issued, as applicable, exceeds 35.0% of the total amount of the Revolving Credit Facility commitments.

The Credit Agreement provides that upon the occurrence of certain events of default, the Borrower's obligations thereunder may be accelerated, and the lending commitments terminated. Such events of default include payment defaults to the lenders, material inaccuracies of representations and warranties, covenant defaults, defaults on other material indebtedness, voluntary and involuntary bankruptcy proceedings, material monetary judgments, change of control, material ERISA/pension plan events and other customary events of default. No such events had occurred as of December 25, 2020.

## 9. Fair Value Measurement

**Fair Value of Financial Instruments** — The fair values and related carrying values of financial instruments that are not required to be remeasured at fair value on the consolidated statements of operations were as follows:



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	December 25, 2020		December 27, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Assets</b>				
Notes receivable, net	\$ 5,115	\$ 5,494	\$ 4,740	\$ 4,905
<b>Liabilities</b>				
Initial Term Loan	286,508	267,169	289,431	249,635
Incremental Term Loan	386,100	384,652	390,000	380,250

The fair value of notes receivable are estimated using a discounted cash flow analysis using interest rates currently offered for loans with similar credit quality which represent Level 2 inputs. The fair value of long-term debt was established using current market rates for similar instruments traded in secondary markets representing Level 2 inputs. The fair value of the Revolving Credit Facility approximates carrying value as the related interest rates approximate the Company's incremental borrowing rate for similar obligations.

**Assets and Liabilities that are Measured at Fair Value on a Recurring Basis** — The fair value of the interest rate cap is determined by using widely accepted valuation techniques and based on its maturity, observable market-based inputs including interest rate curves and is considered to be a Level 2 measurement. The fair value of the interest rate cap was \$262 as of December 27, 2019 and had no value as of December 25, 2020.

The Company utilizes the OPM in order to determine the fair value of the CVRs. Any future increase in the fair value of the CVR obligations, based on an increased likelihood that the underlying milestones will be achieved, and the associated payment or payments will, therefore, become due and payable, will result in a charge to selling, general and administrative expenses in the period in which the increase is determined. Similarly, any future decrease in the fair value of the CVR obligations will result in a reduction in selling, general and administrative expenses. Accordingly, the CVRs are classified as Level 3.

	Fair value at December 25, 2020	Valuation Technique	Unobservable Input	Volatility
Contingent Value Rights	\$4,000	OPM	Volatility	51%

Changes in the CVRs for the years ended December 25, 2020 and December 27, 2019 were as follows:

CVR fair value – December 28, 2018	\$2,886
Fair value adjustments	314
CVR fair value – December 27, 2019	3,200
Fair value adjustments	800
CVR fair value – December 25, 2020	<u>\$4,000</u>

CVR liabilities are classified as other liabilities in the accompanying consolidated balance sheets. Adjustments to the fair value of CVR liabilities are included in selling, general and administrative expenses in the consolidated statements of operations.

There were no transfers into or out of level 3 investments during the years ended December 25, 2020 and December 27, 2019.

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**10. Accrued Liabilities**

Accrued liabilities as of December 25, 2020 and December 27, 2019, consisted of the following:

	2020	2019
Payroll, vacation, and bonus accruals	\$29,700	\$18,641
Deferred revenue	18,654	14,642
Warranty reserve	11,767	11,686
Interest payable	7,576	10,992
Customer rebate program	2,140	1,767
IBNR	1,215	425
Rent accrual	965	1,120
Outbound shipping	648	421
Deferred purchase payment	500	3,346
Other accrued liabilities	7,493	6,534
Total accrued liabilities	<u>\$80,658</u>	<u>\$69,574</u>

**11. Retirement Plan**

The Company has a legacy 401(k) plan that covers eligible employees as defined by the plan agreement. As of January 1, 2020, the Company matches 100% of employee contributions to the plan, up to 3% of the employees' total compensation, and 50% of employee contributions to the plan, up to 6% of the employees' total compensation. Prior to January 1, 2020, the Company matched 50% of employee contributions to the plan, up to 3% of the employees' total compensation. As a result of the Control4 acquisition, transitioning employees remained on their legacy 401(k) benefit plan through December 31, 2019. Under this plan, the Company matched 100% of the first 1% of employee contributions and 70% of the next 5% of employee contributions, which vested immediately.

Company contributions to the plan, net of forfeitures, were \$3,727 and \$2,069 for the years ended December 25, 2020 and December 27, 2019, respectively.

**12. Equity Agreements and Incentive Equity Plans**

**Parent Incentive Plan** — In August 2017, the Parent entered into an amended and restated limited partnership agreement and unitholders' agreement. These agreements, among other things, established the distribution rights and allocation of profits and losses associated with the membership units of the Parent.

In October 2017, the Parent approved the 2017 Incentive Plan, which established the terms and provided for grants of certain incentive units to employees, officers, directors, consultants, and advisors of the Company containing service-based and/or market-based vesting criteria. Class B-1 Incentive Units ("B-1 Units") become vested in installments over a five-year period, subject to the grantee's continued employment or service. Class B-2 Incentive Units ("B-2 Units") have both service-based and market-based vesting conditions, as they are subject to the same service conditions as the B-1 Units, but also require the achievement of a specified return hurdle in order to vest.

The fair value of equity-classified awards is determined on the date of grant and is not remeasured. All B-1 Units and B-2 Units are classified as equity awards. For B-2 Units, the determination of the fair value of these awards takes into consideration the likelihood of achievement of the market condition. The fair value of incentive units granted during the years ended December 25, 2020 and December 27, 2019 was estimated using an OPM with the following key assumptions:

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	2020	2019
Expected holding period	4 years	5 years
Risk-free rate of return	0.20 – 0.30%	1.76%
Expected dividend yield	—%	—%
Expected volatility	47 – 51%	30%
Discount for lack of marketability	20 – 25%	20%

The Company estimated a discount for lack of marketability (“DLOM”) using a put option model. The DLOM reflects the lower value placed on securities that are not freely transferable, as compared to those that trade frequently in established markets.

The Company recognizes compensation expense for all share-based awards granted on a straight-line basis over the requisite service periods of the awards, which is equivalent to the service-based vesting term. For the B-2 Units, compensation expense is recognized if the requisite service is rendered, regardless of whether the market condition is satisfied.

Incentive unit activity for the years ended December 25, 2020 and December 27, 2019 was as follows:

	B-1 Incentive Units		B-2 Incentive Units	
	Number of Units (in 000's)	Weighted- Average Grant-Date Fair Value	Number of Units (in 000's)	Weighted- Average Grant-Date Fair Value
Outstanding units-December 28, 2018	43,088	\$0.29	22,542	\$0.04
Units granted in 2019	32,652	0.40	2,290	0.21
Units forfeited in 2019	(4,542)	0.28	(4,327)	0.03
Units repurchased in 2019	(46)	0.27	—	—
Outstanding units-December 27, 2019	71,152	0.34	20,505	0.05
Units granted in 2020	7,509	0.42	—	—
Units forfeited in 2020	(7,922)	0.37	(683)	0.03
Units repurchased in 2020	—	—	—	—
Outstanding units-December 25, 2020	70,739	\$0.34	19,822	\$0.06
Vested units-December 25, 2020	28,718	\$0.31	—	\$ —
Nonvested units-December 25, 2020	42,021	\$0.37	19,822	\$0.06

During the year ended December 25, 2020, 12,578 B-1 Units vested with a total grant-date fair value of \$4,260. During the year ended December 27, 2019, 8,588 B-1 Units with a total grant-date fair value of \$2,546 vested.

The Company recognized approximately \$4,284 and \$3,673 of compensation expense within selling, general and administrative expenses in the accompanying consolidated statements of operations during the years ended December 25, 2020 and December 27, 2019, respectively.

As of December 25, 2020, there was approximately \$14,644 of unrecognized compensation expense related to outstanding incentive units, which is expected to be recognized subsequent to December 25, 2020, over a weighted-average period of approximately three years.

**Control4 Equity Awards** — In connection with the Control4 Acquisition, the Company agreed to a settlement of Control4 equity awards that were outstanding immediately prior to the acquisition date, consisting of stock options (“C4 Stock Options”) and restricted stock units (“C4 RSUs” and, together with

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C4 Stock Options, “C4 Equity Awards”). C4 Stock Options that were fully vested and exercisable prior to the acquisition were cancelled, and each holder was entitled to receive an amount in cash equal to the product of the excess, if any, of the Merger Consideration (defined as \$23.91 per share) over the exercise price per share of the C4 Stock Option, multiplied by the total number of shares subject to the C4 Stock Options. C4 RSUs that were fully vested prior to the acquisition were cancelled, and each holder was entitled to receive an amount in cash for each unit equal to the Merger Consideration. C4 Equity Awards that were not vested immediately prior to the acquisition were cancelled, and each holder was entitled to receive similar consideration as the respective vested awards, subject to the vesting conditions of the original awards, but modified to include only service-based vesting criteria of up to three years.

As of the acquisition date, 2,998 shares of C4 Equity Awards were cancelled and converted into rights to receive cash payments (the “Replacement Awards”). The Company recognized \$16,719 as consideration transferred in the business combination, representing the amount of cash consideration earned by C4 Equity Award holders as of the acquisition date. This amount was recorded within accrued liabilities and other current liabilities upon consummation of the acquisition.

Following the acquisition, 1,708 and 843 Replacement Award units were redeemed in cash, and 25 and 179 Replacement Award units were forfeited during the years ended December 25, 2020 and December 27, 2019, respectively. As of December 25, 2020, 243 Replacement Award units remain outstanding, consisting of 27 vested and 216 unvested units.

For the Replacement Awards that were not vested as of the acquisition date, compensation expense is recognized on a straight-line basis over the period the employee performs services during the remaining vesting period. The Company recognized \$7,353 and \$10,790 of compensation expense relating to the Replacement Awards within selling, general and administrative expenses in the accompanying consolidated statement of operations during the years ended December 25, 2020 and December 27, 2019.

There was approximately \$5,467 of unrecognized compensation expense related to the nonvested Replacement Awards, which is expected to be recognized subsequent to December 25, 2020, over a weighted-average period of approximately 1 year. Total unrecognized compensation expense will be adjusted for future forfeitures.

### **13. Income Taxes**

Loss before income taxes, excluding loss for noncontrolling interests, consists of the following:

	December 25, 2020	December 27, 2019
Domestic	\$(26,998)	\$(43,760)
Foreign	(2,237)	(3,961)
Total	<u>\$(29,235)</u>	<u>\$(47,721)</u>

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The components of income tax benefit for the years ended December 25, 2020 and December 27, 2019, were as follows:

	December 25, 2020	December 27, 2019
<b>Current</b>		
Federal	\$ —	\$ —
State	96	202
Foreign	976	213
Total	<u>1,072</u>	<u>415</u>
<b>Deferred</b>		
Federal	(8,778)	(12,852)
State	3,756	(822)
Foreign	(401)	(98)
Total	<u>(5,423)</u>	<u>(13,772)</u>
Income tax benefit	<u><u>\$ (4,351)</u></u>	<u><u>\$ (13,357)</u></u>

The tax effects of temporary differences and carryforwards that gave rise to deferred tax assets and liabilities as of December 25, 2020 and December 27, 2019, are as follows:

	2020	2019
<b>Deferred tax assets:</b>		
Net operating loss	\$ 24,766	\$ 22,017
Interest carryforward	6,549	8,294
Accrued liabilities and reserves	11,380	11,038
Uniform capitalization	1,231	2,761
Capital loss carryforward	8,719	—
R&D Credits	17,072	12,823
Deferred revenue	3,022	2,389
Depreciable property	1,917	820
Other	522	694
Total deferred tax assets	<u>75,178</u>	<u>60,836</u>
Valuation allowance	(15,658)	(3,251)
Total deferred tax assets, net of valuation allowance	<u>59,520</u>	<u>57,585</u>
<b>Deferred tax liabilities:</b>		
Amortization of intangible assets	(103,381)	(109,470)
Amortization of goodwill	(10,035)	(6,799)
Transaction costs	(449)	(1,086)
Total deferred tax liabilities	<u>(113,865)</u>	<u>(117,355)</u>
Net deferred tax liabilities	<u><u>\$ (54,345)</u></u>	<u><u>\$ (59,770)</u></u>

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The components of the Company's net deferred tax liabilities as of December 25, 2020 and December 27, 2019, are as follows:

	December 25, 2020	December 27, 2019
Domestic deferred tax liabilities	\$(55,518)	\$(60,542)
Foreign deferred tax assets	1,173	772
Net deferred tax liabilities	<u>\$(54,345)</u>	<u>\$(59,770)</u>

The Company's deferred tax assets related to net operating losses and credits are shown net of their related unrecognized tax benefit.

Significant judgment is required in determining the Company's provision for income taxes and recording valuation allowances against deferred tax assets. In evaluating the ability to recover its deferred tax assets, in full or in part, the Company considers all available positive and negative evidence, including past operating results, forecast of future market growth, forecasted earnings, future taxable income, and prudent and feasible tax planning strategies.

Given its overall deferred tax liability position, the Company expects to fully utilize its U.S. federal and state net operating loss carryforward balances with an exception of a portion of the Utah state net operating loss. However, the Company expects a small portion of their U.S. federal research and development credits to expire unused in the next few years along with the majority of their remaining state research and equipment credits. A partial valuation allowance has been established for the portion of credits expected to expire unused. The Company will continue to maintain a full valuation allowance against the foreign tax credit carryovers. In 2020, the Company sold the stock of their fully owned subsidiary, Autonomic Controls, Inc., for \$1,104, incurring a capital loss of \$35,039 for tax purposes. The Company has determined the capital loss will not be utilized due to insufficient capital gains. A full valuation allowance has been recorded against this asset for both federal and state.

The Company determined, based on the available evidence, that it is uncertain whether certain of its jurisdictions will generate sufficient future taxable income and of the correct character to recognize certain of these deferred tax assets. As a result, the Company's deferred tax asset for net operating losses, capital loss carryforwards and credits reflect a valuation allowance of \$15,658 and \$3,251 as of December 25, 2020 and December 27, 2019, respectively.

Net operating loss and tax credit carryforwards as of December 25, 2020 are as follows:

	Amount	Expiration Years
Net operating losses, federal	\$68,274	2027 – 2038
Net operating losses, federal	18,726	Indefinite
Net operating losses, state	78,197	2021 – 2039
Net operating losses, state	2,282	Indefinite
Tax credit carryforwards, federal	22,251	2023 – 2040
Tax credit carryforwards, state	2,366	2021 – 2030
Net operating losses, foreign	18,569	2022 – 2029
Capital loss carryforwards, federal	35,039	2025
Capital loss carryforwards, state	22,640	2025

The Company has performed a Section 382 analysis related to the ownership change that occurred when the Company acquired Control4. While an annual limitation does exist related to the net operating

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losses and credits carried forward from Control4, the Company does not anticipate that this limitation will cause any net operating losses and credits to expire before their utilization. U.S. Federal net operating losses incurred after 2017 are subject to an 80% limitation on taxable income.

The Company recorded gross unrecognized tax (expense) benefits of \$(187) and \$7,234 during the years ended December 25, 2020 and December 27, 2019, respectively. During the next 12 months, a federal statute of limitation related to uncertain tax positions will lapse, resulting in a reduction in unrecognized tax benefit and an expense of \$76.

The Company's treatment of interest and penalties related to the resolution of uncertain tax positions is to report them as a component of income tax expense. However, the Company's current unrecognized tax benefits are presented net with their related deferred tax assets, therefore, no interest and penalties have been included in the Company's income tax expense for years ended December 25, 2020 and December 27, 2019.

	December 25, 2020	December 27, 2019
<b>Fiscal Year Ended</b>		
Balances, beginning	\$8,281	\$1,047
Additions for tax position of the current year	538	7,234
Reduction for tax positions of prior years for:		
Changes in judgement	(670)	—
Lapses of applicable statutes of limitations	(55)	—
Balances, ending	<u>\$8,094</u>	<u>\$8,281</u>

The Company files income tax returns in the United States, including various state and local jurisdictions. The Company's subsidiaries file income tax returns in the United Kingdom, Australia, China, Germany, India, New Zealand, Switzerland, and Serbia. The Company is subject to federal income tax as well as income tax of multiple state and foreign jurisdictions. The Company is no longer subject to income tax examinations for the following jurisdictions and years: federal, for years before 2017; state and local, for years before 2016; or foreign, for years before 2015. However, federal net operating loss and credit carryforwards from all years are subject to examination and adjustments for at least three years following the year in which the attributes are used.

Starting December 27, 2019, and forward, the Company's position is that its overseas subsidiaries will not invest undistributed earnings indefinitely. Future unremitted earnings when distributed are expected to be either distributions of GILTI or Sub F — previously taxed income or eligible for 100% dividends received deduction. The withholding on any unremitted earnings and related state income taxes on such earnings are not considered material. Therefore, the Company has not provided deferred U.S. income taxes from non-U.S. subsidiaries.

The reconciliation of the Company's effective income tax rate with the statutory rate is as follows:



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	December 25, 2020	December 27, 2019
<b>Fiscal Year Ended</b>		
Federal income tax rate	21.00%	21.00%
State income taxes	1.57	1.60
Foreign income taxes	1.03	0.23
Deferred rate change	(6.00)	(0.25)
Foreign tax rate differences	(1.31)	(0.03)
Autonomic sale (Tax)	29.82	0.00
Incentive stock compensation	(3.08)	(1.64)
Research and development tax credits	14.37	26.21
Valuation allowance	(41.61)	(2.03)
Changes in uncertain tax positions	0.64	(15.80)
Other items, net	(1.55)	(0.94)
Effective income tax rate	<u>14.88%</u>	<u>28.35%</u>

Due to pretax losses in the years ended December 25, 2020 and December 27, 2019, the effective rate items listed above with negative signs represent increases to income tax expense and positive amounts represent decreases to income tax expense.

In March 2021, the U.S. Internal Revenue Service (“IRS”) began an examination of the Company’s 2018 U.S. federal income tax return. Although this examination is part of a routine and recurring cycle, the Company cannot predict the final outcome or expected conclusion date of the audit.

#### **14. Commitments and Contingencies**

**Legal Proceedings** — During the normal course of business, the Company is occasionally involved with various claims and litigation. Reserves are established in connection with such matters when a loss is probable, and the amount of such loss can be reasonably estimated. As of December 25, 2020, and December 27, 2019, no material reserves were recorded. The determination of probability and the estimation of the actual amount of any such loss are inherently unpredictable, and it is therefore possible that the eventual outcome of such claims and litigation could exceed the estimated reserves, if any. However, the Company does not expect the outcome of the matters currently pending will have a material adverse effect on the consolidated financial statements.

**Lease Commitments** — The Company leases offices, warehouse space, and distribution centers. These leases are classified as operating leases with various expiration dates through July 2028. In addition to base rent, the Company is obligated to reimburse certain common area maintenance costs required to operate the facilities. Substantially all the leases include renewal options with varying terms. The Company recognizes rental expense and amortizes tenant improvement allowances on a straight-line basis over the stated lease term, including renewal periods if reasonably assured. Total rental expense for the years ended December 25, 2020 and December 27, 2019, was approximately \$10,909 and \$6,388, respectively.

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As of December 25, 2020, future minimum lease payments under non-cancelable lease commitments for the next five fiscal years and thereafter were as follows:

2021	\$11,400
2022	8,147
2023	6,895
2024	6,175
2025	4,761
Thereafter	4,620
Total future minimum lease payments	<u>\$41,998</u>

#### 15. Stockholders' Equity

**Common Stock** — Holders of voting common stock are entitled to one vote per share and to receive dividends. The Company had noncontrolling interests of \$316 and \$99 as of December 25, 2020 and December 27, 2019, respectively, related to a joint venture formed prior to 2018.

Changes in noncontrolling interests each period include net income attributable to noncontrolling interests and cash contributions by minority partners to the Company's consolidated subsidiaries. Cash contributions by minority partners were \$561 and \$132 for the years ended December 25, 2020 or December 27, 2019, respectively.

#### 16. Loss Per Share

Basic loss per share represents net loss divided by the weighted-average shares outstanding. Diluted loss per share is the same as basic income or loss per share, as the Company had no potentially dilutive securities during either of the years ended December 25, 2020 or December 27, 2019. The following table presents the calculations of basic and diluted loss per share for the years ended:

	2020	2019
Net Loss attributable to Company	\$ (24,884)	\$ (34,364)
Weighted-average shares outstanding-basic and diluted	58,864,723	58,102,891
Loss per share-basic and diluted	\$ (0.42)	\$ (0.59)

#### 17. Related Parties

The Company received no capital contributions from Parent during the year ended December 25, 2020 and \$254,205 during the year ended December 27, 2019. There were no other related party transactions to report.

#### 18. Subsequent Events

In preparing its consolidated financial statements, the Company has evaluated subsequent events through April 19, 2021, which is the date the consolidated financial statements were available to be issued, and has updated such evaluation for disclosure purposes through July 19, 2021 with respect to the stock split and change in the authorized number of shares of common stock reflected in the Company's amended and restated certificate of incorporation, dated July 15, 2021, as discussed below.

On July 15, 2021, the Company filed an amendment to its amended and restated certificate of incorporation which, among other things, effected a 150-for-1 stock split of its shares of common stock and increased the authorized number of shares of its common stock to 100 million. All references to share and per share amounts in the Company's consolidated financial statements have been retrospectively revised to reflect the stock split and increase in authorized shares.

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## Schedule I — Registrant's Condensed Financial Statements

(Dollar amounts in thousands)

SNAP ONE HOLDINGS CORP. (PARENT COMPANY ONLY)  
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	2020	2019
Net loss from unconsolidated entities	\$(24,884)	\$(34,364)
Other comprehensive loss from unconsolidated entities	795	(39)
Total comprehensive loss	<u>\$(24,089)</u>	<u>\$(34,403)</u>

## Schedule I — Registrant's Condensed Financial Statements

(Dollar amounts in thousands)

SNAP ONE HOLDINGS CORP. (PARENT COMPANY ONLY)  
BALANCE SHEETS

	2020	2019
<b>Assets</b>		
Investments in unconsolidated subsidiary	\$617,423	\$636,828
Total assets	<u>\$617,423</u>	<u>\$636,828</u>
<b>Liabilities and Stockholders' Equity</b>		
Company's stockholders' equity	\$617,423	\$636,828
Total liabilities and stockholders' equity	<u>\$617,423</u>	<u>\$636,828</u>

## Schedule I — Registrant's Condensed Financial Statements

(Dollar amounts in thousands)

## SNAP ONE HOLDINGS CORP. (PARENT COMPANY ONLY)

## STATEMENTS OF CASH FLOWS

	2020	2019
<b>Cash flows from operating activities:</b>		
Net loss	\$(24,884)	\$ (34,364)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Loss from unconsolidated entities	24,884	34,364
Net cash used in operating activities	—	—
<b>Cash flows from investing activities:</b>		
Investment in unconsolidated entities	—	(254,911)
Net cash provided by investing activities	—	(254,911)
<b>Cash flows from financing activities:</b>		
Capital contributions	—	254,911
Net cash used in financing activities	—	254,911
Net change in cash and cash equivalents	—	—
Cash at beginning of period	—	—
Cash at end of period	\$ —	\$ —

**Schedule I — Registrant's Condensed Financial Statements****(Dollar amounts in thousands)****Notes to Condensed Financial Information of Parent****1. BASIS OF PRESENTATION**

These condensed Snap One Holdings Corp. ("Parent Company") only financial statements have been prepared in accordance with Rule 12-04 of Regulation S-X, as the restricted net assets of the subsidiaries of the Parent Company exceed 25% of the consolidated net assets of the Parent Company as stipulated by Rule 5-04, Section I from Regulation S-X. One of the Parent Company's subsidiaries holds a credit agreement that contains certain covenants including restrictions on the subsidiary's ability to incur or guarantee indebtedness or pay dividends and establishes requirements to maintain certain financial ratios based on earnings before interest, taxes, depreciation and amortization, adjusted for allowable add-backs. See Note 8 to the consolidated financial statements for more information.

These condensed Parent Company only financial statements have been prepared using the same accounting principles and policies described in the notes to the consolidated financial statements, with the only exception being that the Parent Company accounts for investments in its subsidiaries using the equity method. These condensed financial statements should be read in conjunction with the consolidated financial statements and related notes thereto.

**Snap One Holdings Corp. and Subsidiaries**  
**Unaudited Condensed Consolidated Balance Sheet**  
**(in thousands, except share amounts and par value)**

	March 26, 2021	December 25, 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 48,943	\$ 77,458
Accounts receivable, net	56,313	49,363
Inventories, net	167,647	157,099
Prepaid expenses and other current assets	12,176	9,650
Total current assets	285,079	293,570
Long-term assets:		
Property and equipment, net	20,074	20,208
Goodwill	559,735	559,735
Other intangible assets, net	606,157	617,616
Other assets	6,885	6,409
Total assets	<u>\$1,477,930</u>	<u>\$1,497,538</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Current maturities of long-term debt	\$ 6,824	\$ 21,149
Accounts payable	61,930	68,941
Accrued liabilities	73,023	80,658
Total current liabilities	141,777	170,748
Long-term liabilities:		
Long-term debt, net of current portion	644,916	630,864
Deferred income tax liabilities, net	54,724	55,518
Other liabilities	23,802	22,669
Total liabilities	<u>865,219</u>	<u>879,799</u>
Commitments and contingencies (Note 13)		
Stockholders' equity		
Common Stock, \$0.001 par value, 100,000,000 shares authorized; and 59,216,665 shares issued and outstanding at March 26, 2021 and December 25, 2020	59	59
Additional paid in capital	660,686	659,626
Accumulated deficit	(49,032)	(43,018)
Accumulated other comprehensive income	704	756
Company's stockholders' equity	612,417	617,423
Noncontrolling interest	294	316
Total stockholders' equity	<u>612,711</u>	<u>617,739</u>
Total liabilities and stockholders' equity	<u>\$1,477,930</u>	<u>\$1,497,538</u>

The accompanying notes are an integral part of these condensed consolidated financial statements



**Snap One Holdings Corp. and Subsidiaries**  
**Unaudited Condensed Consolidated Statements of Operations**  
(in thousands, except share amounts and per share)

	Three Months Ended	
	March 26, 2021	March 27, 2020
Net sales	\$ 220,468	\$ 172,611
Costs and expenses:		
Cost of sales, exclusive of depreciation and amortization	128,876	100,390
Selling, general and administrative expenses	75,357	67,386
Depreciation and amortization	13,712	14,483
Total costs and expenses	217,945	182,259
Income (loss) from operations	2,523	(9,648)
Other expenses (income):		
Interest expense	9,535	12,803
Other (income) expense	(213)	883
Total other expenses	9,322	13,686
Loss before income tax benefit	(6,799)	(23,334)
Income tax benefit	(763)	(4,316)
Net loss	(6,036)	(19,018)
Net loss attributable to noncontrolling interest	(22)	(24)
Net loss attributable to Company	(6,014)	(18,994)
Net loss per share, basic and diluted	(0.10)	(0.33)
Weighted average shares outstanding, basic and diluted	59,216,665	58,140,138

The accompanying notes are an integral part of these condensed consolidated financial statements

**Snap One Holdings Corp. and Subsidiaries**  
**Unaudited Condensed Consolidated Statements of Comprehensive Loss**  
**(in thousands)**

	<b>Three Months Ended</b>	
	<b>March 26, 2021</b>	<b>March 27, 2020</b>
Net loss	<u>\$(6,036)</u>	<u>\$(19,018)</u>
Other comprehensive loss, net of tax:		
Foreign currency translation adjustments	<u>(52)</u>	<u>(434)</u>
Comprehensive loss	<u>(6,088)</u>	<u>(19,452)</u>
Comprehensive loss attributable to noncontrolling interest	<u>(22)</u>	<u>(24)</u>
Comprehensive loss attributable to Company	<u><u>\$(6,066)</u></u>	<u><u>\$(19,428)</u></u>

The accompanying notes are an integral part of these condensed consolidated financial statements

**Snap One Holdings Corp. and Subsidiaries**  
**Unaudited Condensed Consolidated Statements of Stockholders' Equity**  
(in thousands, except share amounts)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total Stockholders' Equity
	Number of Shares	Amount					
Balance – December 25, 2020	59,216,665	\$ 59	\$659,626	\$ (43,018)	\$756	\$316	\$617,739
Net loss	—	—	—	(6,014)	—	(22)	(6,036)
Foreign currency translation adjustments	—	—	—	—	(52)	—	(52)
Equity-based compensation expense	—	—	1,060	—	—	—	1,060
Balance – March 26, 2021	<u>59,216,665</u>	<u>\$ 59</u>	<u>\$660,686</u>	<u>\$ (49,032)</u>	<u>\$704</u>	<u>\$294</u>	<u>\$612,711</u>
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total Stockholders' Equity
	Number of Shares	Amount					
Balance – December 27, 2019	58,140,138	\$ 58	\$654,943	\$ (18,134)	\$ (39)	\$ 99	\$636,927
Net loss	—	—	—	(18,994)	—	(24)	(19,018)
Foreign currency translation adjustments	—	—	—	—	(434)	—	(434)
Equity-based compensation expense	—	—	1,362	—	—	—	1,362
Balance – March 27, 2020	<u>58,140,138</u>	<u>\$ 58</u>	<u>\$656,305</u>	<u>\$ (37,128)</u>	<u>\$ (473)</u>	<u>\$ 75</u>	<u>\$618,837</u>

The accompanying notes are an integral part of these condensed consolidated financial statements

**Snap One Holdings Corp. and Subsidiaries**  
**Unaudited Condensed Consolidated Statements of Cash Flows**  
(in thousands)

	<b>Three Months Ended</b>	
	<b>March 26, 2021</b>	<b>March 27, 2020</b>
Cash flows from operating activities:		
Net loss	\$ (6,036)	\$(19,018)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	13,712	14,483
Amortization of debt issuance costs	1,525	1,525
Unrealized loss on interest rate cap	—	3
Deferred income taxes	(795)	(3,778)
Loss on sale and disposal of property and equipment	259	20
Equity-based compensation	1,060	1,362
Bad debt expense	76	322
Fair value adjustment to contingent value rights	1,310	(300)
Change in operating assets and liabilities:		
Accounts receivable	(7,027)	(2,413)
Inventories	(10,548)	8,629
Prepaid expenses and other assets	(2,653)	1,613
Accounts payable and accrued liabilities	(14,750)	(16,123)
Net cash used in operating activities	<u>(23,867)</u>	<u>(13,675)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(2,050)	(2,405)
Receipt of payment on notes receivable	—	22
Other	(429)	—
Net cash used in investing activities	<u>(2,479)</u>	<u>(2,383)</u>
Cash flows from financing activities:		
Payments on long-term debt	(1,797)	(2,288)
Proceeds from revolving credit facility	—	47,375
Payment of deferred initial public offering costs	(349)	—
Net cash (used in) provided by financing activities	<u>(2,146)</u>	<u>45,087</u>
Effect of exchange rate changes on cash and cash equivalents	(23)	(372)
Net (decrease) increase in cash and cash equivalents	(28,515)	28,657
Cash and cash equivalents – Beginning of period	77,458	33,177
Cash and cash equivalents – End of period	<u>\$ 48,943</u>	<u>\$ 61,834</u>
Supplementary cash flow information:		
Cash payments for interest	\$ 8,106	\$ 11,643
Cash paid (refund) for taxes, net	\$ 485	\$ (10)
Noncash investing and financing activities:		
Capital expenditure in accounts payable	\$ 67	\$ 810

The accompanying notes are an integral part of these condensed consolidated financial statements

## Snap One Holdings Corp. and Subsidiaries

### Notes to the Unaudited Condensed Consolidated Financial Statements (in thousands, except share and per share amounts)

#### 1. Description of Business

Crackle Holdings LP (the “Parent”) was formed on June 14, 2017 by affiliates of Hellman and Friedman (the “Sponsor”) for the purposes of purchasing Snap One Holdings Corp., (formerly Crackle Intermediate Corp.) and its subsidiaries (collectively, the “Company”). On August 3, 2017, Parent acquired all of the Company’s outstanding equity interests. Since the acquisition of the Company by Parent on August 3, 2017, the Company has been controlled by funds managed by the Sponsor.

The Company provides products and support to its professional integrator-customers that enable them to deliver technology solutions to their residential and small business end users. The Company’s product offering consists of both proprietary and third-party products in such categories as home automation, networking, audio, video, remote management, and lighting as well as infrastructure products such as racks, mounts, and cables.

#### 2. Significant Accounting Policies

**Basis of Presentation** — The accompanying condensed consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America (GAAP) for interim financial statements. The condensed consolidated financial statements were prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, reflect all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the Company’s financial position, results of operations and cash flows for the periods presented. The condensed consolidated financial statements include the accounts of the Company and all subsidiaries required to be consolidated. All intercompany balances and transactions have been eliminated in the condensed consolidated financial statements. The condensed consolidated balance sheet as of December 25, 2020 has been derived from the audited consolidated financial statements of the Company.

The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto, for fiscal year 2020.

The Company’s fiscal year is the 52 or 53 week period that ends on the last Friday of December. Fiscal years 2021 and 2020 are 52-week periods. The three months ended March 26, 2021 and March 27, 2020 were 13 week periods.

**Use of Accounting Estimates** — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the condensed consolidated financial statements and accompanying notes. Accordingly, the actual amounts could differ from those estimates. If actual amounts differ from estimates, revisions are included in the condensed consolidated statements of operations in the period the actual amounts become known.

**Recent Accounting Pronouncements Pending Adoption** — In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which establishes the principles to report transparent and economically neutral information about the assets and liabilities that arise from leases. This new guidance requires lessees to recognize the lease assets and lease liabilities that arise from leases in the statement of financial position and to disclose qualitative and quantitative information about lease transactions, such as information about variable lease payments and options to renew and terminate leases. Recently, the FASB issued ASU 2020-05, which deferred the effective date to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Adoption of the new standard is expected to result in the recognition of right-of-use assets and operating lease liabilities related to currently classified operating leases. The Company is still evaluating the materiality of the impact of this standard on its condensed consolidated financial statements and disclosures.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments — Credit Losses*. The ASU sets forth a “current expected credit loss” (“CECL”) model which requires the Company to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current

## Snap One Holdings Corp. and Subsidiaries

Notes to the Unaudited Condensed Consolidated Financial Statements  
(in thousands, except share and per share amounts)

conditions, and reasonable supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost and applies to some off-balance sheet credit exposures. This ASU was effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, with early adoption permitted. In November 2019, the FASB issued ASU 2019-10 which deferred the effective date to fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company is currently evaluating the impact this guidance will have on its condensed consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, “*Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract*”. The guidance aligns the requirements for capitalizing implementation costs incurred in a cloud computing arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. This standard is effective for annual reporting periods beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2021. The Company is currently evaluating the impact this guidance will have on its condensed consolidated financial statements.

**Recently Adopted Accounting Pronouncements** — In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. This update simplifies accounting for income taxes by eliminating some exceptions to the general approach in ASC 740, Income Taxes, related to intraperiod tax allocation, the methodology for calculating income tax in an interim period and the recognition of deferred tax liabilities for outside basis differences. This update is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. The amendments in this update should be applied on either a retrospective basis, a modified retrospective basis or prospectively, depending on the provision within the amendment. The Company adopted the standard for the fiscal year beginning December 26, 2020. Adoption of the standard did not have a material impact on the condensed consolidated financial statements.

### 3. Revenue and Geographic Information

**Contract Balances** — Amounts invoiced in advance of revenue recognition are recorded as deferred revenue on the condensed consolidated balance sheets. Deferred revenue primarily relates to unspecified software updates and upgrades, hosting, technical support, marketing incentive programs, and subscription services. The following table represents the changes in deferred revenue for the three months ended March 26, 2021 and March 27, 2020:

	March 26, 2021	March 27, 2020
Deferred revenue – beginning of period	\$30,466	\$23,820
Amounts billed, but not recognized	6,661	6,630
Recognition of revenue	(6,063)	(5,603)
Deferred revenue – end of period	\$31,064	\$24,847

The Company recorded deferred revenue of \$19,154 in accrued liabilities and \$11,910 in other liabilities as of March 26, 2021. The Company recorded deferred revenue of \$18,654 in accrued liabilities and \$11,812 in other liabilities as of December 25, 2020.

## Snap One Holdings Corp. and Subsidiaries

Notes to the Unaudited Condensed Consolidated Financial Statements  
(in thousands, except share and per share amounts)

**Disaggregation of Revenue** — The following table sets forth revenue from the United States and all international dealers and distributors for the three months ended March 26, 2021 and March 27, 2020:

	March 26, 2021	March 27, 2020
United States	\$194,078	\$154,468
International	26,390	18,143
Total	<u>\$220,468</u>	<u>\$172,611</u>

Additionally, the Company's revenue includes amounts recognized over time and at a point in time, and are as follows for the three months ended March 26, 2021 and March 27, 2020:

	March 26, 2021	March 27, 2020
Products transferred at a point in time	\$214,405	\$167,008
Services transferred over time	6,063	5,603
Total	<u>\$220,468</u>	<u>\$172,611</u>

As of March 26, 2021, and December 25, 2020, the Company's accounts receivable, net consisted of the following:

	March 26, 2021	December 25, 2020
Accounts receivable	\$58,692	\$51,716
Allowance for doubtful accounts	(2,379)	(2,353)
Accounts receivable, net	<u>\$56,313</u>	<u>\$49,363</u>

#### 4. Inventories, Net

As of March 26, 2021, and December 25, 2020, the Company's inventory consisted of the following:

	March 26, 2021	December 25, 2020
Raw Materials	\$ 5,193	\$ 11,340
Work In Process	566	591
Finished Goods	173,043	155,618
Reserve For Obsolete and Slow Moving Inventory	(11,155)	(10,450)
Total Inventories, net	<u>\$167,647</u>	<u>\$157,099</u>



**Snap One Holdings Corp. and Subsidiaries**  
**Notes to the Unaudited Condensed Consolidated Financial Statements**  
**(in thousands, except share and per share amounts)**

**5. Other Intangible Assets, Net**

As of March 26, 2021, and December 25, 2020, Other intangible assets, net, consisted of the following:

*As of March 26, 2021:*

	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	5 – 25 years	\$494,762	\$ (76,354)	\$418,408
Technology	5 – 15 years	95,078	(26,359)	68,719
Trade names – definite	2 – 10 years	54,360	(11,894)	42,466
Trade names – indefinite	indefinite	76,564	—	76,564
Total intangible assets		<u>\$720,764</u>	<u>\$(114,607)</u>	<u>\$606,157</u>

*As of December 25, 2020:*

	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	5 – 25 years	\$494,333	\$ (70,060)	\$424,273
Technology	5 – 15 years	95,078	(22,406)	72,672
Trade names – definite	2 – 10 years	54,360	(10,253)	44,107
Trade names – indefinite	indefinite	76,564	—	76,564
Total intangible assets		<u>\$720,335</u>	<u>\$(102,719)</u>	<u>\$617,616</u>

Total amortization expense for intangible assets for the three months ended March 26, 2021 and March 27, 2020, was \$11,888 and \$11,875, respectively. The weighted-average useful life remaining for amortizing definite lived intangible assets was approximately 15.8 years as of March 26, 2021.

As of March 26, 2021, the estimated amortization expense for intangible assets for the next five fiscal years and thereafter are as follows:

Remainder of 2021	\$ 35,504
2022	46,331
2023	45,193
2024	38,691
2025	31,075
2026 and thereafter	332,799
Total	<u>\$529,593</u>

**6. Debt Agreements**

On August 4, 2017, the Company's wholly owned subsidiary, Wirepath LLC (the "Borrower") entered into a credit agreement (as amended from time to time, the "Credit Agreement"), consisting of a senior secured term loan (the "Initial Term Loan") and a senior secured revolving credit facility (the "Revolving Credit Facility"). On February 5, 2018, the Borrower repriced the Credit Agreement to reduce the margin on the Initial Term Loan and Revolving Credit Facility. On October 31, 2018, the Borrower repriced the Initial Term Loan facility to further reduce the margin under the Initial Term Loan, increased the aggregate amount of the Initial Term Loan, and further reduced the margin under the Revolving Credit Facility. On

**Snap One Holdings Corp. and Subsidiaries**  
**Notes to the Unaudited Condensed Consolidated Financial Statements**  
**(in thousands, except share and per share amounts)**

August 1, 2019, the Borrower amended the Credit Agreement to borrow an additional senior secured term loan (the “Incremental Term Loan” and, together with the Initial Term Loan, as amended, the “Term Loans”) and increased the commitments under the Revolving Credit Facility. The Company makes fixed equal quarterly installments on the Term Loans in an amount equal to 1.0% per annum of the total aggregate principal thereof immediately after borrowing, with balance due at maturity.

Instrument	Maturity Date	Amount	Interest Rate	Effective rate (as of March 26, 2021)
<b>Credit Agreement (as amended)</b>				
Initial Term Loan	8/4/2024	292,355	LIBOR plus 4.00%	4.25%
Incremental Term Loan	8/4/2024	390,000	LIBOR plus 4.75%	5.00%
Revolving Credit Facility	8/4/2022	60,000	LIBOR plus 4.00%	4.25%
<b>Credit Agreement (at origination)</b>				
Initial Term Loan	8/4/2024	265,000	LIBOR plus 5.25%	
Revolving Credit Facility	8/4/2022	50,000	LIBOR plus 5.25%	

The Company may also be required to make additional payments under the financing agreement equal to a percentage of the Company’s annual excess cash flows or net proceeds from any non-ordinary course asset sales or certain debt issuances, if any. The lender has the option to decline the prepayment. As of December 25, 2020, in accordance with these provisions, the Company estimated a mandatory excess cash flow payment offer related to the term loans of \$14,325 to the lender. The entire amount of the expected payment was classified within current maturities of long-term debt on the consolidated balance sheet as of December 25, 2020. Subsequent to the issuance of the Company’s audited financial statements as of and for the period ended December 25, 2020, the Company elected an option available in the financing agreement to accelerate expected cash outlays in fiscal year 2021 that would eliminate the requirement for an excess cash flow payment for fiscal year 2020. As a result, the estimated excess cash payment was not made and only the contractual payments under the financing agreement are considered current maturities of long-term debt as of March 26, 2021.

As of March 26, 2021 and December 25, 2020, the Company had no borrowings outstanding under the Revolving Credit Facility and \$4,894 of outstanding letters of credit. The amount available under the Revolving Credit Facility was \$55,106 as of March 26, 2021 and December 25, 2020. The Company borrowed \$47,375 under the Revolving Credit Facility during the three months ended March 27, 2020 in order to enhance liquidity as a precautionary measure in response to the COVID-19 pandemic and the borrowings were repaid in full later in the year ending December 25, 2020.

As of March 26, 2021, the future scheduled maturities of the above notes payable are as follows:

Remainder of 2021	\$ 6,824
2022	6,824
2023	6,824
2024	650,430
Total future maturities of long-term debt	670,902
Unamortized debt issuance costs	(19,162)
Total indebtedness	\$651,740
Less: Current maturities of long-term debt	6,824
Long-term debt	\$644,916

Unamortized costs related to issuance of the Term Loans were \$19,162 and \$20,595 as of March 26, 2021 and December 25, 2020 and are presented as a direct deduction from the carrying amount of long-term

**Snap One Holdings Corp. and Subsidiaries**  
**Notes to the Unaudited Condensed Consolidated Financial Statements**  
**(in thousands, except share and per share amounts)**

debt. Unamortized costs related to the issuance of the Revolving Credit Facility were \$491 and \$583 as of March 26, 2021 and December 25, 2020 and are included in other assets in the condensed consolidated balance sheets. The costs related to debt issuances are amortized to interest expense over the life of the related debt. As of March 26, 2021, the future amortization of debt issuance costs is as follows:

Remainder of 2021	\$ 4,576
2022	5,951
2023	5,735
2024	3,391
Total	<u>\$19,653</u>

**Debt Covenants and Default Provisions** — There have been no changes to the debt covenants or default provisions related to the Company's outstanding debt arrangements or other obligations during the current year. The Company was in compliance with all debt covenants as of March 26, 2021 and December 25, 2020. For additional information on the Company's debt arrangements, debt covenants and default provisions, see Note 8, Debt Agreements, of the consolidated financial statements for the year ended December 25, 2020.

## 7. Fair Value Measurement

**Fair Value of Financial Instruments** — The fair values and related carrying values of financial instruments that are not required to be remeasured at fair value on the condensed consolidated statements of operations were as follows:

	As of March 26, 2021		As of December 25, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Assets</b>				
Notes receivable, net	5,211	5,291	\$ 5,115	\$ 5,494
<b>Liabilities</b>				
Initial Term Loan	285,777	269,345	286,508	267,169
Incremental Term Loan	\$385,125	\$381,755	\$386,100	\$384,652

The fair value of notes receivable are estimated using a discounted cash flow analysis using interest rates currently offered for loans with similar credit quality which represent Level 2 inputs. The fair value of long-term debt was established using current market rates for similar instruments traded in secondary markets representing Level 2 inputs. The fair value of the Revolving Credit Facility approximates carrying value as the related interest rates approximate the Company's incremental borrowing rate for similar obligations. Additionally, cash and cash equivalents, accounts receivable, net, prepaid expenses, accounts payable, and accrued liabilities are classified as Level 1 and the carrying value of these assets and liabilities approximate their fair value due to the short-term nature of these financial instruments.

**Assets and Liabilities that are Measured at Fair Value on a Recurring Basis** — The fair value of the interest rate cap is determined by using widely accepted valuation techniques and based on its maturity, observable market-based inputs including interest rate curves and is considered to be a Level 2 measurement. The interest rate cap had no value as of March 26, 2021 and December 25, 2020.

The Company utilizes the option-pricing method, which was used with the Black-Scholes option-pricing model ("OPM") in order to determine the fair value of the CVRs. Any future increase in the fair value of the CVR obligations, based on an increased likelihood that the underlying milestones will be achieved, and the associated payment or payments will, therefore, become due and payable, will result in a

**Snap One Holdings Corp. and Subsidiaries**  
**Notes to the Unaudited Condensed Consolidated Financial Statements**  
**(in thousands, except share and per share amounts)**

charge to selling, general and administrative expenses in the period in which the increase is determined. Similarly, any future decrease in the fair value of the CVR obligations will result in a reduction in selling, general and administrative expenses. Accordingly, the CVRs are classified as Level 3.

	Fair value at March 26, 2021	Valuation Technique	Unobservable Input	Volatility
Contingent Value Rights	\$5,310	OPM	Volatility	57.3%

Changes in the CVRs for the three months ended March 26, 2021 and March 27, 2020 were as follows:

	March 26, 2021	March 27, 2020
CVR fair value – beginning of period	\$4,000	\$3,200
Fair value adjustments	1,310	(300)
CVR fair value – end of period	\$5,310	\$2,900

CVR liabilities are classified as other liabilities in the accompanying condensed consolidated balance sheets and to the fair value of CVR liabilities are included in selling, general and administrative expenses in the condensed consolidated statements of operations.

There were no transfers into or out of Level 3 investments during the three months ended March 26, 2021 or March 27, 2020.

#### **8. Accrued Liabilities**

Accrued liabilities as of March 26, 2021 and December 25, 2020, consisted of the following:

	March 26, 2021	December 25, 2020
Payroll, vacation, and bonus accruals	\$17,593	\$29,700
Deferred revenue	19,154	18,654
Warranty reserve	14,002	11,767
Interest payable	7,480	7,576
Sales return allowance	4,071	3,741
Customer rebate program	1,966	2,140
IBNR	1,500	1,215
Taxes	1,363	752
Other accrued liabilities	5,894	5,113
Total accrued liabilities	<u>\$73,023</u>	<u>\$80,658</u>

**Snap One Holdings Corp. and Subsidiaries**  
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**9. Warranties**

Changes in the Company's accrued warranty liability for the three months ended March 25, 2021 and March 27, 2020, are as follows:

	March 26, 2021	March 27, 2020
Accrued warranty – beginning of period	\$16,523	\$19,989
Warranty claims	(4,002)	(2,954)
Warranty provisions	5,707	2,629
Accrued warranty – end of period	<u>\$18,228</u>	<u>\$19,664</u>

As of March 26, 2021, the Company has recorded accrued warranty liabilities of \$14,002 in accrued liabilities and \$4,226 in other liabilities in the accompanying consolidated balance sheet. As of December 25, 2020, the Company has recorded accrued warranty of \$11,767 in accrued liabilities and \$4,756 in other liabilities.

**10. Retirement Plan**

The Company has a legacy 401(k) plan that covers eligible employees as defined by the plan agreement. As of January 1, 2020, the Company matches 100% of employee contributions to the plan, up to 3% of the employees' total compensation, and 50% of employee contributions to the plan, up to 6% of the employees' total compensation. Company contributions to the plan, net of forfeitures, were \$1,170 and \$1,155 for the three months ended March 26, 2021 and March 27, 2020, respectively.

**11. Equity Agreements and Incentive Equity Plans**

**Parent Incentive Plan** — In October 2017, the Parent approved the Class B Unit Incentive Plan, which established the terms and provided for grants of certain incentive units to employees, officers, directors, consultants, and advisors of the Company containing service-based and/or market-based vesting criteria. Class B-1 Incentive Units ("B-1 Units") become vested in installments over a five-year period, subject to the grantee's continued employment or service. Class B-2 Incentive Units ("B-2 Units") have both service-based and market-based vesting conditions, as they are subject to the same service conditions as the B-1 Units, but also require the achievement of a specified return hurdle in order to vest.

The assumptions used in the OPM model to determine the fair value of incentive units granted during the three months ended March 26, 2021 were as follows:

	March 26, 2021
Expected holding period	4 years
Risk-free rate of return	—%
Expected dividend yield	—%
Expected volatility	57.3%
Discount for lack of marketability	10%

The Company estimated a discount for lack of marketability ("DLOM") using a put option model. The DLOM reflects the lower value placed on securities that are not freely transferable, as compared to those that trade frequently in established markets.

**Snap One Holdings Corp. and Subsidiaries**  
**Notes to the Unaudited Condensed Consolidated Financial Statements**  
**(in thousands, except share and per share amounts)**

The summary of the Company's incentive unit activity as of March 26, 2021 is as follows:

	B-1 Incentive Units		B-2 Incentive Units	
	Number of Units (in 000's)	Weighted-Average Grant-Date Fair Value	Number of Units (in 000's)	Weighted-Average Grant-Date Fair Value
Outstanding units-December 25, 2020	70,739	\$0.34	19,822	\$0.06
Units granted	1,200	0.51	—	—
Units forfeited	3,010	0.39	—	—
Outstanding units-March 26, 2021	68,929	\$0.34	19,822	\$0.06
Vested units-March 26, 2021	31,550	\$0.31	—	—
Nonvested units-March 26, 2021	37,379	\$0.37	19,822	\$0.06

During the three months ended March 26, 2021, 2,832 B-1 Units vested with a total grant-date fair value of \$878. The Company recognized \$1,060 and \$1,362 of compensation expense within selling, general and administrative expenses in the accompanying condensed consolidated statements of operations during the three months ended March 26, 2021 and March 27, 2020, respectively.

As of March 26, 2021, there was approximately \$12,863 of unrecognized compensation expense related to outstanding incentive units, which is expected to be recognized subsequent to March 26, 2021, over a weighted-average period of approximately four years.

**Control4 Equity Awards** — In connection with the Control4 Acquisition, the Company agreed to a settlement of Control4 equity awards that were outstanding immediately prior to the acquisition date, consisting of stock options ("C4 Stock Options") and restricted stock units ("C4 RSUs" and, together with C4 Stock Options, "C4 Equity Awards"). As of the acquisition date, 2,998 shares of C4 Equity Awards were cancelled and converted into rights to receive cash payments (the "Replacement Awards"). During the three months ended March 26, 2021, 6 Replacement Award units were forfeited. As of March 26, 2021, 167 Replacement Award units remain outstanding, consisting of 18 vested and 149 unvested units.

The Company recognized \$1,726 and \$2,802 of compensation expense relating to the Replacement Awards within selling, general and administrative expenses in the accompanying condensed consolidated statement of operations during the three months ended March 26, 2021 and March 27, 2020, respectively.

There was approximately \$3,573 of unrecognized compensation expense related to the nonvested Replacement Awards, which is expected to be recognized subsequent to March 26, 2021 over a weighted-average period of approximately 1 year. Total unrecognized compensation expense will be adjusted for future forfeitures.

## 12. Income Taxes

The Company had an effective tax rate for the first three months of 2021 of 11.27% (benefit) compared to 18.52% (benefit) for the first three months of 2020. The decrease in the effective tax rate for the first three months and the difference from the U.S. federal statutory rate of 21% was primarily the result of discrete items recognized related to one-time transaction costs and the adjustment of deferred tax liabilities and the benefit of certain tax credits.

Income tax benefit was \$763 during the three months ended March 26, 2021, compared to income tax benefit of \$4,316 during the three months ended March 27, 2020.

## 13. Commitments and Contingencies

**Legal Proceedings** — During the normal course of business, the Company is occasionally involved with various claims and litigation. Reserves are established in connection with such matters when a loss is probable,

## Snap One Holdings Corp. and Subsidiaries

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(in thousands, except share and per share amounts)

and the amount of such loss can be reasonably estimated. As of March 26, 2021, and December 25, 2020, no material reserves were recorded. The determination of probability and the estimation of the actual amount of any such loss are inherently unpredictable, and it is therefore possible that the eventual outcome of such claims and litigation could exceed the estimated reserves, if any. However, the Company does not expect the outcome of the matters currently pending will have a material adverse effect on the condensed consolidated financial statements.

**Lease Commitments** — The Company leases offices, warehouse space, and distribution centers. These leases are classified as operating leases with various expiration dates through July 2028. In addition to base rent, the Company is obligated to reimburse certain common area maintenance costs required to operate the facilities. Substantially all the leases include renewal options with varying terms. The Company recognizes rental expense and amortizes tenant improvement allowances on a straight-line basis over the stated lease term, including renewal periods if reasonably assured of being exercised. Total rental expense for the three months ended March 26, 2021 and March 27, 2020, was approximately \$3,128 and \$2,568, respectively.

**14. Stockholders Equity**

**Common Stock** — Holders of voting common stock are entitled to one vote per share and to receive dividends. The Company had noncontrolling interests of \$294 and \$316 as of March 26, 2021 and December 25, 2020, respectively, related to a joint venture formed prior to 2018.

Changes in noncontrolling interests each period include net income attributable to noncontrolling interests and cash contributions by minority partners to the Company's consolidated subsidiaries. There were no cash contributions by minority partners for the three months ended March 26, 2021 or March 27, 2020, respectively.

**15. Loss Per Share**

Basic loss per share represents net loss divided by the weighted-average shares outstanding. Diluted loss per share is the same as basic income or loss per share, as the Company had no potentially dilutive securities during either of the three months ended March 26, 2021 or March 27, 2020. The following table presents the calculations of basic and diluted loss per share for the three months ended March 26, 2021 and March 27, 2020:

	March 26, 2021	March 27, 2020
Net loss attributable to Company	\$ (6,014)	\$ (18,994)
Weighted-average shares outstanding-basic and diluted	59,216,665	58,140,138
Loss per share-basic and diluted	\$ (0.10)	\$ (0.33)

**16. Subsequent Events**

In preparing its condensed consolidated financial statements, the Company has evaluated subsequent events through May 21, 2021, which is the date the condensed consolidated financial statements were available to be issued and June 17, 2021, the date on which the condensed consolidated financial statements were reissued, and has updated such evaluation for disclosure purposes through July 19, 2021 with respect to the stock split and change in the authorized number of shares of common stock reflected in the Company's amended and restated certificate of incorporation, as amended as of July 15, 2021.

On May 4, 2021, the Company entered into a Purchase Agreement (the "Purchase Agreement") pursuant to which it acquired all of the issued and outstanding shares of ANLA, Inc. ("Access Networks" or "Access"), an enterprise-grade networking solutions provider offering network design, configuration, monitoring and support services and products. The acquisition will enhance the Company's networking



**Snap One Holdings Corp. and Subsidiaries**  
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solutions for residential and commercial networks. Under the Purchase Agreement, the Company agreed to a purchase price of up to \$38.1 million, consisting of both cash and equity, plus contingent consideration of up to \$2.0 million based upon the achievement of specified financial targets. The acquisition closed on May 28, 2021. The preliminary purchase price and allocation to the net assets acquired is expected to be completed in the second quarter of 2021.

On July 15, 2021, the Company filed an amendment to its amended and restated certificate of incorporation which, among other things, effected a 150-for-1 stock split of its shares of common stock and increased the authorized number of shares of its common stock to 100 million. All references to share and per share amounts in the Company's consolidated financial statements have been retrospectively revised to reflect the stock split and increase in authorized shares.

On July 16, 2021, the Company declared, and expects to pay, a special cash dividend to its stockholder of \$13.1 million with cash on hand.

\*\*\*\*



**Morgan Stanley   J.P. Morgan   Jefferies   UBS Investment Bank**  
**BMO Capital Markets   Raymond James   Truist Securities   William Blair**  
**Drexel Hamilton   Penserra Securities LLC   R. Seelaus & Co., LLC   Siebert Williams Shank**

## PART II

### INFORMATION NOT REQUIRED IN PROSPECTUS

#### Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the costs and expenses, other than the underwriting discount, payable by the registrant in connection with the sale and distribution of the securities being registered. All amounts are estimated except the Securities and Exchange Commission (the “SEC”) registration fee, the Financial Industry Regulatory Authority (“FINRA”) filing fee and the Nasdaq Global Select Market (the “Nasdaq”) listing fee.

	<u>Amount To Be Paid</u>
SEC Registration Fee	\$ 36,492
FINRA Filing Fee	50,672
Initial Nasdaq Listing Fee	334,500
Legal Fees and Expenses	2,264,600
Accounting Fees and Expenses	1,860,230
Printing Fees and Expenses	275,000
Blue Sky Fees and Expenses	40,000
Transfer Agent and Registrar Fees	20,000
Miscellaneous Expenses	429,678
Total	<u>\$5,311,172</u>

#### Item 14. Indemnification of Directors and Officers

Section 102(b)(7) of the Delaware General Corporation Law (the “DGCL”) allows a corporation to provide in its certificate of incorporation that a director of the corporation will not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except where the director breached the duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. Our amended and restated certificate of incorporation will provide for this limitation of liability.

Section 145 of the DGCL, provides, among other things, that a Delaware corporation may indemnify any person who was, is or is threatened to be made, party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person is or was an officer, director, employee or agent of such corporation or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation’s best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful. A Delaware corporation may indemnify any persons who were or are a party to any threatened, pending or completed action or suit by or in the right of the corporation by reason of the fact that such person is or was a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys’ fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, provided such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation’s best interests, provided further that no indemnification is permitted without judicial approval if the officer, director, employee or agent is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him or her against the expenses (including attorneys’ fees) which such officer or director has actually and reasonably incurred.

Section 145 further authorizes a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the corporation would otherwise have the power to indemnify such person under Section 145.

Our amended and restated bylaws will provide that we must indemnify and advance expenses to our directors and officers to the full extent authorized by the DGCL.

Further, prior to the completion of the offering, we expect to enter into indemnification agreements with each of our directors and executive officers that may be broader than the specific indemnification provisions contained in our amended and restated bylaws or the DGCL. Such agreements may require us, among other things, to advance expenses and otherwise indemnify our executive officers and directors against certain liabilities that may arise by reason of their status or service as executive officers or directors, to the fullest extent permitted by law. We intend to enter into indemnification agreements with any new directors and executive officers in the future.

The indemnification rights set forth above shall not be exclusive of any other right which an indemnified person may have or hereafter acquire under any statute, any provision of our amended and restated certificate of incorporation, our bylaws, agreement, vote of stockholders or disinterested directors or otherwise. Notwithstanding the foregoing, we shall not be obligated to indemnify a director or officer in respect of a proceeding (or part thereof) instituted by such director or officer, unless such proceeding (or part thereof) has been authorized by the board of directors pursuant to the applicable procedure outlined in the bylaws.

Section 174 of the DGCL provides, among other things, that a director, who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption, may be held jointly and severally liable for such actions. A director who was either absent when the unlawful actions were approved or dissented at the time may avoid liability by causing his or her dissent to such actions to be entered in the books containing the minutes of the meetings of the board of directors at the time such action occurred or immediately after such absent director receives notice of the unlawful acts.

We expect to maintain standard policies of insurance that provide coverage (1) to our directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act and (2) to us with respect to indemnification payments that we may make to such directors and officers.

The underwriting agreement provides for indemnification by the underwriters of us and our officers and directors, and by us of the underwriters, for certain liabilities arising under the Securities Act or otherwise in connection with this offering.

#### **Item 15. Recent Sales of Unregistered Securities**

Since December 31, 2018 the Registrant has granted or issued the following securities (pre-stock split) of the Registrant which were not registered under the Securities Act:

(1) On August 1, 2019, the Registrant issued 418.45 shares of the Registrant's common stock, par value \$0.01 per share, to Crackle Holdings, L.P., a Delaware limited partnership, in exchange for 25,094.0054 shares of common stock of Control4 Corporation that Crackle Holdings, L.P. had acquired in a previous rollover transaction at a deemed value of \$600,000.

(2) On April 24, 2020, the Registrant issued an aggregate of 7,176.85 shares of the Registrant's common stock to Crackle Holdings, L.P.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. Unless otherwise stated, the sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act as transactions by an issuer not involving any public offering. The recipient of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in

connection with any distribution thereof and appropriate legends were placed upon any stock certificates issued in these transactions.

**Item 16. Exhibits and Financial Statement Schedules**

- (a) *Exhibits.* See Exhibit Index immediately preceding the signature pages hereto, which is incorporated by reference as if fully set forth herein.
- (b) *Financial Statement Schedules.* All schedules have been omitted because the information required to be set forth in the schedules is either not applicable or is shown in the financial statements or notes or schedules thereto included in the prospectus.

**Item 17. Undertakings**

- (1) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.
- (2) The undersigned registrant hereby undertakes that:
  - (a) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus as filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
  - (b) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

## EXHIBIT INDEX

Exhibit Number	Description
1.1	<a href="#"><u>Form of Underwriting Agreement</u></a>
2.1†	<a href="#"><u>Agreement and Plan of Merger, dated as of June 19, 2017, by and among Crackle Purchaser Corp., Crackle Merger Sub I Corp., Crackle Merger Sub II Corp., General Atlantic (Amplify) Holdco LLC, Amplify Holdings LLC, General Atlantic (Amplify) LLC, GA Escrow, LLC and JWF Rollover, LLC</u></a>
3.1	<a href="#"><u>Form of Amended and Restated Certificate of Incorporation of Snap One Holdings Corp.</u></a>
3.2†	<a href="#"><u>Form of Amended and Restated Bylaws of Snap One Holdings Corp.</u></a>
4.1†	<a href="#"><u>Form of Stock Certificate for Common Stock</u></a>
5.1	<a href="#"><u>Opinion of Simpson Thacher &amp; Bartlett LLP</u></a>
10.1	<a href="#"><u>Form of Stockholders Agreement among Snap One Holdings Corp. and the other parties named therein</u></a>
10.2†	<a href="#"><u>Credit Agreement, dated as of August 4, 2017 by and among Wirepath LLC, as borrower, Crackle Purchaser Corp. as holdings, the lenders and letter of credit issuers from time to time party thereto, UBS AG, Stamford Branch, as the administrative agent, collateral agent and swingline lender, and the other parties thereto</u></a>
10.3†	<a href="#"><u>Amendment Agreement, dated as of November 1, 2017, to the Credit Agreement, by and among Wirepath LLC, as borrower, Crackle Purchaser Corp. as holdings, the lenders and letter of credit issuers from time to time party thereto, UBS AG, Stamford Branch, as the administrative agent, collateral agent and swingline lender, and the other parties thereto</u></a>
10.4†	<a href="#"><u>Incremental Agreement No. 1, dated as of February 5, 2018, to the Credit Agreement, by and among Wirepath LLC, as borrower, Crackle Purchaser LLC (f/k/a Crackle Purchaser Corp.), as holdings, the lenders and letter of credit issuers from time to time party thereto, UBS AG, Stamford Branch, as the administrative agent, collateral agent and swingline lender, and the other parties thereto</u></a>
10.5†	<a href="#"><u>Incremental Agreement No. 2, dated as of October 31, 2018, to the Credit Agreement, by and among Wirepath LLC, as borrower, Crackle Purchaser LLC (f/k/a Crackle Purchaser Corp.), as holdings, the lenders and letter of credit issuers from time to time party thereto, UBS AG, Stamford Branch, as the administrative agent, collateral agent and swingline lender, and the other parties thereto</u></a>
10.6†	<a href="#"><u>Incremental Agreement No. 3, dated as of August 1, 2019, to the Credit Agreement, by and among Wirepath LLC, as borrower, Crackle Purchaser LLC (f/k/a Crackle Purchaser Corp.), as holdings, the lenders and letter of credit issuers from time to time party thereto, UBS AG, Stamford Branch, as the administrative agent, collateral agent and swingline lender, and the other parties thereto</u></a>
10.7†*	<a href="#"><u>Form of Indemnification Agreement between Snap One Holdings Corp. and directors and officers of Snap One Holdings Corp.</u></a>
10.8*	<a href="#"><u>Snap One Holdings Corp. 2021 Incentive Plan</u></a>
10.9†*	<a href="#"><u>Form of Option Agreement under the Snap One Holdings Corp. 2021 Incentive Plan</u></a>
10.10†*	<a href="#"><u>Form of Restricted Stock Unit Agreement under the Snap One Holdings Corp. 2021 Incentive Plan (Employee)</u></a>

Exhibit Number	Description
10.11†*	<a href="#"><u>Form of Restricted Stock Unit Agreement under the Snap One Holdings Corp. 2021 Incentive Plan (Director)</u></a>
10.12*	<a href="#"><u>Snap One Holdings Corp. 2021 Employee Stock Purchase Plan</u></a>
10.13*	<a href="#"><u>Snap One Holdings Corp. Directors Deferral Plan</u></a>
10.14*	<a href="#"><u>Form of Tax Receivable Agreement, between Snap One Holdings Corp. and the TRA Participants named therein</u></a>
10.15*	<a href="#"><u>Form of Exchange Agreement among Snap One Holdings Corp. and the other parties named therein (Employee)</u></a>
10.16	<a href="#"><u>Form of Exchange Agreement among Snap One Holdings Corp. and the other parties named therein (Directors)</u></a>
10.17	<a href="#"><u>Form of Escrow Agreement among Snap One Holdings Corp. and the other parties named therein</u></a>
10.18*	<a href="#"><u>Amended and Restated Employment Agreement, dated as of August 4, 2017, by and between Wirepath Home Systems, LLC (d/b/a SnapAV) and John Heyman</u></a>
10.19*	<a href="#"><u>Employment Agreement, dated as of March 22, 2016, by and between Wirepath Home Systems, LLC (d/b/a SnapAV) and Jeffrey Hindman</u></a>
10.20*	<a href="#"><u>Offer Letter, dated as of August 4, 2017, by and between Wirepath Home Systems, LLC (d/b/a SnapAV) and Jeffrey Hindman</u></a>
10.21*	<a href="#"><u>Employment Agreement, dated as of October 7, 2014, by and between Wirepath Home Systems, LLC (d/b/a SnapAV) and Michael Carlet</u></a>
10.22*	<a href="#"><u>Offer Letter, dated as of August 4, 2017, by and between Wirepath Home Systems, LLC (d/b/a SnapAV) and Michael Carlet</u></a>
21.1†	<a href="#"><u>Subsidiaries of the Registrant</u></a>
23.1	<a href="#"><u>Consent of Deloitte &amp; Touche LLP</u></a>
23.2	<a href="#"><u>Consent of Simpson Thacher &amp; Bartlett LLP (included in Exhibit 5.1)</u></a>
24.1†	<a href="#"><u>Power of Attorney (included in the signature pages to the Registration Statement)</u></a>
24.2	<a href="#"><u>Amy Steel Vanden-Eykel Power of Attorney</u></a>

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† Previously filed.

\* Management contract or compensatory plan or arrangement.



**SIGNATURES**

Pursuant to the requirements of the Securities Act, we have duly caused this registration statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Charlotte, North Carolina, on July 19, 2021.

**Snap One Holdings Corp.**

By: /s/ John Heyman

Name: John Heyman

Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on July 19, 2021.

<u>Signature</u>	<u>Title</u>
<u>/s/ John Heyman</u>	Chief Executive Officer and Director
John Heyman	(Principal Executive Officer)
<u>/s/ Michael Carlet</u>	Chief Financial Officer
Michael Carlet	(Principal Financial and Accounting Officer)
<u>*</u>	Chairman of the Board
<u>Erik Ragatz</u>	
<u>*</u>	Director
<u>Jacob Best</u>	
<u>*</u>	Director
<u>Annmarie Neal</u>	
<u>*</u>	Director
<u>Martin Plaehn</u>	
<u>*</u>	Director
<u>Adalio Sanchez</u>	
<u>*</u>	Director
<u>Kenneth R. Wagers III</u>	
<u>/s/ Amy Steel Vanden-Eykel</u>	Director
Amy Steel Vanden-Eykel	

\*By: /s/ John Heyman

John Heyman

Attorney-in-Fact

[\_\_\_\_\_] , 2021

Morgan Stanley & Co. LLC  
J.P. Morgan Securities LLC  
Jefferies LLC  
UBS Securities LLC

c/o Morgan Stanley & Co. LLC  
1585 Broadway  
New York, New York 10036

c/o J.P. Morgan Securities LLC  
383 Madison Avenue  
New York, New York 10179

c/o Jefferies LLC  
520 Madison Avenue  
New York, New York 10022

c/o UBS Securities LLC  
1285 Avenue of the Americas  
New York, New York 10019

Ladies and Gentlemen:

Snap One Holdings Corp., a Delaware corporation (the “**Company**”), proposes to issue and sell to the several Underwriters named in Schedule I hereto (the “**Underwriters**”) an aggregate of [\_\_\_\_\_] shares of the Company’s common stock, par value \$0.01 per share (the “**Firm Shares**”).

The Company and certain shareholders of the Company (the “**Selling Shareholders**”) named in Schedule II hereto also severally propose to issue and sell to the several Underwriters not more than an additional [\_\_\_\_\_] shares of the Company’s common stock, par value \$0.01 (the “**Additional Shares**”), of which [\_\_\_\_\_] shares are to be issued and sold by the Company and [\_\_\_\_\_] shares are to be sold by the Selling Shareholders, each Selling Shareholder selling the amount set forth opposite such Selling Shareholder’s name in Schedule II hereto, if and to the extent that Morgan Stanley & Co. LLC (“**Morgan Stanley**”), J.P. Morgan Securities LLC (“**JPMorgan**”), Jefferies LLC (“**Jefferies**”) and UBS Securities LLC (“**UBS**”), as representatives of the offering (the “**Representatives**”), shall have determined to exercise, on behalf of the Underwriters, the right to purchase such shares of common stock granted to the Underwriters in Section 3 hereof. The Firm Shares and the Additional Shares are hereinafter collectively referred to as the “**Shares**.” The shares of common stock, par value \$0.01, of the Company to be outstanding after giving effect to the sales contemplated hereby are hereinafter referred to as the “**Common Stock**.” The Company and the Selling Shareholders are hereinafter sometimes collectively referred to as the “**Sellers**”.

The Company has filed with the Securities and Exchange Commission (the “**Commission**”) a registration statement on Form S-1 (File No. 333-257624), including a preliminary prospectus, relating to the Shares. The registration statement as amended at the time it becomes effective, including the information (if any) deemed to be part of the registration statement at the time of effectiveness pursuant to Rule 430A under the Securities Act of 1933, as amended (the “**Securities Act**”), is hereinafter referred to as the “**Registration Statement**”; the prospectus in the form first used to confirm sales of Shares (or in the form first made available to the Underwriters by the Company to meet requests of purchasers pursuant to Rule 173 under the Securities Act) is hereinafter referred to as the “**Prospectus**.” If the Company has filed an abbreviated registration statement to register additional shares of Common Stock pursuant to Rule 462(b) under the Securities Act (a “**Rule 462 Registration Statement**”), then any reference herein to the term “**Registration Statement**” shall be deemed to include such Rule 462 Registration Statement.

For purposes of this Agreement, “**free writing prospectus**” has the meaning set forth in Rule 405 under the Securities Act, “**preliminary prospectus**” shall mean each prospectus used prior to the effectiveness of the Registration Statement, and each prospectus that omitted information pursuant to Rule 430A under the Securities Act that was used after such effectiveness and prior to the execution and delivery of this Agreement, “**Time of Sale Prospectus**” means the preliminary prospectus contained in the Registration Statement at the time of its effectiveness together with the documents and pricing information set forth in Schedule III hereto, and “**broadly available road show**” means a “bona fide electronic road show” as defined in Rule 433(h)(5) under the Securities Act that has been made available without restriction to any person. As used herein, the terms “Registration Statement,” “preliminary prospectus,” “Time of Sale Prospectus” and “Prospectus” shall include the documents, if any, incorporated by reference therein as of the date hereof.

Morgan Stanley agreed to reserve a portion of the Shares to be purchased by it under this Agreement for sale to the Company’s directors, officers, employees and business associates and other parties related to the Company (collectively, “**Participants**”), as set forth in each of the Time of Sale Prospectus and the Prospectus under the heading “Underwriters” (the “**Directed Share Program**”). The Shares to be sold by Morgan Stanley and its affiliates pursuant to the Directed Share Program, at the direction of the Company, are referred to hereinafter as the “**Directed Shares**”. Any Directed Shares not orally confirmed for purchase by any Participant by the end of the business day on which this Agreement is executed will be offered to the public by the Underwriters as set forth in the Prospectus.

1. *Representations and Warranties of the Company.* The Company represents and warrants to and agrees with each of the Underwriters that:

(a) The Registration Statement has become effective; no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose or pursuant to Section 8A under the Securities Act are pending before or, to the Company's knowledge, threatened by the Commission.

(b) (i) The Registration Statement, when it became effective, did not contain and, as amended or supplemented, if applicable, when such amendments or supplements become effective, and at the Closing Date (as defined in Section 5) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) the Registration Statement and the Prospectus, at their respective dates, complied and, as amended or supplemented, if applicable, at the dates of the applicable amendments or supplements, and at the Closing Date, will comply in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder, (iii) the Time of Sale Prospectus, at its date, does not, and at the time of each sale of the Shares in connection with the offering when the Prospectus is not yet available to prospective purchasers and at the Closing Date (as defined in Section 5), the Time of Sale Prospectus, as then amended or supplemented by the Company, if applicable, will not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (iv) each broadly available road show, if any, when considered together with the Time of Sale Prospectus, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (v) the Prospectus, at its date, does not contain and, as amended or supplemented, if applicable, at the dates of the applicable amendments or supplements, and at the Closing Date and each Option Closing Date, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this paragraph do not apply to statements or omissions in the Registration Statement, the Time of Sale Prospectus or the Prospectus based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use therein.

(c) The Company is not an "ineligible issuer" in connection with the offering pursuant to Rules 164, 405 and 433 under the Securities Act. Any free writing prospectus that the Company is required to file pursuant to Rule 433(d) under the Securities Act has been, or will be, filed with the Commission in accordance with the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder. Each free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act or that was prepared by or on behalf of or used or referred to by the Company complies or will comply in all material respects with the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder. Except for the free writing prospectuses, if any, identified in Schedule III hereto, and electronic road shows, if any, each furnished to the Representatives before first use, the Company has not prepared, used or referred to, and will not, without the Representatives' prior consent, prepare, use or refer to, any free writing prospectus.

(d) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own or lease its property and to conduct its business as described in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus and is duly qualified to transact business and, if applicable, is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(e) Each subsidiary of the Company has been duly incorporated, organized or formed, is validly existing as a corporation or other business entity in good standing (if applicable) under the laws of the jurisdiction of its incorporation, organization or formation, has the corporate or other business entity power and authority to own or lease its property and to conduct its business as described in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus and is duly qualified to transact business and is in good standing (if applicable) in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole; all of the issued shares of capital stock or other equity interests of each subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims.

(f) This Agreement has been duly authorized, executed and delivered by the Company.

(g) The authorized capital stock of the Company conforms as to legal matters to the description thereof contained in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus as of the dates set forth therein.

(h) The shares of Common Stock (including the Shares to be sold by the Selling Shareholders) outstanding prior to the issuance of the Shares to be sold by the Company have been duly authorized and are validly issued, fully paid and non-assessable.

(i) The Shares to be sold by the Company have been duly authorized and, when issued, delivered and paid for in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable, and the issuance of the Shares will not be subject to any preemptive or similar rights.

(j) The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement will not (i) contravene (a) any provision of applicable law or (b) the certificate of incorporation or by-laws of the Company or any agreement or other instrument binding upon the Company or any of its subsidiaries that is material to the Company and its subsidiaries, taken as a whole, or (c) any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any subsidiary, except, in the case of clauses (i)(a) and (i)(c) above, for any such contravention that would not, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole, or on the power or ability of the Company to perform its obligations under the Agreement and (ii) require any consent, approval, authorization or order of, or qualification with, any governmental body, agency or court is required for the performance by the Company of its obligations under this Agreement, except (y) such as may be required by the Financial Industry Regulatory Authority, Inc. (“**FINRA**”) and under securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares or (z) such as have been obtained or made.

(k) There has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Time of Sale Prospectus.

(l) There are no legal or governmental proceedings pending or, to the knowledge of the Company, threatened to which the Company or any of its subsidiaries is a party or to which any of the properties of the Company or any of its subsidiaries is subject (i) other than proceedings accurately described in all material respects in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus and proceedings that would not, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole, or on the power or ability of the Company to perform its obligations under this Agreement or to consummate the transactions contemplated by each of the Registration Statement, the Time of Sale Prospectus and the Prospectus or (ii) that are required to be described in the Registration Statement, the Time of Sale Prospectus or the Prospectus and are not so described; and there are no statutes, regulations, contracts or other documents that are required to be described in the Registration Statement, the Time of Sale Prospectus or the Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required.

(m) Each preliminary prospectus filed as part of the Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the Securities Act, complied when so filed in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder.

(n) The Company is not, and after giving effect to the offering and sale of the Shares and the application of the proceeds thereof as described in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus will not be, required to register as an “investment company” as such term is defined in the Investment Company Act of 1940, as amended.

(o) The Company and each of its subsidiaries (i) are in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants (“**Environmental Laws**”), (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(p) There are no costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties) which would, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(q) There are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Securities Act with respect to any securities of the Company or to require the Company to include such securities with the Shares registered pursuant to the Registration Statement, except for such contracts, agreements, understandings or rights as have been satisfied or validly waived.



(r) (i) None of the Company or any of its subsidiaries or its controlled affiliates, or any director, officer or employee thereof, or, to the Company's knowledge, any non-controlled affiliate or any agent or representative of the Company or of any of its subsidiaries or controlled affiliates, has taken or will take any action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment, giving or receipt of money, property, gifts or anything else of value, directly or indirectly, to any government official (including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office) ("**Government Official**") in order to influence official action, or to any person in violation of any applicable anti-corruption laws; (ii) the Company and each of its subsidiaries and controlled affiliates have conducted their businesses in compliance with applicable anti-corruption laws and have instituted and maintained and will continue to maintain policies and procedures reasonably designed to promote and achieve compliance with such laws and with the representations and warranties contained in this paragraph (r); and (iii) neither the Company nor any of its subsidiaries will use, directly or indirectly, the proceeds of the offering in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any person in violation of any applicable anti-corruption laws.

(s) The operations of the Company and each of its subsidiaries are and have been conducted at all times in material compliance with all applicable financial recordkeeping and reporting requirements, including those of the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and the applicable anti-money laundering statutes of jurisdictions where the Company and each of its subsidiaries conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "**Anti-Money Laundering Laws**"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(t) (i) None of the Company, any of its subsidiaries, or any director or officer thereof, or, to the Company's knowledge, any employee, agent, controlled affiliate or representative of the Company or any of its subsidiaries, is an individual or entity ("**Person**") that is, or is owned or controlled by one or more Persons that are:

(A) the subject of any sanctions or trade embargoes administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control or the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collectively, "**Sanctions**"), including (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, the United Nations Security Council, the European Union, any Member State of the European Union, or the United Kingdom (irrespective of its status vis-à-vis the European Union); (b) any Person operating, organized, or resident in a Sanctioned Country; or (c) any Person 50% or more owned or controlled by any such Person or Persons or acting for or on behalf of such Person or Persons (a "**Sanctioned Person**");

(B) located, organized or resident in a country or territory that is the subject of Sanctions (currently Crimea, Cuba, Iran, North Korea and Syria); or

(C) engaged in transactions, dealings or activities that might reasonably be expected to cause such Person to become a Sanctioned Person.

(ii) The Company will not, directly or indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person:

(A) to fund or facilitate any activities or business of or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions or with any Sanctioned Person; or

(B) in any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise).

(iii) Within the past five years, the Company and each of its subsidiaries have:

(A) Complied with applicable Sanctions and (a) all applicable trade, export control, import, and antiboycott laws and regulations imposed, administered, or enforced by the U.S. government, including the Arms Export Control Act (22 U.S.C. § 1778), the International Emergency Economic Powers Act (50 U.S.C. §§ 1701–1706), Section 999 of the Internal Revenue Code, the U.S. customs laws at Title 19 of the U.S. Code, the Export Control Reform Act of 2018 (50 U.S.C. §§ 4801-4861), the International Traffic in Arms Regulations (22 C.F.R. Parts 120–130), the Export Administration Regulations (15 C.F.R. Parts 730-774), the U.S. customs regulations at 19 C.F.R. Chapter 1, and the Foreign Trade Regulations (15 C.F.R. Part 30); and (b) all applicable trade, export control, import, and antiboycott laws and regulations imposed, administered or enforced by any other country, except to the extent inconsistent with U.S. law (“**Trade Control Laws**”), except as has been resolved without material liability and previously disclosed to counsel for the Underwriters;

(B) Complied with the terms and conditions of all applicable any licenses, approvals, clearances, permits, certificates, and other authorizations and approvals issued by or obtained from, a governmental authority;

(C) Maintained in place and implemented controls and systems to comply with Trade Control Laws and Sanctions;

(D) Not engaged in, are not now engaged in, and will not engage in, any dealings or transactions with any Person, or in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions in violation of Sanctions; and

(E) Not been the subject of or otherwise involved in investigations or enforcement actions by any governmental authority or other legal proceedings with respect to any actual or alleged violations of Trade Control Laws or Sanctions, and has not been notified of any such pending or threatened actions, except as has been resolved without material liability and previously disclosed to legal counsel for the Underwriters.

(u) Subsequent to the respective dates as of which information is given in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, (i) the Company and its subsidiaries, taken as a whole, have not incurred any material liability or obligation, direct or contingent, nor entered into any material transaction; (ii) the Company has not purchased any of its outstanding capital stock, nor declared, paid or otherwise made any dividend or distribution of any kind on its capital stock other than ordinary and customary dividends (except, in each case under this clause (ii), as set forth or contemplated by the Registration Statement, the Time of Sale Prospectus and the Prospectus); and (iii) there has not been any material change in the capital stock, short-term debt or long-term debt of the Company and its subsidiaries, taken as a whole (except, in each case under this clause (iii), as set forth or contemplated by the Registration Statement, the Time of Sale Prospectus and the Prospectus).

(v) The Company and each of its subsidiaries have, where applicable, good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them which is material to the business of the Company and its subsidiaries, in each case free and clear of all liens (excluding liens securing obligations under the Company's credit facilities), encumbrances and defects except such as do not materially affect the value of such property, do not interfere with the use made and proposed to be made of such property by the Company and its subsidiaries; and any real property and buildings held under lease by the Company and its subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and its subsidiaries.

(w) Except as would not, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole: (i) the Company and its subsidiaries own or have a right to use all patents, inventions, copyrights, know how (including trade secrets and other unpatented and/or unpatentable proprietary systems or procedures), trademarks, service marks and trade names (collectively, “**Intellectual Property Rights**”) used in or reasonably necessary to the conduct of their businesses; (ii) the Intellectual Property Rights owned by the Company and its subsidiaries are free and clear of all liens (excluding liens securing obligations under the Company’s credit facilities), encumbrances or defects, (iii) the registered Intellectual Property Rights owned by the Company and its subsidiaries and, to the Company’s knowledge, the Intellectual Property Rights licensed to the Company and its subsidiaries, are valid, subsisting and enforceable, and there is no pending or, to the Company’s knowledge, threatened action, suit, proceeding or claim by others challenging the validity, scope or enforceability of any such Intellectual Property Rights; (iv) neither the Company nor any of its subsidiaries has received any written notice alleging any infringement, misappropriation or other violation of Intellectual Property Rights which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a material adverse effect on the Company and its subsidiaries, taken as a whole; (v) to the Company’s knowledge, no third party is infringing, misappropriating or otherwise violating, or has, in the past three years, infringed, misappropriated or otherwise violated, any Intellectual Property Rights owned by the Company; (vi) to the Company’s knowledge, neither the Company nor any of its subsidiaries infringes, misappropriates or otherwise violates, or has, in the past three years, infringed, misappropriated or otherwise violated, any Intellectual Property Rights of a third party; (vii) all employees or contractors engaged in the development of Intellectual Property Rights on behalf of the Company or any subsidiary of the Company have executed an invention assignment agreement whereby such employees or contractors presently assign all of their right, title and interest in and to such Intellectual Property Rights to the Company or the applicable subsidiary, and to the Company’s knowledge no such agreement has been breached or violated; and (ix) the Company and its subsidiaries use, and have used, commercially reasonable efforts to appropriately maintain the confidentiality of information intended to be maintained as a trade secret.

(x) Except as would not, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole, and except for Software which is customarily delivered in source code form in the ordinary course of delivering such Software (e.g., SDK), the source code for the Software is and has been maintained in confidence by the Company and its subsidiaries, and no source code for any Software has been delivered, licensed, or otherwise made available by the Company or its subsidiaries to any escrow agent or other Person who at the date of such access was not an employee or contractor of the Company or its subsidiary.

(y) Except as would not, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole, (i) the Company and each of its subsidiaries have complied and are presently in compliance with all internal and external privacy policies, contractual obligations, industry standards, applicable laws, statutes, judgments, orders, rules and regulations of any court or arbitrator or other governmental or regulatory authority and any other legal obligations, in each case, relating to the access to, or collection, use, creation, processing, hosting, recording, alteration, transfer, import, export, storage, protection, disposal and disclosure by the Company or any of its subsidiaries of personal, personally identifiable, household, sensitive, confidential or regulated data (“**Data Security Obligations**”, and such data, “**Data**”); (ii) the Company has not received any written notification of or complaint regarding and is unaware of any other facts that, individually or in the aggregate, would reasonably indicate non-compliance with any Data Security Obligation; and (iii) there is no action, suit or proceeding by or before any court or governmental agency, authority or body pending or threatened in writing alleging non-compliance with any Data Security Obligation.

(z) Except as would not, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole, (i) the Company and each of its subsidiaries have taken commercially reasonable efforts to implement technical and organizational measures necessary to protect the information technology systems and Data used in connection with the operation of the Company’s and its subsidiaries’ businesses; (ii) without limiting the foregoing, the Company and its subsidiaries have used reasonable efforts to establish and maintain commercially reasonable information technology, information security, cyber security and data protection controls, policies and procedures, including oversight, access controls, encryption, technological and physical safeguards and business continuity/disaster recovery and security plans that are designed to protect against and prevent breach, destruction, loss, unauthorized distribution, use, access, disablement, misappropriation or modification, or other compromise or misuse of or relating to any information technology system or Data used in connection with the operation of the Company’s and its subsidiaries’ businesses (“**Breach**”); and (iii) there has been no such Breach, and the Company and its subsidiaries have not been notified of and have no knowledge of any event or condition that would reasonably be expected to result in, any such Breach, except as has been resolved without material liability or duty to notify any person or governmental entity.

(aa) No material labor dispute with the employees of the Company or any of its subsidiaries exists, or, to the knowledge of the Company, is imminent; and the Company is not aware of any existing, threatened or imminent labor disturbance by the employees of any of its principal suppliers, manufacturers or contractors that, in each case, could, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(bb) Except as would not, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole, the Company and each of its subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are customary in the businesses in which they are engaged; and neither the Company nor any of its subsidiaries has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(cc) The Company and each of its subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct their respective businesses, except for those certificates, authorizations or permits the failure to possess which, singly or in the aggregate, would not have a material adverse effect on the Company and its subsidiaries, taken as a whole, and neither the Company nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(dd) The financial statements included in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, together with the related schedules and notes thereto, comply as to form in all material respects with the applicable accounting requirements of the Securities Act and present fairly the consolidated financial position of the Company and its subsidiaries as of the dates shown and its results of operations and cash flows for the periods shown, and such financial statements have been prepared in conformity with generally accepted accounting principles in the United States (“**U.S. GAAP**”) applied on a consistent basis throughout the periods covered thereby except for any normal year-end adjustments in the Company’s quarterly financial statements. The other financial information included in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus has been derived from the accounting records of the Company and its consolidated subsidiaries and presents fairly in all material respects the information shown thereby. Except as included therein, no historical or pro forma financial statements or supporting schedules are required to be included in the Registration Statement, the Time of Sale Prospectus or the Prospectus under the Securities Act or the rules and regulations promulgated thereunder. All disclosures contained in the Registration Statement, the Time of Sale Prospectus and the Prospectus regarding “non-GAAP financial measures” (as such term is defined by the rules and regulations of the Commission) comply with Item 10 of Regulation S-K of the Securities Act. The statistical, industry-related and market-related data included in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus are based on or derived from sources which the Company reasonably and in good faith believes are reliable and accurate and such data is consistent with the sources from which they are derived, in each case in all material respects.

(ee) Deloitte & Touche LLP, who have certified certain financial statements of the Company and its subsidiaries and delivered its report with respect to the audited consolidated financial statements and schedules filed with the Commission as part of the Registration Statement and included in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, is an independent registered public accounting firm with respect to the Company within the meaning of the Securities Act and the applicable rules and regulations thereunder adopted by the Commission and the Public Company Accounting Oversight Board (United States).

(ff) Except as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus, the Company and its subsidiaries, taken as a whole, maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus, since the end of the Company's most recent audited fiscal year, there has been (x) no material weakness in the Company's internal control over financial reporting (whether or not remediated) and (y) no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(gg) Except as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus, the Company has not sold, issued or distributed any shares of Common Stock during the six-month period preceding the date hereof, including any sales pursuant to Rule 144A under, or Regulation D or S of, the Securities Act, other than shares issued pursuant to employee benefit plans, qualified stock option plans or other employee compensation plans or pursuant to outstanding options, rights or warrants.

(hh) The Registration Statement, the Prospectus, the Time of Sale Prospectus and any preliminary prospectus comply, and any amendments or supplements thereto will comply, with any applicable laws or regulations of foreign jurisdictions in which the Prospectus, the Time of Sale Prospectus or any preliminary prospectus, as amended or supplemented, if applicable, are distributed in connection with the Directed Share Program.

(ii) No consent, approval, authorization or order of, or qualification with, any governmental body or agency, other than those obtained, is required in connection with the offering of the Directed Shares in any jurisdiction where the Directed Shares are being offered.

(jj) The Company has not offered, or caused Morgan Stanley or any Morgan Stanley Entity as defined in Section 9 to offer, Shares to any person pursuant to the Directed Share Program with the specific intent to unlawfully influence (i) a customer or supplier of the Company to alter the customer's or supplier's level or type of business with the Company, or (ii) a trade journalist or publication to write or publish favorable information about the Company or its products.

(kk) The Company and each of its subsidiaries have filed all federal, state, local and foreign tax returns required to be filed through the date of this Agreement or have requested extensions thereof (except where the failure to file would not, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole) and have paid all taxes required to be paid thereon (except for cases in which the failure to file or pay would not, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole, or, except as currently being contested in good faith and for which reserves required by U.S. GAAP have been created in the financial statements of the Company), and no tax deficiency has been determined adversely to the Company or any of its subsidiaries which, singly or in the aggregate, has had (nor does the Company nor any of its subsidiaries have any written notice or knowledge of any tax deficiency which could reasonably be expected to be determined adversely to the Company or its subsidiaries and which could reasonably be expected to have) a material adverse effect on the Company and its subsidiaries, taken as a whole.

(ll) From the time of initial confidential submission of the Registration Statement to the Commission through the date hereof, the Company has been and is an "emerging growth company," as defined in Section 2(a) of the Securities Act (an "**Emerging Growth Company**").

(mm) The Company (i) has not alone engaged in any Testing-the-Waters Communication with any person other than Testing-the-Waters Communications with the consent of the Representatives with entities that are reasonably believed to be qualified institutional buyers within the meaning of Rule 144A under the Securities Act or institutions that are reasonably believed to be accredited investors within the meaning of Rule 501 under the Securities Act and (ii) has not authorized anyone other than the Representatives to engage in Testing-the-Waters Communications. The Company reconfirms that the Representatives have been authorized to act on its behalf in undertaking Testing-the-Waters Communications. The Company has not distributed any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Securities Act other than those listed on Schedule III hereto. "**Testing-the-Waters Communication**" means any communication with potential investors undertaken in reliance on Section 5(d) or Rule 163B of the Securities Act.



(nn) As of the time of each sale of the Shares in connection with the offering when the Prospectus is not yet available to prospective purchasers, none of (A) the Time of Sale Prospectus, (B) any free writing prospectus, when considered together with the Time of Sale Prospectus, and (C) any individual Testing-the-Waters Communication, when considered together with the Time of Sale Prospectus, at their respective dates and at the Closing Date, as applicable, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this paragraph (nn) do not apply to statements or omissions made in reliance upon and in conformity with the information provided by the Underwriters described in Section 10(b) below.

(oo) Neither the Company nor any of its subsidiaries is (i) in violation of its charter or by-laws or similar organizational documents; (ii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any property or asset of the Company or any of its subsidiaries is subject; or (iii) in violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority, except, in the case of clauses (ii) and (iii) above, for any such default or violation that would not, individually or in the aggregate, have a material adverse effect.

(pp) No relationship, direct or indirect, exists between or among the Company or any of its subsidiaries, on the one hand, and the directors, officers, stockholders, customers, suppliers or other affiliates of the Company or any of its subsidiaries, on the other, that is required by the Securities Act to be described in each of the Registration Statement, the Time of Sale Prospectus, or the Prospectus.

(qq) Except as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus, no subsidiary of the Company is currently prohibited, directly or indirectly, under any agreement or other instrument to which it is a party or is subject, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock or similar ownership interest, from repaying to the Company any loans or advances to such subsidiary from the Company or from transferring any of such subsidiary's properties or assets to the Company or any other subsidiary of the Company.

2. *Representations and Warranties of the Selling Shareholders.* Each Selling Shareholder represents and warrants to and agrees with each of the Underwriters that:

(a) This Agreement has been duly authorized, executed and delivered by or on behalf of such Selling Shareholder.

(b) The execution and delivery by such Selling Shareholder of, and the performance by such Selling Shareholder of its obligations under, this Agreement, the Custody Agreement signed by such Selling Shareholder and American Stock Transfer & Trust Company, LLC, as Custodian, relating to the deposit of the Shares to be sold by such Selling Shareholder (the “**Custody Agreement**”) and the Power of Attorney appointing certain individuals as such Selling Shareholder’s attorneys-in-fact to the extent set forth therein, relating to the transactions contemplated hereby and by the Registration Statement (the “**Power of Attorney**”) will not (i) contravene (a) any provision of applicable law, (b) any agreement or other instrument binding upon such Selling Shareholder or (c) any judgment, order or decree of any governmental body, agency or court having jurisdiction over such Selling Shareholder, except for any such contravention that would not, singly or in the aggregate, have a material adverse effect on such Selling Shareholder, and (ii) require any consent, approval, authorization or order of, or qualification with, any governmental body, agency or court is required for the performance by such Selling Shareholder of its obligations under this Agreement or the Custody Agreement or Power of Attorney of such Selling Shareholder, except (y) such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares or (z) such as have been obtained or made.

(c) If such Selling Shareholder is selling Additional Shares on an Option Closing Date, such Selling Shareholder will have on such Option Closing Date, valid title to, or a valid “security entitlement” within the meaning of Section 8-102 of the New York Uniform Commercial Code (the “**UCC**”) in respect of, the Shares to be sold by such Selling Shareholder free and clear of all security interests, claims, liens, equities or other encumbrances and the legal right and power, and all authorization and approval required by law, to enter into this Agreement, the Custody Agreement and the Power of Attorney and to sell, transfer and deliver the Shares to be sold by such Selling Shareholder or a security entitlement in respect of such Shares.

(d) The Custody Agreement and the Power of Attorney have been duly authorized, executed and delivered by such Selling Shareholder and are valid and binding agreements of such Selling Shareholder.

(e) Under Section 8-501 of the UCC, (i) the Representatives will acquire a valid security entitlement (within the meaning of Section 8-102 of the UCC) in respect of the Shares to be sold by such Selling Shareholder and (ii) no action based on any “adverse claim” (within the meaning of Section 8-102 of the UCC) to such Shares may be asserted against the Representatives with respect to such security entitlement; for purposes of this representation, such Selling Shareholder may assume that when such payment, delivery (within the meaning of Section 8-301 of the UCC) and crediting occur, (x) such Shares will have been registered in the name of Cede or another nominee designated by The Depository Trust Company (“DTC”), in each case on the Company’s share registry in accordance with its certificate of incorporation, bylaws and applicable law, (y) DTC will be registered as a “clearing corporation” (within the meaning of Section 8-102 of the UCC) and (z) appropriate entries to the securities accounts (within the meaning of Section 8-501 of the UCC) of the Representatives on behalf of the several Underwriters on the records of DTC will have been made pursuant to the UCC.

(f) Such Selling Shareholder has delivered to the Representatives an executed lock-up agreement in substantially the form attached hereto as Exhibit A.

(g) Reserved.

(h) (i) The Registration Statement, when it became effective, did not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) the Time of Sale Prospectus does not, and at the time of each sale of the Shares in connection with the offering when the Prospectus is not yet available to prospective purchasers and at the Closing Date (as defined in Section 5), the Time of Sale Prospectus, as then amended or supplemented by the Company, if applicable, will not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (iii) each broadly available road show, if any, when considered together with the Time of Sale Prospectus, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (iv) the Prospectus does not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this paragraph do not apply to statements or omissions in the Registration Statement, the Time of Sale Prospectus or the Prospectus based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use therein and such Selling Shareholder’s representation under this Section 2(h) shall only apply to any untrue statement of a material fact or omission to state a material fact made in reliance upon and in conformity with any information relating to such Selling Shareholder furnished to the Company in writing by such Selling Shareholder expressly for use in the Time of Sale Prospectus, it being understood and agreed that the only such information furnished by each Selling Shareholder consists of (A) the legal name and address of such Selling Shareholder and the other information about such Selling Shareholder set forth in the footnote relating to such Selling Shareholder under the caption “Principal and Selling Shareholders” and (B) the number of shares of common stock beneficially owned by such Selling Shareholder before and after the offering (excluding percentages) that appears in the table (and corresponding footnotes) under the caption “Principal and Selling Shareholder” (collectively, the “**Selling Shareholder Information**”).

(i) (i) Such Selling Shareholder is not (1) the subject of any Sanctions or a Sanctioned Person, (2) resident in a country or territory that is the subject of Sanctions (currently Crimea, Cuba, Iran, North Korea and Syria); or (3) engaged in transactions, dealings or activities that might reasonably be expected to cause such Person to become a Sanctioned Person.

(ii) Such Selling Shareholder will not, directly or indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any other Person:

(A) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions or with any Sanctioned Person; or

(B) in any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise).

(j) Reserved.

3. *Agreements to Sell and Purchase.* The Company hereby agrees to sell to the several Underwriters, and each Underwriter, upon the basis of the representations and warranties herein contained, but subject to the terms and conditions hereinafter stated, agrees, severally and not jointly, to purchase from the Company at \$[ ] a share (the “**Purchase Price**”) the number of Firm Shares (subject to such adjustments to eliminate fractional shares as the Representatives may determine) that bears the same proportion to the number of Firm Shares to be sold by the Company as the number of Firm Shares set forth in Schedule I hereto opposite the name of such Underwriter bears to the total number of Firm Shares.

On the basis of the representations and warranties contained in this Agreement, and subject to its terms and conditions, the Company and the Selling Shareholders agree, severally and not jointly, to sell to the Underwriters the Additional Shares, and the Underwriters shall have the right to purchase, severally and not jointly, up to [ ] Additional Shares at the Purchase Price, *provided*, however, that the amount paid by the Underwriters for any Additional Shares shall be reduced by an amount per share equal to any dividends declared by the Company and payable on the Firm Shares but not payable on such Additional Shares. The Representatives may exercise this right on behalf of the Underwriters in whole or from time to time in part by giving written notice not later than 30 days after the date of this Agreement. Any exercise notice shall specify the number of Additional Shares to be purchased by the Underwriters and the date on which such shares are to be purchased. Each purchase date must be at least one business day after the written notice is given and may not be earlier than the closing date for the Firm Shares or later than ten business days after the date of such notice. Additional Shares may be purchased as provided in Section 5 hereof solely for the purpose of covering over-allotments made in connection with the offering of the Firm Shares. On each day, if any, that Additional Shares are to be purchased (an “**Option Closing Date**”), each Underwriter agrees, severally and not jointly, to purchase the number of Additional Shares (subject to such adjustments to eliminate fractional shares as the Representatives may determine) that bears the same proportion to the total number of Additional Shares to be purchased on such Option Closing Date as the number of Firm Shares set forth in Schedule I hereto opposite the name of such Underwriter bears to the total number of Firm Shares.

4. *Terms of Public Offering.* The Sellers are advised by the Representatives that the Underwriters propose to make a public offering of their respective portions of the Shares as soon after the Registration Statement and this Agreement have become effective as in the Representatives’ judgment is advisable. The Sellers are further advised by the Representatives that the Shares are to be offered to the public initially at \$[ ] a share (the “**Public Offering Price**”) and to certain dealers selected by the Representatives at a price that represents a concession not in excess of \$[ ] a share under the Public Offering Price, and that any Underwriter may allow, and such dealers may reallocate, a concession, not in excess of \$[ ] a share, to any Underwriter or to certain other dealers.

5. *Payment and Delivery.* Payment for the Firm Shares to be sold by the Company shall be made to the Company in Federal or other funds immediately available in New York City against delivery of such Firm Shares for the respective accounts of the several Underwriters at 10:00 a.m., New York City time, on [ ], 2021, or at such other time on the same or such other date, not later than [ ], 2021, as shall be designated in writing by the Representatives. The time and date of such payment are hereinafter referred to as the “**Closing Date**.”

Payment for any Additional Shares shall be made to the Company and the Selling Shareholders in Federal or other funds immediately available in New York City against delivery of such Additional Shares for the respective accounts of the several Underwriters at 10:00 a.m., New York City time, on the date specified in the corresponding notice described in Section 2 or at such other time on the same or on such other date, in any event not later than [ ], 2021, as shall be designated in writing by the Representatives.

The Firm Shares and Additional Shares shall be registered in such names and in such denominations as the Representatives shall request not later than one full business day prior to the Closing Date or the applicable Option Closing Date, as the case may be. The Firm Shares and Additional Shares shall be delivered to the Representatives on the Closing Date or an Option Closing Date, as the case may be, for the respective accounts of the several Underwriters, with any transfer taxes payable in connection with the transfer of the Shares to the Underwriters duly paid, against payment of the Purchase Price therefor.

6. *Conditions to the Underwriters' Obligations.* The obligations of the Company to sell the Shares to the Underwriters and the several obligations of the Underwriters to purchase and pay for the Shares on the Closing Date are subject to the condition that the Registration Statement shall have become effective not later than [\_\_\_\_\_] (New York City time) on the date hereof.

The several obligations of the Underwriters are subject to the following further conditions:

(a) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date:

(i) no order suspending the effectiveness of the Registration Statement shall be in effect, and no proceeding for such purpose or pursuant to Section 8A under the Securities Act shall be pending before or threatened by the Commission;

(ii) there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded any of the securities of the Company or any of its subsidiaries or parents by any "nationally recognized statistical rating organization," as such term is defined in Section 3(a)(62) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"); and

(iii) there shall not have occurred any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Time of Sale Prospectus that, in the Representatives' judgment, is material and adverse and that makes it, in the Representatives' judgment, impracticable to market the Shares on the terms and in the manner contemplated in the Time of Sale Prospectus.

(b) The Underwriters shall have received on the Closing Date a certificate, dated the Closing Date and signed by an executive officer of the Company, to the effect set forth in Sections 6(a)(i) and 6(a)(ii) above and to the effect that the representations and warranties of the Company contained in this Agreement are true and correct as of the Closing Date and that the Company has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or before the Closing Date.

The officer signing and delivering such certificate may rely upon the best of his or her knowledge as to proceedings threatened.

(c) The Underwriters shall have received on the Closing Date an opinion and negative assurance letter of Simpson Thacher & Bartlett LLP, outside counsel for the Sellers, dated the Closing Date, substantially in the form and substance reasonably satisfactory to the Representative:

(d) The Underwriters shall have received on the Closing Date an opinion and negative assurance letter of Latham & Watkins LLP, counsel for the Underwriters, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives.

With respect to the negative assurance letters to be delivered pursuant to Sections 6(c) and 6(d) above, Simpson Thacher & Bartlett LLP and Latham & Watkins LLP may state that their opinions and beliefs are based upon their participation in the preparation of the Registration Statement, the Time of Sale Prospectus and the Prospectus and any amendments or supplements thereto and review and discussion of the contents thereof, but are without independent check or verification, except as specified.

The opinion of Simpson Thacher & Bartlett LLP described in Section 5(c) above shall be rendered to the Underwriters at the request of the Company.

(e) The Representatives shall have received, on each of the date hereof and the Closing Date, a letter dated the date hereof or the Closing Date, as the case may be, in form and substance satisfactory to the Representatives, from Deloitte & Touche LLP, independent public accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement, the Time of Sale Prospectus and the Prospectus; *provided* that the letter delivered on the Closing Date shall use a "cut-off date" not earlier than the date hereof.

(f) The "lock-up" agreements, each substantially in the form of Exhibit A hereto, between the Representatives and certain shareholders, officers and directors of the Company relating to restrictions on sales and certain other dispositions of shares of Common Stock or certain other securities, delivered to the Representatives on or before the date hereof (the "**Lock-up Agreements**"), shall be in full force and effect on the Closing Date.

(g) The several obligations of the Underwriters to purchase Additional Shares hereunder are subject to the delivery to the Representatives on the applicable Option Closing Date of the following if such Option Closing Date is different than the Closing Date:

(i) a certificate, dated the Option Closing Date and signed by an executive officer of the Company, confirming that the certificate delivered on the Closing Date pursuant to Section 6(b) hereof remains true and correct as of such Option Closing Date;

(ii) an opinion and negative assurance letter of Simpson Thacher & Bartlett LLP, outside counsel for the Sellers, dated the Option Closing Date, relating to the Additional Shares to be purchased on such Option Closing Date and otherwise to the same effect as the opinion required by Section 6(c) hereof;

(iii) an opinion and negative assurance letter of Latham & Watkins LLP, counsel for the Underwriters, dated the Option Closing Date, relating to the Additional Shares to be purchased on such Option Closing Date and otherwise to the same effect as the opinion required by Section 6(d) hereof;

(iv) a letter dated the Option Closing Date, in form and substance satisfactory to the Representatives, from Deloitte & Touche LLP, independent public accountants, substantially in the same form and substance as the letter furnished to the Representatives pursuant to Section 6(e) hereof; *provided* that the letter delivered on the Option Closing Date shall use a “cut-off date” not earlier than two business days prior to such Option Closing Date; and

(v) such other documents as the Representatives may reasonably request with respect to the good standing of the Company, the due authorization and issuance of the Additional Shares to be sold on such Option Closing Date and other matters related to the issuance of such Additional Shares.

(h) The Representatives shall have received, on each of the date hereof and the Closing Date, from the chief financial officer of the Company a certificate, dated as of the date hereof and the Closing Date, respectively, as to certain financial and other information included in the Registration Statement, the Time of Sale Prospectus and the Prospectus in form and substance reasonably satisfactory to the Representatives.



7. *Covenants of the Company.* The Company covenants with each Underwriter as follows:

(a) To furnish, if requested, to the Representatives, without charge, five signed copies of the Registration Statement (including exhibits thereto) and for delivery to each other Underwriter a conformed copy of the Registration Statement (without exhibits thereto) and to furnish to the Representatives in New York City, without charge, prior to 10:00 a.m. New York City time on the business day next succeeding the date of this Agreement and during the period mentioned in Section 7(e) or 7(f) below, as many copies of the Time of Sale Prospectus, the Prospectus and any supplements and amendments thereto or to the Registration Statement as the Representatives may reasonably request.

(b) Before amending or supplementing the Registration Statement, the Time of Sale Prospectus or the Prospectus, to furnish to the Representatives a copy of each such proposed amendment or supplement and not to file any such proposed amendment or supplement to which the Representatives reasonably objects, and to file with the Commission within the applicable period specified in Rule 424(b) under the Securities Act any prospectus required to be filed pursuant to such Rule.

(c) To furnish to the Representatives a copy of each proposed free writing prospectus to be prepared by or on behalf of, used by, or referred to by the Company and not to use or refer to any proposed free writing prospectus to which the Representatives reasonably object.

(d) Not to take any action that would result in an Underwriter or the Company being required to file with the Commission pursuant to Rule 433(d) under the Securities Act a free writing prospectus prepared by or on behalf of the Underwriter that the Underwriter otherwise would not have been required to file thereunder.

(e) If the Time of Sale Prospectus is being used to solicit offers to buy the Shares at a time when the Prospectus is not yet available to prospective purchasers and any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Time of Sale Prospectus in order to make the statements therein, in the light of the circumstances, not misleading, or if any event shall occur or condition exist as a result of which the Time of Sale Prospectus conflicts with the information contained in the Registration Statement then on file, or if, in the reasonable opinion of counsel for the Underwriters, it is necessary to amend or supplement the Time of Sale Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to any dealer upon request, either amendments or supplements to the Time of Sale Prospectus so that the statements in the Time of Sale Prospectus as so amended or supplemented will not, in the light of the circumstances when the Time of Sale Prospectus is delivered to a prospective purchaser, be misleading or so that the Time of Sale Prospectus, as amended or supplemented, will no longer conflict with the Registration Statement, or so that the Time of Sale Prospectus, as amended or supplemented, will comply with applicable law.

(f) If, during such period after the first date of the public offering of the Shares as in the reasonable opinion of counsel for the Underwriters, the Prospectus (or in lieu thereof the notice referred to in Rule 173(a) of the Securities Act) is required by law to be delivered in connection with sales by an Underwriter or dealer, any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus (or in lieu thereof the notice referred to in Rule 173(a) of the Securities Act) is delivered to a purchaser, not misleading, or if, in the reasonable opinion of counsel for the Underwriters, it is necessary to amend or supplement the Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to the dealers (whose names and addresses the Representatives will furnish to the Company) to which Shares may have been sold by the Representatives on behalf of the Underwriters and to any other dealers upon request, either amendments or supplements to the Prospectus so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances when the Prospectus (or in lieu thereof the notice referred to in Rule 173(a) of the Securities Act) is delivered to a purchaser, be misleading or so that the Prospectus, as amended or supplemented, will comply with applicable law.

(g) If required by applicable law, to endeavor to qualify the Shares for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Representatives shall reasonably request.

(h) To make generally available to the Company's security holders and to the Representatives as soon as practicable an earnings statement covering a period of at least twelve months beginning with the first fiscal quarter of the Company occurring after the date of this Agreement which shall satisfy the provisions of Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder.

(i) To comply with all applicable securities and other laws, rules and regulations in each jurisdiction in which the Directed Shares are offered in connection with the Directed Share Program.

(j) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, to pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including: (i) the fees, disbursements and expenses of the Company's counsel, the Company's accountants and counsel for the Selling Shareholders in connection with the registration and delivery of the Shares under the Securities Act and all other fees or expenses in connection with the preparation and filing of the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, the Prospectus, any free writing prospectus prepared by or on behalf of, used by, or referred to by the Company and amendments and supplements to any of the foregoing, including all printing costs associated therewith, and the mailing and delivering of copies thereof to the Underwriters and dealers, in the quantities hereinabove specified, (ii) all costs and expenses related to the transfer and delivery of the Shares to the Underwriters, including any transfer or other taxes payable thereon, (iii) the cost of printing or producing any Blue Sky or Legal Investment memorandum in connection with the offer and sale of the Shares under state securities laws and all expenses in connection with the qualification of the Shares for offer and sale under state securities laws as provided in Section 7(g) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky or Legal Investment memorandum, (iv) all filing fees and the reasonable fees and disbursements of counsel to the Underwriters incurred in connection with the review and qualification of the offering of the Shares by FINRA, *provided*, however, that the amounts payable by the Company for the fees and disbursements of counsel to the Underwriters pursuant to this clause (iv) and for the fees and expenses pursuant to clause (iii) shall not exceed \$40,000 in the aggregate, (v) all fees and expenses in connection with the preparation and filing of the registration statement on Form 8-A relating to the Common Stock and all costs and expenses incident to listing the Shares on the NASDAQ Global Market, (vi) the cost of printing certificates representing the Shares, (vii) the costs and charges of any transfer agent, registrar or depository, (viii) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Shares, including, without limitation, expenses associated with the preparation or dissemination of any electronic road show, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations with the prior approval of the Company, travel and lodging expenses of the representatives and officers of the Company and any such consultants, and 50% of the cost of any aircraft chartered in connection with the road show (it being understood that the Underwriters will pay the other 50% of the costs of chartering aircraft transportation in connection with any road show), (ix) the document production charges and expenses associated with printing this Agreement, (x) all other costs and expenses incident to the performance of the obligations of the Company hereunder for which provision is not otherwise made in this Section and (xi) reasonable fees and expenses incurred by counsel to the Underwriters on behalf of or disbursements by Morgan Stanley in its capacity as "qualified independent underwriter". It is understood, however, that except as provided in this Section, Section 10 entitled "Indemnity and Contribution", Section 11 entitled "Directed Share Program Indemnification" and the last paragraph of Section 13 below, the Underwriters will pay all of their costs and expenses, including fees and disbursements of their counsel, stock transfer taxes payable on resale of any of the Shares by them and any advertising expenses connected with any offers they may make.

(k) The Company will promptly notify the Representatives if the Company ceases to be an Emerging Growth Company at any time prior to the later of (i) completion of the distribution of the Shares within the meaning of the Securities Act and (ii) completion of the Restricted Period (as defined in this Section 7).

(l) If at any time following the distribution of any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Securities Act there occurred or occurs an event or development as a result of which such Testing-the-Waters Communication included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Representatives and will promptly amend or supplement, at its own expense, such Testing-the-Waters Communication to eliminate or correct such untrue statement or omission.

(m) Without the consent of Morgan Stanley and JPMorgan, on behalf of the Underwriters, during the Restricted Period, the Company shall not release any stockholder party to the Stockholders Agreement (as defined below) that has not executed and delivered to the Representatives a lock-up letter substantially in the form of Exhibit A hereto from the restrictions on transfers of the Company's Securities (as such term is defined in the Stockholders Agreement), and shall not otherwise waive the restrictions on transfers of the Company's Securities with respect to any party, in each case as set forth in Article IV of that certain Stockholders Agreement (the "**Stockholders Agreement**"), dated as of [\_\_\_\_], 2021, by and among the Company, the Initial H&F Stockholders (as defined therein), the Employee Stockholders (as defined therein) and any other Person that becomes party to the Stockholders Agreement in accordance with the terms therein.

The Company also covenants with each Underwriter that, without the prior written consent of Morgan Stanley and JPMorgan, on behalf of the Underwriters, it will not, and will not publicly disclose an intention to, during the period ending 180 days after the date of the Prospectus (the "**Restricted Period**"), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock, or publicly disclose the intention to undertake any of the foregoing, or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise or (3) submit or file any registration statement with the Commission relating to the offering of any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock, or publicly disclose the intention to undertake any of the foregoing (and, for the avoidance of doubt, a confidential submission of such registration statement with the Commission or FINRA shall not constitute a public filing during the Restricted Period).

The restrictions contained in the preceding paragraph shall not apply to (A) the Shares to be sold hereunder, (B) the issuance by the Company of shares of Common Stock upon the settlement of a restricted stock unit or the exercise of an option, warrant, equity award or the conversion of a security outstanding on the date hereof as described in each of the Time of Sale Prospectus and Prospectus, (C) grants of stock options, stock awards, restricted stock, restricted stock units or other equity awards and the issuance of securities (whether upon the exercise of stock options or otherwise) to employees, officers, directors, advisors or consultants of the Company pursuant to the terms of an equity compensation plan in effect as of the Closing Date and described in the Time of Sale Prospectus, *provided* that any recipient of such a grant shall execute and deliver to the Representatives a lock-up letter substantially in the form of Exhibit A hereto covering the remainder of the Restricted Period upon the vesting, settlement or exercise, as applicable, of such stock options, stock awards, restricted stock, restricted stock units or other equity award during the Restricted Period to the extent the securities held by such person are not otherwise bound by a letter in the form attached as Exhibit A hereto or (D) facilitating the establishment of a trading plan on behalf of a shareholder, officer or director of the Company pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of Common Stock, *provided* that (i) such plan does not provide for the transfer of Common Stock during the Restricted Period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by the Company regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of Common Stock may be made under such plan during the Restricted Period, (E) any filing by the Company of a Registration Statement on Form S-8 relating to a shares-based compensation plan of the Company and its subsidiaries, inducement award or employee share purchase plan that is disclosed in the Registration Statement, the Time of Sale Prospectus and Prospectus or any assumed employee benefit plan contemplated by clause (F) below, (F) the sale or issuance of or entry into an agreement providing for the sale or issuance of Common Stock or securities convertible into, exercisable for or which are otherwise exchangeable for or represent the right to receive Common Stock in connection with (x) the acquisition by the Company or any of its subsidiaries of the securities, business, technology, property or other assets of another person or entity or pursuant to an employee benefit plan assumed by the Company in connection with such acquisition, and the issuance of any Common Stock or securities convertible into, exercisable for or which are otherwise exchangeable for or represent the right to receive Common Stock pursuant to any such agreement or (y) the Company's joint ventures, commercial relationships and other strategic transactions, *provided* that the aggregate number of shares of Common Stock securities convertible into, exercisable for or which are otherwise exchangeable for or represent the right to receive Common Stock that the Company may sell or issue or agree to sell or issue pursuant to this clause (F) shall not exceed 10% of the total number of shares of Common Stock outstanding as of the Closing Date immediately following the completion of the transactions contemplated by this Agreement, and (G) any confidential submission with the Commission or FINRA of any registration statement under the Securities Act; *provided* that, in the case of clauses (B), (C) and (D), the Company shall cause each recipient that is a member of the Company's board of directors, executive officer of the Company or a beneficial holder of 10.0% of the fully diluted share capital of the Company to execute a Lock-Up Agreement for the Restricted Period; *provided* further that, in the case of clause (F), the Company shall cause each recipient to execute a lockup agreement for the Restricted Period in the form of Exhibit A hereto.

If Morgan Stanley and JPMorgan, in their sole discretion, agree to release or waive the restrictions on the transfer of Shares set forth in a Lock-up Agreement for an officer or director of the Company and provides the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Exhibit B hereto through a major news service at least two business days before the effective date of the release or waiver.

8. *Covenants of the Sellers.* Each Seller, severally and not jointly, covenants with each Underwriter as follows:

(a) Each Seller will deliver to each Underwriter (or its agent), prior to or at the Closing Date, a properly completed and executed Internal Revenue Service (“IRS”) Form W-9 or an IRS Form W-8, as appropriate, together with all required attachments to such form.

(b) Each Seller will deliver to each Underwriter (or its agent), on the date of execution of this Agreement, a properly completed and executed Certification Regarding Beneficial Owners of Legal Entity Customers, together with copies of identifying documentation, and each Seller undertakes to provide such additional supporting documentation as each Underwriter may reasonably request in connection with the verification of the foregoing Certification.

9. *Covenants of the Underwriters.* Each Underwriter, severally and not jointly, covenants with the Company that it has not and will not take any action that would result in the Company being required to file with the Commission under Rule 433(d) a free writing prospectus prepared by or on behalf of such Underwriter that otherwise would not be required to be filed by the Company thereunder, but for the action of the Underwriter.

10. *Indemnity and Contribution.* (a) The Company agrees to indemnify and hold harmless each Underwriter, each person, if any, who controls any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act and each affiliate of any Underwriter within the meaning of Rule 405 under the Securities Act from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) that arise out of, or are based upon, any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof, any preliminary prospectus, the Time of Sale Prospectus or any amendment or supplement thereto, any issuer free writing prospectus as defined in Rule 433(h) under the Securities Act, any Company information that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act, any road show as defined in Rule 433(h) under the Securities Act (a “road show”), the Prospectus or any amendment or supplement thereto, or any Testing-the-Waters Communication, or arise out of, or are based upon, any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities arise out of, or are based upon, any such untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use therein, it being understood and agreed that the only such information furnished by the Underwriters through the Representatives consists of the information described as such in paragraph (c) below. The Company also agrees to indemnify and hold harmless the Morgan Stanley Entities from and against any and all losses, claims, damages, liabilities and judgments incurred as a result of Morgan Stanley’s participation as a “qualified independent underwriter” within the meaning of Rule 5121 of the Financial Industry Regulatory Authority in connection with the offering of the Shares, except for any losses, claims, damages, liabilities, and judgments resulting from Morgan Stanley’s, or such controlling person’s, willful misconduct.

(b) Each Selling Shareholder agrees, severally and not jointly, to indemnify and hold harmless each Underwriter, each person, if any, who controls any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, and each affiliate of any Underwriter within the meaning of Rule 405 under the Securities Act from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) to the same extent as the liability set forth in Section 10(a) above, but only with respect to, in each case, losses, claims, damages and liabilities that arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any Selling Shareholder Information provided by such Selling Shareholder. The liability of each Selling Shareholder under the indemnity agreement contained in this paragraph and the contribution provision of this Section 10 shall be limited to an amount equal to the aggregate Public Offering Price of the Shares sold by such Selling Shareholder under this Agreement (before deducting expenses) less any underwriting discounts paid to the Underwriters, and shall be limited to any Selling Shareholder Information.

(c) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, the Selling Shareholders, the directors and officers of the Company who sign the Registration Statement and each person, if any, who controls the Company or any Selling Shareholder within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Company to such Underwriter, but only with reference to information relating to such Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, any issuer free writing prospectus, road show or the Prospectus or any amendment or supplement thereto, it being understood and agreed upon that the only such information furnished by any Underwriter consists of the following information in the Time of Sale Prospectus and the Prospectus furnished on behalf of each Underwriter: the concession and reallowance figures in the third paragraph under the caption “Underwriting”, the information contained in the seventh paragraph under the caption “Underwriting” relating to sales by the Underwriters to discretionary accounts not exceeding 5% of the total number of Shares offered by them, and the information contained in the thirteenth paragraph under the caption “Underwriting” relating to price stabilization, shorting and penalty bids.

(d) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Section 10(a) or 10(b), such person (the “**indemnified party**”) shall promptly notify the person against whom such indemnity may be sought (the “**indemnifying party**”) in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the reasonable fees and disbursements of such counsel related to such proceeding, as incurred. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel, (ii) the indemnifying party has failed within a reasonable time to retain counsel reasonably satisfactory to the indemnified party, (iii) the indemnified party shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the indemnifying party or (iv) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in respect of the legal expenses of any indemnified party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that all such fees and expenses shall be reimbursed as they are incurred. In the case of any such separate firm for the Underwriters and such control persons and affiliates of any Underwriters, such firm shall be designated in writing by the Representatives. In the case of any such separate firm for the Company, and such directors, officers and control persons of the Company, such firm shall be designated in writing by the Company. In the case of any such separate firm for a Selling Shareholder and such control persons of such Selling Shareholder, such firm shall be designated in writing by the authorized persons of such Selling Shareholder. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for reasonable fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 60 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement (x) includes an unconditional release of such indemnified party, in form and substance reasonably satisfactory to such indemnified party, from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any indemnified party. Notwithstanding anything contained herein to the contrary, if indemnity may be sought pursuant to Section 10(a) hereof in respect of such action or proceeding, then in addition to such separate firm for the indemnified parties, the indemnifying party shall be liable for the reasonable fees and expenses of not more than one separate firm (in addition to any local counsel) for the Morgan Stanley Entities.



(e) To the extent the indemnification provided for in Section 10(a) or 10(b) is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the indemnifying party or parties on the one hand and the indemnified party or parties on the other hand from the offering of the Shares or (ii) if the allocation provided by clause 10(d)(i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 10(d)(i) above but also the relative fault of the indemnifying party or parties on the one hand and of the indemnified party or parties on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by each Seller on the one hand and the Underwriters on the other hand in connection with the offering of the Shares shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Shares (before deducting expenses) received by such Seller and the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover of the Prospectus, bear to the aggregate Public Offering Price of the Shares. The relative fault of the Sellers on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Sellers or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Underwriters' respective obligations to contribute pursuant to this Section 10 are several in proportion to the respective number of Shares they have purchased hereunder, and not joint. The liability of the Selling Shareholders under the contribution agreement contained in this paragraph shall be limited to an amount equal to the aggregate Public Offering Price of the Additional Shares sold by such Selling Shareholder under this Agreement less any underwriting discounts and commissions paid to the Underwriters.

(f) The Sellers and the Underwriters agree that it would not be just or equitable if contribution pursuant to this Section 10 were determined by *pro rata* allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in Section 10(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in Section 10(d) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 10, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 10 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

(g) The indemnity and contribution provisions contained in this Section 10 and the representations, warranties and other statements of the Company and the Selling Shareholders contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Underwriter, any person controlling any Underwriter or any affiliate of any Underwriter, by or on behalf of any Selling Shareholder or any person controlling any Selling Shareholder, or by or on behalf of the Company, its officers or directors or any person controlling the Company and (iii) acceptance of and payment for any of the Shares.

11. *Directed Share Program Indemnification.* (a) The Company agrees to indemnify and hold harmless Morgan Stanley, each person, if any, who controls Morgan Stanley within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act and each affiliate of Morgan Stanley within the meaning of Rule 405 of the Securities Act ("**Morgan Stanley Entities**") from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) (i) that arise out of, or are based upon, any untrue statement or alleged untrue statement of a material fact contained in any material prepared by or with the consent of the Company for distribution to Participants in connection with the Directed Share Program or arise out of, or are based upon, any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) that arise out of, or are based upon, the failure of any Participant to pay for and accept delivery of Directed Shares that the Participant agreed to purchase; or (iii) related to, arising out of, or in connection with the Directed Share Program, other than losses, claims, damages or liabilities (or expenses relating thereto) that are finally judicially determined to have resulted from the bad faith or gross negligence of Morgan Stanley Entities.

(b) In case any proceeding (including any governmental investigation) shall be instituted involving any Morgan Stanley Entity in respect of which indemnity may be sought pursuant to Section 11(a), the Morgan Stanley Entity seeking indemnity, shall promptly notify the Company in writing and the Company, upon request of the Morgan Stanley Entity, shall retain counsel reasonably satisfactory to the Morgan Stanley Entity to represent the Morgan Stanley Entity and any others the Company may designate in such proceeding and shall pay the reasonable fees and disbursements of such counsel related to such proceeding, as incurred. In any such proceeding, any Morgan Stanley Entity shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Morgan Stanley Entity unless (i) the Company shall have agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the Company and the Morgan Stanley Entity and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. The Company shall not, in respect of the legal expenses of the Morgan Stanley Entities in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm (in addition to any local counsel) for all Morgan Stanley Entities. Any such separate firm for the Morgan Stanley Entities shall be designated in writing by Morgan Stanley. The Company shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Company agrees to indemnify the Morgan Stanley Entities from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time a Morgan Stanley Entity shall have requested the Company to reimburse it for reasonable fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the Company agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 60 days after receipt by the Company of the aforesaid request and (ii) the Company shall not have reimbursed the Morgan Stanley Entity in accordance with such request prior to the date of such settlement. The Company shall not, without the prior written consent of Morgan Stanley, effect any settlement of any pending or threatened proceeding in respect of which any Morgan Stanley Entity is or could have been a party and indemnity could have been sought hereunder by such Morgan Stanley Entity, unless such settlement includes an unconditional release of the Morgan Stanley Entities from all liability on claims that are the subject matter of such proceeding.

(c) To the extent the indemnification provided for in Section 11(a) is unavailable to a Morgan Stanley Entity or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then the Company in lieu of indemnifying the Morgan Stanley Entity thereunder, shall contribute to the amount paid or payable by the Morgan Stanley Entity as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Morgan Stanley Entities on the other hand from the offering of the Directed Shares or (ii) if the allocation provided by clause 11(c)(i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 11(c)(i) above but also the relative fault of the Company on the one hand and of the Morgan Stanley Entities on the other hand in connection with any statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Morgan Stanley Entities on the other hand in connection with the offering of the Directed Shares shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Directed Shares (before deducting expenses) and the total underwriting discounts and commissions received by the Morgan Stanley Entities for the Directed Shares, bear to the aggregate Public Offering Price of the Directed Shares. If the loss, claim, damage or liability is caused by an untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact, the relative fault of the Company on the one hand and the Morgan Stanley Entities on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement or the omission or alleged omission relates to information supplied by the Company or by the Morgan Stanley Entities and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(d) The Company and the Morgan Stanley Entities agree that it would not be just or equitable if contribution pursuant to this Section 11 were determined by pro rata allocation (even if the Morgan Stanley Entities were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in Section 11(c). The amount paid or payable by the Morgan Stanley Entities as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by the Morgan Stanley Entities in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 11, no Morgan Stanley Entity shall be required to contribute any amount in excess of the amount by which the total price at which the Directed Shares distributed to the public were offered to the public exceeds the amount of any damages that such Morgan Stanley Entity has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 11 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

(e) The indemnity and contribution provisions contained in this Section 11 shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Morgan Stanley Entity or the Company, its officers or directors or any person controlling the Company and (iii) acceptance of and payment for any of the Directed Shares.

12. *Termination.* The Underwriters may terminate this Agreement by notice given by the Representatives to the Company, if after the execution and delivery of this Agreement and prior to or on the Closing Date or, in the case of the Additional Shares, any Option Closing Date, as the case may be, (i) trading generally shall have been suspended or materially limited on, or by, as the case may be, any of the New York Stock Exchange or the NASDAQ Global Market, (ii) trading of any securities of the Company shall have been suspended on any exchange or in any over-the-counter market, (iii) a material disruption in securities settlement, payment or clearance services in the United States shall have occurred, (iv) any moratorium on commercial banking activities shall have been declared by Federal or New York State authorities or (v) there shall have occurred any outbreak or escalation of hostilities, or any change in financial markets or any calamity or crisis that, in the Representatives' judgment, is material and adverse and which, singly or together with any other event specified in this clause (v), makes it, in the Representatives' judgment, impracticable or inadvisable to proceed with the offer, sale or delivery of the Shares on the terms and in the manner contemplated in the Time of Sale Prospectus or the Prospectus.

13. *Effectiveness; Defaulting Underwriters.* This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

If, on the Closing Date or an Option Closing Date, as the case may be, any one or more of the Underwriters shall fail or refuse to purchase Shares that it has or they have agreed to purchase hereunder on such date, and the aggregate number of Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-tenth of the aggregate number of the Shares to be purchased on such date, the other Underwriters shall be obligated severally in the proportions that the number of Firm Shares set forth opposite their respective names in Schedule I bears to the aggregate number of Firm Shares set forth opposite the names of all such non-defaulting Underwriters, or in such other proportions as the Representatives may specify, to purchase the Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date; *provided* that in no event shall the number of Shares that any Underwriter has agreed to purchase pursuant to this Agreement be increased pursuant to this Section 13 by an amount in excess of one-ninth of such number of Shares without the written consent of such Underwriter. If, on the Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Firm Shares and the aggregate number of Firm Shares with respect to which such default occurs is more than one-tenth of the aggregate number of Firm Shares to be purchased on such date, and arrangements satisfactory to the Representatives and the Company for the purchase of such Firm Shares are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter or the Company. In any such case either the Representatives or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement, in the Time of Sale Prospectus, in the Prospectus or in any other documents or arrangements may be effected. If, on an Option Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Additional Shares and the aggregate number of Additional Shares with respect to which such default occurs is more than one-tenth of the aggregate number of Additional Shares to be purchased on such Option Closing Date, the non-defaulting Underwriters shall have the option to (i) terminate their obligation hereunder to purchase the Additional Shares to be sold on such Option Closing Date or (ii) purchase not less than the number of Additional Shares that such non-defaulting Underwriters would have been obligated to purchase in the absence of such default. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

If this Agreement shall be terminated by the Underwriters, or any of them, because of any failure or refusal on the part of any Seller to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason any Seller shall be unable to perform its obligations under this Agreement, the Sellers will reimburse the Underwriters or such Underwriters as have so terminated this Agreement with respect to themselves, severally, for all reasonable out-of-pocket expenses (including the reasonable fees and disbursements of their counsel) reasonably incurred by such Underwriters in connection with this Agreement or the offering contemplated hereunder.

14. *Entire Agreement.* (a) This Agreement, together with any contemporaneous written agreements and any prior written agreements (to the extent not superseded by this Agreement) that relate to the offering of the Shares, represents the entire agreement between the Company and the Selling Shareholders, on the one hand, and the Underwriters, on the other, with respect to the preparation of any preliminary prospectus, the Time of Sale Prospectus, the Prospectus, the conduct of the offering, and the purchase and sale of the Shares.

(b) The Company and each Selling Shareholder acknowledge that in connection with the offering of the Shares: (i) the Underwriters have acted at arms' length, are not agents of, and owe no fiduciary duties to, the Company, any of the Selling Shareholders or any other person, (ii) the Underwriters owe the Company and each Selling Shareholder only those duties and obligations set forth in this Agreement, any contemporaneous written agreements and prior written agreements (to the extent not superseded by this Agreement), if any, and (iii) the Underwriters may have interests that differ from those of the Company and each Selling Shareholder. The Company and each Selling Shareholder waive to the full extent permitted by applicable law any claims it may have against the Underwriters arising from an alleged breach of fiduciary duty in connection with the offering of the Shares.

(c) Each Selling Shareholder further acknowledges and agrees that, although the Underwriters may provide certain Selling Shareholders with certain Regulation Best Interest and Form CRS disclosures or other related documentation in connection with the offering, the Underwriters are not making a recommendation to any Selling Shareholder to participate in the offering or sell any Shares at the Purchase Price, and nothing set forth in such disclosures or documentation is intended to suggest that any Underwriter is making such a recommendation.

15. *Recognition of the U.S. Special Resolution Regimes.* (a) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United State.

(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

For purposes of this Section a “**BHC Act Affiliate**” has the meaning assigned to the term “affiliate” in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k). “**Covered Entity**” means any of the following: (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b). “**Default Right**” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable. “**U.S. Special Resolution Regime**” means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

16. *Compliance with USA Patriot Act.* In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company and the Selling Shareholders, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

17. *Counterparts.* This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Counterparts may be delivered via facsimile, electronic mail (including any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law, e.g., [www.docusign.com](http://www.docusign.com)) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Agreement or any document to be signed in connection with this Agreement shall be deemed to include electronic signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, and the parties hereto consent to conduct the transactions contemplated hereunder by electronic means.

18. *Applicable Law.* This Agreement and any claim, controversy or dispute arising under or related to this Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

19. *Headings.* The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

20. *Notices.* All communications hereunder shall be in writing and effective only upon receipt and if to the Underwriters shall be delivered, mailed or sent to Morgan Stanley in care of Morgan Stanley & Co. LLC, 1585 Broadway, New York, New York 10036, Attention: Equity Syndicate Desk, with a copy to the Legal Department; J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179 (fax: (212) 622-8358), Attention: Equity Syndicate Desk; Jefferies LLC, 520 Madison Avenue, New York, New York 10022 (fax: (646) 619-4437), Attention: General Counsel; and UBS Securities LLC, 1285 Avenue of the Americas, New York, New York 10019, Attention: ECM Syndicate; and if to the Company or to the Selling Shareholders shall be delivered, mailed or sent to 1800 Continental Blvd. Suite 200, Charlotte, North Carolina 28273.



Very truly yours,

SNAP ONE HOLDINGS CORP.

By: \_\_\_\_\_  
Name:  
Title:

The Selling Shareholders named in Schedule II hereto, acting severally

\_\_\_\_\_  
Attorney-in-Fact

Accepted as of the date hereof

Morgan Stanley & Co. LLC  
J.P. Morgan Securities LLC  
Jefferies LLC  
UBS Securities LLC

Acting severally on behalf of themselves  
and the several Underwriters named in  
Schedule I hereto.

By: Morgan Stanley & Co. LLC

By: \_\_\_\_\_  
Name:  
Title:

By: J.P. Morgan Securities LLC

By: \_\_\_\_\_  
Name:  
Title:

[Signature Page to Underwriting Agreement]

\_\_\_\_\_

By: Jefferies LLC

By: \_\_\_\_\_  
Name:  
Title:

By: UBS Securities LLC

By: \_\_\_\_\_  
Name:  
Title:

[Signature Page to Underwriting Agreement]

\_\_\_\_\_

SCHEDULE I

Underwriter	Number of Firm Shares To Be Purchased
Morgan Stanley & Co. LLC	
J.P. Morgan Securities LLC	
Jefferies LLC	
UBS Securities LLC	
BofA Securities, Inc.	
BMO Capital Markets Corp.	
Raymond James & Associates, Inc.	
Truist Securities, Inc.	
William Blair & Company, L.L.C.	
Drexel Hamilton, LLC	
Penserra Securities LLC	
R. Seelaus & Co., LLC	
Siebert Williams Shank & Co., LLC	
Total:	

SCHEDULE II

	Selling Shareholder	Number of Additional Shares To Be Sold
[NAMES OF SELLING SHAREHOLDERS]		
Total:		

**Time of Sale Prospectus**

1. Preliminary Prospectus issued [date]
2. [identify all free writing prospectuses filed by the Company under Rule 433(d) of the Securities Act]
3. [free writing prospectus containing a description of terms that does not reflect final terms, if the Time of Sale Prospectus does not include a final term sheet]
4. [orally communicated pricing information such as price per share and size of offering]

[FORM OF LOCK-UP AGREEMENT]

## FORM OF WAIVER OF LOCK-UP

\_\_\_\_\_, 20\_\_

[Name and Address of  
Officer or Director  
Requesting Waiver]

Dear Mr./Ms. [Name]:

This letter is being delivered by Morgan Stanley & Co. LLC (“**Morgan Stanley**”) and J.P. Morgan Securities LLC (“**JPMorgan**”) in connection with the offering by Snap One Holdings Corp. (the “**Company**”) of \_\_\_\_\_ shares of common stock, \$0.001 par value (the “**Common Stock**”), of the Company and the lock-up agreement dated \_\_\_\_\_, 2021 (the “**Lock-up Agreement**”), executed by you in connection with such offering, and your request for a [waiver] [release] dated \_\_\_\_\_, 2021, with respect to \_\_\_\_\_ shares of Common Stock (the “**Shares**”).

Morgan Stanley and JPMorgan hereby agree to [waive] [release] the transfer restrictions set forth in the Lock-up Agreement, but only with respect to the Shares, effective \_\_\_\_\_, 20\_\_; *provided*, however, that such [waiver] [release] is conditioned on the Company announcing the impending [waiver] [release] by press release through a major news service at least two business days before effectiveness of such [waiver] [release]. This letter will serve as notice to the Company of the impending [waiver] [release].

Except as expressly [waived] [released] hereby, the Lock-up Agreement shall remain in full force and effect.

Very truly yours,

Morgan Stanley & Co. LLC  
J.P. Morgan Securities LLC  
Acting on behalf of themselves and the several Underwriters named in  
Schedule I hereto

By: Morgan Stanley &amp; Co. LLC

By: \_\_\_\_\_  
Name:  
Title:

By: J.P. Morgan Securities LLC

By: \_\_\_\_\_  
Name:  
Title:

cc: Company



## FORM OF PRESS RELEASE

Snap One Holdings Corp.  
[Date]

Snap One Holdings Corp. (the “**Company**”) announced today that Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC, lead book-running managers in the Company’s recent public sale of \_\_\_\_\_ shares of its common stock, are [waiving][releasing] a lock-up restriction with respect to \_\_\_\_\_ shares of the Company’s common stock held by [an officer or director] of the Company. The [waiver][release] will take effect on \_\_\_\_\_, 20\_\_\_\_, and the shares may be sold on or after such date.

**This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.**

**THIRD AMENDED AND RESTATED**  
**CERTIFICATE OF INCORPORATION OF**  
**SNAP ONE HOLDINGS CORP.**

\* \* \* \* \*

The present name of the corporation is Snap One Holdings Corp. (the “Corporation”). The Corporation was incorporated under the name “Crackle Intermediate Corp.” by the filing of the Corporation’s original Certificate of Incorporation with the Secretary of State of the State of Delaware on June 14, 2017. This Third Amended and Restated Certificate of Incorporation of the Corporation (this “Certificate of Incorporation”), which restates and integrates and also further amends the provisions of the Corporation’s Certificate of Incorporation, as amended and restated, was duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware (“DGCL”) and by the written consent of its stockholders in accordance with Section 228 of the General Corporation Law of the State of Delaware . The Certificate of Incorporation of the Corporation, as amended and restated, is hereby amended, integrated and restated to read in its entirety as follows:

**ARTICLE I**  
**NAME**

The name of the corporation is: Snap One Holdings Corp.

**ARTICLE II**  
**REGISTERED OFFICE AND AGENT**

The address of the registered office of the Corporation in the State of Delaware is 200 Bellevue Parkway, Suite 210, Bellevue Park Corporate Center, Wilmington, New Castle County, Delaware 19809. The name of the registered agent of the Corporation in the State of Delaware at such address is Corporation Services Delaware Ltd.

**ARTICLE III**  
**PURPOSE**

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the DGCL.

**ARTICLE IV**  
**CAPITAL STOCK**

The total number of shares of all classes of capital stock that the Corporation shall have authority to issue is five hundred and fifty million (550,000,000), which shall be divided into two classes as follows:

Five hundred million (500,000,000) shares of common stock, par value \$0.01 per share (“Common Stock”); and

Fifty million (50,000,000) shares of preferred stock, par value \$0.01 per share (“Preferred Stock”).

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**I. Capital Stock.**

A. The board of directors of the Corporation (the “Board of Directors”) is hereby expressly authorized, by resolution or resolutions, at any time and from time to time, to provide, out of the unissued shares of Preferred Stock, for one or more series of Preferred Stock and, with respect to each such series, to fix, without further stockholder approval, the number of shares constituting such series and the designation of such series, the powers (including voting powers), preferences and relative, participating, optional and other special rights, and the qualifications, limitations or restrictions thereof, of such series of Preferred Stock. The powers (including voting powers), preferences and relative, participating, optional and other special rights of, and the qualifications, limitations or restrictions thereof, of each series of Preferred Stock, if any, may differ from those of any and all other series at any time outstanding.

B. Each holder of record of Common Stock, as such, shall be entitled to one vote for each share of Common Stock held of record by such holder on all matters on which stockholders are entitled to vote generally, including the election or removal of directors. Except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Certificate of Incorporation (including any certificate of designation relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Certificate of Incorporation (including any certificate of designation relating to any series of Preferred Stock) or pursuant to the DGCL.

C. Except as otherwise required by law, holders of any series of Preferred Stock shall be entitled to only such voting rights, if any, as shall expressly be granted thereto by this Certificate of Incorporation (including any certificate of designation relating to such series of Preferred Stock).

D. Subject to applicable law and the rights, if any, of the holders of any outstanding series of Preferred Stock or any class or series of capital stock having a preference over or the right to participate with the Common Stock with respect to the payment of dividends and other distributions in cash, property or shares of capital stock of the Corporation, dividends and other distributions may be declared and paid ratably on the Common Stock out of the assets of the Corporation that are legally available for this purpose at such times and in such amounts as the Board of Directors in its discretion shall determine.

E. Upon the dissolution, liquidation or winding up of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation and subject to the rights, if any, of the holders of any outstanding series of Preferred Stock or any class or series of capital stock having a preference over or the right to participate with the Common Stock with respect to the distribution of assets of the Corporation upon such dissolution, liquidation or winding up of the Corporation, the holders of Common Stock shall be entitled to receive the remaining assets of the Corporation available for distribution to its stockholders ratably in proportion to the number of shares held by them.

F. The number of authorized shares of Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the capital stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL (or any successor provision thereto), and no vote of the holders of any of the Common Stock or the Preferred Stock voting separately as a class shall be required therefor, unless a vote of any such holder is required pursuant to this Certificate of Incorporation (including any certificate of designation relating to any series of Preferred Stock).

**ARTICLE V**  
**AMENDMENT OF THE CERTIFICATE OF INCORPORATION AND BYLAWS**

A. Notwithstanding anything contained in this Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote of the stockholders, at any time when H&F (as defined in Article VI(B) below) beneficially owns, in the aggregate, less than 40% in voting power of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, then, in addition to any vote required by applicable law or this Certificate of Incorporation (including any certificate of designation relating to any series of Preferred Stock), any amendment, alteration, repeal or rescission, in whole or in part, of the following provisions in this Certificate of Incorporation (or the adoption of any provision inconsistent therewith or herewith) shall require the affirmative vote of the holders of at least 66 2/3% in voting power of all the then outstanding shares of capital stock of the Corporation entitled to vote thereon, voting together as a single class: this Article V, Article VI, Article VII, Article VIII, Article IX and Article X. For the purposes of this Certificate of Incorporation, beneficial ownership of shares shall be determined in accordance with Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

B. The Board of Directors is expressly authorized to make, alter, amend, change, add to, rescind or repeal, in whole or in part, the bylaws of the Corporation (as in effect from time to time, the “Bylaws”) without the assent or vote of the stockholders in any manner not inconsistent with the laws of the State of Delaware or this Certificate of Incorporation. Notwithstanding anything contained in this Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote of the stockholders, at any time when H&F beneficially owns, in the aggregate, less than 40% in voting power of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, then, in addition to any vote of the holders of any class or series of capital stock of the Corporation required herein (including any certificate of designation relating to any series of Preferred Stock), by the Bylaws or by applicable law, the affirmative vote of the holders of at least 66 2/3% in voting power of all the then outstanding shares of capital stock of the Corporation entitled to vote thereon, voting together as a single class, shall be required in order for the stockholders of the Corporation to amend, alter, rescind, change, add or repeal, in whole or in part, any provision of the Bylaws or to adopt any provision inconsistent therewith.

**ARTICLE VI**  
**BOARD OF DIRECTORS**

A. Except as otherwise provided in this Certificate of Incorporation or the DGCL, the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. Except as otherwise provided for or fixed pursuant to the provisions of Article IV (including any certificate of designation with respect to any series of Preferred Stock) and this Article VI relating to the rights of the holders of any series of Preferred Stock, voting separately as a series or together with one or more such other series, as the case may be, to elect additional directors (any such directors, the “Preferred Directors”), the total number of directors shall be determined from time to time exclusively by resolution adopted by the Board of Directors subject to the requirements of the Stockholders Agreement (as defined below); *provided* that, at any time H&F owns, in the aggregate, at least 40% in voting power of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, the stockholders may also fix the number of directors by resolution adopted by the stockholders. The directors (other than any Preferred Directors) shall be divided into three classes designated Class I, Class II and Class III. Each class shall consist, as nearly as possible, of one-third of the total number of such directors. Class I directors shall initially serve for a term expiring at the first annual meeting of stockholders of the Corporation following the date the Common Stock is first publicly traded (the “IPO Date”), Class II directors shall initially serve for a term expiring at the second annual meeting of stockholders following the IPO Date and Class III directors shall initially serve for a term expiring at the third annual meeting of stockholders following the IPO Date. Commencing with the first annual meeting following the IPO Date, the directors of the class to be elected at each annual meeting shall be elected for a three year term. If the total number of such directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any such additional director of any class elected to fill a newly created directorship resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case shall a decrease in the total number of directors remove or shorten the term of any incumbent director. Any such director shall hold office until the annual meeting at which their term expires and until their successor shall be elected and qualified, or their earlier death, resignation, retirement, disqualification or removal from office. The Board of Directors is authorized to assign members of the Board of Directors already in office to their respective class.

B. Subject to the rights granted to the holders of any one or more series of Preferred Stock then outstanding or the rights granted pursuant to the Stockholders Agreement, dated as of \_\_\_\_\_, by and among the Corporation, certain affiliates of Hellman & Friedman LLC (together with its Affiliates (as defined below), subsidiaries, successors and assigns (other than the Corporation and its subsidiaries), “H&F”) and certain other parties named therein (as the same may be amended, supplemented, restated or otherwise modified from time to time, the “Stockholders Agreement”), any newly-created directorship on the Board of Directors that results from an increase in the total number of directors and any vacancy occurring in the Board of Directors (whether by death, resignation, retirement, disqualification, removal or other cause) may be filled by the affirmative vote of a majority of the directors then in office, although less than a quorum, by a sole remaining director or by the stockholders; *provided, however*, that, subject to the aforementioned rights granted to holders of one or more series of Preferred Stock or rights generated pursuant to the Stockholders Agreement, at any time when H&F beneficially owns, in the aggregate, less than 40% in voting power of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, any newly-created directorship on the Board of Directors that results from an increase in the number of directors and any vacancy occurring in the Board of Directors shall be filled only by a majority of the directors then in office, although less than a quorum, or by a sole remaining director (and not by stockholders). In no case shall a decrease in the total number of directors remove or shorten the term of any incumbent director. Any director elected to fill a vacancy or newly created directorship shall hold office until the next election of the class for which such director shall have been chosen and until such director’s successor shall be elected and qualified, or until such director’s earlier death, resignation, retirement, disqualification or removal.

C. Any or all of the directors (other than any Preferred Directors) may be removed at any time either with or without cause by the affirmative vote of a majority in voting power of all then outstanding shares of capital stock of the Corporation entitled to vote thereon, voting together as a single class; *provided, however*, that at any time when H&F beneficially owns, in the aggregate, less than 40% in voting power of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, any such director or all such directors may be removed only for cause and only by the affirmative vote of the holders of at least 66 2/3% in voting power of all the then outstanding shares of capital stock of the Corporation entitled to vote thereon, voting together as a single class.

D. Elections of directors need not be by written ballot unless the Bylaws shall so provide.

E. During any period when the holders of any series of Preferred Stock, voting separately as a series or together with one or more other such series, have the right to elect additional directors pursuant to the provisions of this Certificate of Incorporation (including any certificate of designation with respect to any series of Preferred Stock) in respect of such series, then upon commencement and for the duration of the period during which such right continues: (i) the then otherwise total authorized number of directors of the Corporation shall automatically be increased by such specified number of directors, and the holders of such series of Preferred Stock shall be entitled to elect the additional directors so provided for or fixed pursuant to said provisions, and (ii) each such additional director shall serve until such director's successor shall have been duly elected and qualified, or until such director's right to hold such office terminates pursuant to said provisions, whichever occurs earlier, subject to such director's earlier death, resignation, retirement, disqualification or removal. Except as otherwise provided by the Board of Directors in the resolution or resolutions establishing such series, whenever the holders of any series of Preferred Stock having such right to elect additional directors are divested of such right pursuant to the provisions of such capital stock, the terms of office of all such additional directors elected by the holders of such capital stock, or elected to fill any vacancies resulting from the death, resignation, disqualification or removal of such additional directors, shall forthwith terminate (in which case each such director thereupon shall cease to be qualified as, and shall cease to be, a director) and the total authorized number of directors of the Corporation shall automatically be reduced accordingly. Any Preferred Director may be removed from office in the manner provided pursuant to the provisions of this Certificate of Incorporation (including any certificate of designation with respect to any series of Preferred Stock) and applicable law.

F. As used in this Article VI only, the term “Affiliate” means a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, another Person, and the term “Person” means any individual, corporation, general or limited partnership, limited liability company, joint venture, trust, association or any other entity.

## **ARTICLE VII**

### **LIMITATION OF DIRECTOR LIABILITY**

A. To the fullest extent permitted by the DGCL as it now exists or may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty owed to the Corporation or its stockholders.

B. Neither the amendment nor repeal of this Article VII, nor the adoption of any provision of this Certificate of Incorporation, nor, to the fullest extent permitted by the DGCL, any modification of law shall eliminate, reduce or otherwise adversely affect any right or protection of a current or former director of the Corporation with respect to acts or omissions occurring prior to the time of such amendment, repeal, adoption or modification.

## **ARTICLE VIII**

### **CONSENT OF STOCKHOLDERS IN LIEU OF MEETING, ANNUAL AND SPECIAL MEETINGS OF STOCKHOLDERS**

A. At any time when H&F beneficially owns, in the aggregate, at least 40% in voting power of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding capital stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the books in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation’s registered office shall be made by hand, or by certified or registered mail, return receipt requested. At any time when H&F beneficially owns, in the aggregate, less than 40% in voting power of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent of stockholders in lieu of a meeting; *provided, however*, that any action required or permitted to be taken by the holders of Preferred Stock, voting separately as a series or separately as a class with one or more other such series, may be taken without a meeting, without prior notice and without a vote, to the extent expressly so provided by the applicable certificate of designation relating to such series of Preferred Stock.

B. Except as otherwise required by law and subject to the rights of the holders of any series of Preferred Stock, special meetings of the stockholders of the Corporation for any purpose or purposes may be called at any time only by or at the direction of the Board of Directors or the Chairman of the Board of Directors; *provided, however*, that at any time when H&F beneficially owns, in the aggregate, at least 40% in voting power of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, special meetings of the stockholders of the Corporation for any purpose or purposes shall also be called by or at the direction of the Board of Directors or the Chairman of the Board of Directors at the request of H&F.

C. An annual meeting of stockholders for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, if any, on such date, and at such time as shall be fixed exclusively by resolution of the Board of Directors or a duly authorized committee thereof.

## **ARTICLE IX**

### **COMPETITION AND CORPORATE OPPORTUNITIES**

A. In recognition and anticipation that (i) certain directors, principals, officers, employees and/or other representatives of H&F may serve as directors, officers or agents of the Corporation, (ii) H&F may now engage and may continue to engage in the same or similar activities or related lines of business as those in which the Corporation, directly or indirectly, may engage and/or other business activities that overlap with or compete with those in which the Corporation, directly or indirectly, may engage, and (iii) members of the Board of Directors who are not employees of the Corporation (“Non-Employee Directors”) and their respective Affiliates (as defined below) may now engage and may continue to engage in the same or similar activities or related lines of business as those in which the Corporation, directly or indirectly, may engage and/or other business activities that overlap with or compete with those in which the Corporation, directly or indirectly, may engage, the provisions of this Article IX are set forth to regulate and define the conduct of certain affairs of the Corporation with respect to certain classes or categories of business opportunities as they may involve any of H&F, the Non-Employee Directors or their respective Affiliates and the powers, rights, duties and liabilities of the Corporation and its directors, officers and stockholders in connection therewith.

B. None of (i) H&F or (ii) any Non-Employee Director (including any Non-Employee Director who serves as an officer of the Corporation in both such person’s director and officer capacities) or such person’s Affiliates (the Persons (as defined below) identified in (i) and (ii) above being referred to, collectively, as “Identified Persons” and, individually, as an “Identified Person”) shall, to the fullest extent permitted by law, have any duty to refrain from directly or indirectly (1) engaging in the same or similar business activities or lines of business in which the Corporation or any of its Affiliates now engages or proposes to engage or (2) otherwise competing with the Corporation or any of its Affiliates, and, to the fullest extent permitted by law, no Identified Person shall be liable to the Corporation or its stockholders or to any Affiliate of the Corporation for breach of any fiduciary duty solely by reason of the fact that such Identified Person engages in any such activities; for the avoidance of doubt, this item (2) shall not absolve such Identified Person of liability for any misuse or disclosure of the Corporation’s confidential information in connection with such activities. To the fullest extent permitted from time to time by the laws of the State of Delaware, the Corporation hereby renounces any interest or expectancy in, or right to be offered an opportunity to participate in, any business opportunity that may be a corporate opportunity for an Identified Person and the Corporation or any of its Affiliates, except as provided in Section (C) of this Article IX. Subject to said Section (C) of this Article IX, in the event that any Identified Person acquires knowledge of a potential transaction or other business opportunity that may be a corporate opportunity for itself, herself or himself, or any of its or their Affiliates, and the Corporation or any of its Affiliates, such Identified Person shall, to the fullest extent permitted by law, have no duty to communicate or offer such transaction or other business opportunity to the Corporation or any of its Affiliates and, to the fullest extent permitted by law, shall not be liable to the Corporation or its stockholders or to any Affiliate of the Corporation for breach of any fiduciary duty as a stockholder, director or officer of the Corporation solely by reason of the fact that such Identified Person pursues or acquires such corporate opportunity for itself, herself or himself, or offers or directs such corporate opportunity to another Person.



C. The Corporation does not renounce its interest in any corporate opportunity offered to any Non-Employee Director (including any Non-Employee Director who serves as an officer of the Corporation) if such opportunity is expressly offered to such person solely in their capacity as a director or officer of the Corporation, and the provisions of Section (B) of this Article IX shall not apply to any such corporate opportunity.

D. In addition to and notwithstanding the foregoing provisions of this Article IX, a corporate opportunity shall not be deemed to be a potential corporate opportunity for the Corporation if it is a business opportunity that (i) the Corporation is neither financially or legally able, nor contractually permitted to undertake, (ii) from its nature, is not in the line of the Corporation's business or is of no practical advantage to the Corporation or (iii) is one in which the Corporation has no interest or reasonable expectancy.

E. For purposes of this Article IX, (i) "Affiliate" shall mean (a) in respect of H&F, any Person that, directly or indirectly, is controlled by H&F, controls H&F or is under common control with H&F and shall include any principal, member, director, manager, partner, stockholder, officer, employee or other representative of any of the foregoing (other than the Corporation and any entity that is controlled by the Corporation), (b) in respect of a Non-Employee Director, any Person that, directly or indirectly, is controlled by such Non-Employee Director (other than the Corporation and any entity that is controlled by the Corporation) and (c) in respect of the Corporation, any Person that, directly or indirectly, is controlled by the Corporation; and (ii) "Person" shall mean any individual, corporation, general or limited partnership, limited liability company, joint venture, trust, association or any other entity.

F. To the fullest extent permitted by law, any Person purchasing or otherwise acquiring any interest in any shares of capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article IX.

**ARTICLE X**  
**DGCL SECTION 203 AND BUSINESS COMBINATIONS**

A. The Corporation hereby expressly elects not to be governed by Section 203 of the DGCL.

B. Notwithstanding the foregoing, the Corporation shall not engage in any business combination (as defined below), at any point in time at which the Corporation's Common Stock is registered under Section 12(b) or 12(g) of the Exchange Act, with any interested stockholder (as defined below) for a period of three (3) years following the time that such stockholder became an interested stockholder, unless:

1. prior to such time, the Board of Directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder, or
2. upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock (as defined below) of the Corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned by (i) persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer, or
3. at or subsequent to such time, the business combination is approved by the Board of Directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock of the Corporation that is not owned by the interested stockholder, or
4. the stockholder became an interested stockholder inadvertently and (i) as soon as practicable divested itself of ownership of sufficient shares so that the stockholder ceased to be an interested stockholder and (ii) was not, at any time within the three-year period immediately prior to a business combination between the Corporation and such stockholder, an interested stockholder but for the inadvertent acquisition of ownership.

C. For purposes of this Article X, references to:

1. "affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another person.
2. "associate," when used to indicate a relationship with any person, means: (i) any corporation, partnership, unincorporated association or other entity of which such person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting stock; (ii) any trust or other estate in which such person has at least a 20% beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and (iii) any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person.

3. “H&F Direct Transferee” means any person that acquires (other than in a registered public offering) directly from H&F or any of its successors or any “group”, or any member of any such group, of which such persons are a party under Rule 13d-5 of the Exchange Act beneficial ownership of 15% or more of the then outstanding voting stock of the Corporation.
4. “H&F Indirect Transferee” means any person that acquires (other than in a registered public offering) directly from any H&F Direct Transferee or any other H&F Indirect Transferee beneficial ownership of 15% or more of the then outstanding voting stock of the Corporation.
5. “business combination,” when used in reference to the Corporation and any interested stockholder of the Corporation, means:
  - (i) any merger or consolidation of the Corporation or any direct or indirect majority-owned subsidiary of the Corporation (a) with the interested stockholder, or (b) with any other corporation, partnership, unincorporated association or other entity if the merger or consolidation is caused by the interested stockholder and as a result of such merger or consolidation Section (B) of this Article X is not applicable to the surviving entity;
  - (ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a stockholder of the Corporation, to or with the interested stockholder, whether as part of a dissolution or otherwise, of assets of the Corporation or of any direct or indirect majority-owned subsidiary of the Corporation which assets have an aggregate market value equal to 10% or more of either the aggregate market value of all the assets of the Corporation determined on a consolidated basis or the aggregate market value of all the outstanding stock of the Corporation;

- (iii) any transaction that results in the issuance or transfer by the Corporation or by any direct or indirect majority-owned subsidiary of the Corporation of any stock of the Corporation or of such subsidiary to the interested stockholder, except: (a) pursuant to the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the Corporation or any such subsidiary which securities were outstanding prior to the time that the interested stockholder became such; (b) pursuant to a merger under Section 251(g) of the DGCL; (c) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the Corporation or any such subsidiary which security is distributed, pro rata to all holders of a class or series of stock of the Corporation subsequent to the time the interested stockholder became such; (d) pursuant to an exchange offer by the Corporation to purchase stock made on the same terms to all holders of said stock; or (e) any issuance or transfer of stock by the Corporation; *provided, however*, that in no case under items (c)-(e) of this subsection (iii) shall there be an increase in the interested stockholder's proportionate share of the stock of any class or series of the Corporation or of the voting stock of the Corporation (except as a result of immaterial changes due to fractional share adjustments);
- (iv) any transaction involving the Corporation or any direct or indirect majority-owned subsidiary of the Corporation that has the effect, directly or indirectly, of increasing the proportionate share of the stock of any class or series, or securities convertible into the stock of any class or series, of the Corporation or of any such subsidiary that is owned by the interested stockholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any shares of stock not caused, directly or indirectly, by the interested stockholder; or
- (v) any receipt by the interested stockholder of the benefit, directly or indirectly (except proportionately as a stockholder of the Corporation), of any loans, advances, guarantees, pledges, or other financial benefits (other than those expressly permitted in subsections (i)-(iv) above) provided by or through the Corporation or any direct or indirect majority-owned subsidiary.

6. "control," including the terms "controlling," "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting stock, by contract, or otherwise. A person who is the owner of 20% or more of the outstanding voting stock of the Corporation, partnership, unincorporated association or other entity shall be presumed to have control of such entity, in the absence of proof by a preponderance of the evidence to the contrary. Notwithstanding the foregoing, a presumption of control shall not apply where such person holds voting stock, in good faith and not for the purpose of circumventing this Article X, as an agent, bank, broker, nominee, custodian or trustee for one or more owners who do not individually or as a group have control of such entity.

7. “interested stockholder” means any person (other than the Corporation or any direct or indirect majority-owned subsidiary of the Corporation) that (i) is the owner of 15% or more of the outstanding voting stock of the Corporation, or (ii) is an affiliate or associate of the Corporation and was the owner of 15% or more of the outstanding voting stock of the Corporation at any time within the three (3) year period immediately prior to the date on which it is sought to be determined whether such person is an interested stockholder; and the affiliates and associates of such person; but “interested stockholder” shall not include (a) H&F, any H&F Direct Transferee, any H&F Indirect Transferee or any of their respective affiliates or successors or any “group”, or any member of any such group, to which such persons are a party under Rule 13d-5 of the Exchange Act, or (b) any person whose ownership of shares in excess of the 15% limitation set forth herein is the result of any action taken solely by the Corporation, *provided* that in the case of clause (b) such person shall be an interested stockholder if thereafter such person acquires additional shares of voting stock of the Corporation, except as a result of further corporate action not caused, directly or indirectly, by such person. For the purpose of determining whether a person is an interested stockholder, the voting stock of the Corporation deemed to be outstanding shall include stock deemed to be owned by the person through application of the definition of “owner” below but shall not include any other unissued stock of the Corporation that may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.
8. “owner,” including the terms “own” and “owned,” when used with respect to any stock, means a person that individually or with or through any of its affiliates or associates:
- (i) beneficially owns such stock, directly or indirectly; or
  - (ii) has (a) the right to acquire such stock (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; *provided, however*, that a person shall not be deemed the owner of stock tendered pursuant to a tender or exchange offer made by such person or any of such person’s affiliates or associates until such tendered stock is accepted for purchase or exchange; or (b) the right to vote such stock pursuant to any agreement, arrangement or understanding; *provided, however*, that a person shall not be deemed the owner of any stock because of such person’s right to vote such stock if the agreement, arrangement or understanding to vote such stock arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to ten (10) or more persons; or
  - (iii) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in item (b) of subsection (ii) above), or disposing of such stock with any other person that beneficially owns, or whose affiliates or associates beneficially own, directly or indirectly, such stock.

9. “person” means any individual, corporation, partnership, unincorporated association or other entity.
10. “stock” means, with respect to any corporation, capital stock and, with respect to any other entity, any equity interest.
11. “voting stock” means stock of any class or series entitled to vote generally in the election of directors and, with respect to any entity that is not a corporation, any equity interest entitled to vote generally in the election of the governing body of such entity. Every reference in this Article X to a percentage of voting stock shall refer to such percentage of the votes of such voting stock.

**ARTICLE XI**  
**MISCELLANEOUS**

(A) If any provision or provisions of this Certificate of Incorporation shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever: (i) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Certificate of Incorporation (including, without limitation, each portion of any paragraph of this Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not, to the fullest extent permitted by law, in any way be affected or impaired thereby and (ii) to the fullest extent permitted by law, the provisions of this Certificate of Incorporation (including, without limitation, each such portion of any paragraph of this Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect its directors, officers, employees and agents from personal liability in respect of their good faith service to or for the benefit of the Corporation to the fullest extent permitted by law.

(B) Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, employee or stockholder of the Corporation to the Corporation or the Corporation’s stockholders, (iii) any action asserting a claim against the Corporation or any current or former director, officer, employee or stockholder of the Corporation arising pursuant to any provision of the DGCL or this Certificate of Incorporation or the Bylaws (as either may be amended and/or restated from time to time), or (iv) any action asserting a claim governed by the internal affairs doctrine of the law of the State of Delaware. These provisions shall not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction and the Corporation’s stockholders cannot waive compliance with federal securities laws and the rules and regulations thereunder. Unless the Corporation consents in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America will be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the federal securities laws of the United States of America. To the fullest extent permitted by law, any person purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and provided consent to the provisions of this Article XI(B).

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, Snap One Holdings Corp. has caused this Third Amended and Restated Certificate of Incorporation to be executed by its duly authorized officer on the day first written above.

**SNAP ONE HOLDINGS CORP.**

By: \_\_\_\_\_  
Name:  
Title:

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Simpson Thacher & Bartlett LLP

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PALO ALTO, CA 94304

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Direct Dial Number

E-mail Address

July 19, 2021

Snap One Holdings Corp.  
1800 Continental Boulevard, Suite 200  
Charlotte, North Carolina 28273

Ladies and Gentlemen:

We have acted as counsel to Snap One Holdings Corp., a Delaware corporation (the “Company”), in connection with the Registration Statement on Form S-1 (the “Registration Statement”) filed by the Company with the Securities and Exchange Commission (the “Commission”) under the Securities Act of 1933, as amended (the “Act”), relating to (i) the issuance by the Company of an aggregate of up to 15,823,521 shares of common stock, par value \$0.01 per share (“Common Stock”) (together with any additional shares of Common Stock that may be issued by the Company pursuant to Rule 462(b) (as prescribed by the Commission pursuant to the Act) in connection with the offering described in the Registration Statement, the “Company Shares”), and (ii) the sale of up to 103,979 shares of Common Stock by certain selling stockholders identified in the Registration Statement (together with any additional shares of Common Stock that may be sold by such selling stockholders pursuant to Rule 462(b) (as prescribed by the Commission pursuant to the Act), the “Selling Stockholder Shares”).

We have examined the Registration Statement, a form of the share certificate and a form of the Amended and Restated Certificate of Incorporation of the Company (the “Amended Charter”), each of which have been filed with the Commission as an exhibit to the Registration Statement. In addition, we have examined, and have relied as to matters of fact upon, originals, or duplicates or certified or conformed copies, of such records, agreements, documents and other instruments and such certificates or comparable documents of public officials and of officers and representatives of the Company and have made such other investigations as we have deemed relevant and necessary in connection with the opinions hereinafter set forth.

NEW YORK    BEIJING    HONG KONG    HOUSTON    LONDON    LOS ANGELES    SÃO PAULO    TOKYO    WASHINGTON, D.C.

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In rendering the opinions set forth below, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as duplicates or certified or conformed copies and the authenticity of the originals of such latter documents.

Based upon the foregoing, and subject to the qualifications, assumptions and limitations stated herein, we are of the opinion that (1) (a) when the Amended Charter has been duly filed with the Secretary of State of the State of Delaware, (b) when the pricing committee of the Board of Directors of the Company (the "Board") has taken all action necessary to approve the sale price of the Company Shares and (c) upon payment and delivery in accordance with the applicable definitive underwriting agreement approved by the Board, the Company Shares will be validly issued, fully paid and nonassessable and (2) the Selling Stockholder Shares are validly issued, fully paid and nonassessable.

We do not express any opinion herein concerning any law other than the Delaware General Corporation Law.

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We hereby consent to the filing of this opinion letter as Exhibit 5.1 to the Registration Statement and to the use of our name under the caption “Legal Matters” in the prospectus included in the Registration Statement.

Very truly yours,

/s/ Simpson Thacher & Bartlett LLP

SIMPSON THACHER & BARTLETT LLP

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**SNAP ONE HOLDINGS CORP.**

**STOCKHOLDERS AGREEMENT**

Dated as of \_\_\_\_\_, 2021

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Exhibit B	Consent of Spouse
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**SNAP ONE HOLDINGS CORP.**

**STOCKHOLDERS AGREEMENT**

This STOCKHOLDERS AGREEMENT (as amended, restated, supplemented or otherwise modified from time to time in accordance with its terms, this “Agreement”) is dated as of \_\_\_\_\_, 2021, and is entered into by and among:

(i) the Company (as defined below);

(ii) (a) Hellman & Friedman Capital Partners VIII, L.P., a Cayman Islands exempted limited partnership (“HFCP VIII”), (b) Hellman & Friedman Capital Partners VIII (Parallel), L.P., a Cayman Islands exempted limited partnership (“VIII Parallel”), (c) HFCP VIII (Parallel-A), L.P., a Delaware limited partnership (“Parallel-A”), (d) Hellman & Friedman Executives VIII, L.P., a Cayman Islands exempted limited partnership (“Executives VIII”), (e) H&F Associates VIII, L.P., a Cayman Islands exempted limited partnership (“Associates VIII”) and (f) H&F Copper Holdings VIII, L.P., a Delaware limited Partnership (“Copper VIII” and together with HFCP VIII, VIII Parallel, Parallel-A, Executives VIII and Associates VIII, the “Initial H&F Stockholders”);

(iii) the Employee Stockholders (as defined below) that have executed and delivered a signature page to this Agreement or a Joinder Agreement (as defined below); and

(iv) any other Person (as defined below) who becomes a party hereto pursuant to Article VII.

WHEREAS, in accordance with the terms of the Unitholders Agreement (as defined below) and the Partnership Agreement (as defined below), shares of Common Stock (as defined below) will be distributed to the holders of outstanding interests in the Partnership (as defined below) and the Partnership will subsequently be dissolved;

WHEREAS, the Company intends to consummate an Initial Public Offering (as defined below) of shares of Common Stock and enter into the Underwriting Agreement (as defined below) in connection therewith; and

WHEREAS, in connection with such events, the parties hereto desire to provide for certain governance rights and other matters upon the effectiveness of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto mutually agree as follows:

**ARTICLE I**

**DEFINITIONS**

Section 1.1. Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

“Adverse Disclosure” means public disclosure of material non-public information which, in the Board’s good faith judgment, after consultation with outside counsel to the Company, (i) would be required to be made in any report or Registration Statement filed with the SEC by the Company so that such report or Registration Statement would not be materially misleading; (ii) would not be required to be made at such time but for the filing, effectiveness or continued use of such report or Registration Statement; and (iii) the Company has a *bona fide* business purpose for not disclosing publicly.

“Affiliate” means, with respect to any Person, any other Person that controls, is controlled by, or is under common control with such Person. The term “control,” as used in this definition, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise. “Controlled” and “controlling” have meanings correlative to the foregoing. Notwithstanding the foregoing, (i) the Company, its Subsidiaries and its other controlled Affiliates shall not be considered Affiliates of any Stockholder or any of such Stockholder’s Affiliates (other than the Company, its Subsidiaries and its other controlled Affiliates) (and vice versa), and (ii) none of the H&F Stockholders shall be considered Affiliates of any portfolio company in which the H&F Stockholders or any of their investment fund Affiliates have made a debt or equity investment (and vice versa).

“Applicable Employee” means (i) with respect to any Employee Stockholder that is a Service Provider, such Service Provider and (ii) with respect to any Employee Stockholder that is not a Service Provider, the Service Provider with respect to whom such Employee Stockholder is (or is permitted to be) a Permitted Assignee.

“Beneficial ownership” and “beneficially own” and similar terms have the meaning set forth in Rule 13d-3 under the Exchange Act; provided, however, that (i) no Stockholder shall be deemed to beneficially own any Securities held by any other Stockholder solely by virtue of the provisions of this Agreement (other than this definition) and (ii) with respect to any Securities held by a Stockholder that are exercisable for, convertible into or exchangeable for Shares upon delivery of consideration to the Company or any of its Subsidiaries, such Shares shall not be deemed to be beneficially owned by such Stockholder unless, until and to the extent such Securities have been exercised, converted or exchanged and such consideration has been delivered by such Stockholder to the Company or such Subsidiary.

“Board” means the Board of Directors of the Company.

“Business Day” means any day, other than a Saturday, Sunday or one on which banks are authorized by law to be closed in New York City, New York.

“Common Stock” means the Company’s common stock, par value \$0.01 per share.

“Company” means Snap One Holdings Corp., a Delaware corporation (including any successors or assigns thereof).

“Consent of Spouse” means a consent of spouse substantially in the form of Exhibit B attached hereto or otherwise acceptable to the Company or the Board.

“Controlled Entity” means any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise controlled by the Company.

“Covered Person” means (i) each Director, officer or liquidating trustee, in each case in his, her or its capacity as such, (ii) any Person of which a Director is an officer, director, shareholder, partner, member, employee, representative or agent, or (iii) any Affiliate, officer, director, manager, trustee, shareholder, partner, member, beneficiary, representative or agent of any of the foregoing, whether or not such Person continues to have the applicable status referred to in such clauses.



“Director” means an individual elected or appointed to, or otherwise serves on, the Board.

“Employee Stockholder” means (i) each Stockholder that is a Service Provider for so long as he or she holds Securities, (ii) any other individual who (a) holds Securities, (b) has become a party to this Agreement pursuant to Article IX and (c) is a Service Provider at the time he or she becomes a party to this Agreement and (iii) any Permitted Assignee of any of the Stockholders identified in the immediately foregoing clauses (i) and (ii) that beneficially owns and holds of record, Securities.

“Employee Stockholders Approval” means the affirmative approval or consent of the Employee Stockholders holding a majority of the outstanding Shares held by all Employee Stockholders.

“Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations promulgated pursuant thereto.

“FINRA” means the Financial Industry Regulatory Authority.

“H&F Stockholders” means the Initial H&F Stockholders that hold Securities and any of their Affiliates or successors that hold Securities and have become parties to this Agreement pursuant to Article IX.

“Initial Public Offering” means the consummation of the initial underwritten public offering of Shares (or any other Securities) that is registered under the Securities Act.

“Joinder Agreement” means a joinder substantially in the form of Exhibit A attached hereto or otherwise acceptable to the Company, the Board and the H&F Stockholders.

“Necessary Action” means, with respect to a specified result, all actions (to the extent such actions are permitted by applicable law) necessary to cause such specified result, including (i) voting or providing a written consent or proxy with respect to a Stockholder’s Shares (or any other voting Securities, if any) whether at any annual or special meeting, by written consent or otherwise, (ii) causing the adoption of stockholders’ resolutions and amendments to the certificate of incorporation, bylaws or equivalent governing document, (iii) causing members of the Board (to the extent such members were nominated or designated by the Person obligated to undertake the Necessary Action, and subject to any fiduciary duties that such members may have as directors) to act in a certain manner or causing them to be removed in the event they do not act in such a manner, (iv) executing agreements and instruments necessary to achieve such specified result and (v) making, or causing to be made, with governmental, administrative or regulatory authorities, all filings, registrations or similar actions that are required to achieve such specified result.

“Non-H&F Stockholders” means each of the Stockholders other than the H&F Stockholders.

“Partnership” means Crackle Holdings, L.P., a Delaware limited partnership.

“Partnership Agreement” means the Amended and Restated Limited Partnership Agreement of the Partnership, dated as of August 4, 2017, as amended, restated, supplemented or otherwise modified from time to time in accordance with its terms.

“Permitted Assignee” means:

- (i) with respect to an Employee Stockholder, (x) the Applicable Employee with respect to such Employee Stockholder and/or (y) a transferee by testamentary or intestate disposition or any trust, limited partnership or other legal entity the beneficiary of which is one or more members of the immediate family of the Applicable Employee with respect to such Employee Stockholder (consisting of his or her spouse, ex-spouse, children, step-children, children-in-law, parents, step-parents or parents-in-law, including adoptive relationships, or their respective lineal descendants) and which is controlled by such Applicable Employee (an entity shall be deemed to be controlled by an Applicable Employee if such Applicable Employee has the power to direct the disposition and voting of the Securities transferred to such trust or other legal entity); provided, however, that, during the period that any such trust or other legal entity holds any right, title or interest in any Securities, no Person other than such Applicable Employee or one or more of such Applicable Employee’s immediate family members may be or may become beneficiaries, stockholders, limited or general partners or members thereof;
- (ii) in the case of any H&F Stockholder, any of its respective (x) Affiliates or (y) partners, members or other investors of any H&F Stockholder that become parties to this Agreement in connection with a distribution prior to or following an Initial Public Offering; and
- (iii) with respect to any other Stockholder, an Affiliate of such Stockholder so long as such Affiliate is either (x) wholly owned by such Stockholder or (y) directly or indirectly wholly owns such Stockholder.

“Person” means an individual, any general partnership, limited partnership, limited liability company, corporation, trust, business trust, joint stock company, joint venture, unincorporated association, cooperative or association or any other legal entity or organization of whatever nature, and shall include any successor (by merger or otherwise) of such entity.

“Registration Expenses” means any and all expenses incident to the performance by the Company of its obligations under Article V or of a Registration or other Transfer, including (i) all SEC or stock exchange registration and filing fees (including, if applicable, the fees and expenses of any “qualified independent underwriter,” as such term is defined in Rule 5121 of FINRA (or any successor provision), and of its counsel), (ii) all fees and expenses of complying with securities or “blue sky” laws (including fees and disbursements of counsel for the underwriters in connection with “blue sky” qualifications of the Registrable Securities), (iii) all printing, messenger and delivery expenses, (iv) all fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange and all rating agency fees, (v) the fees and disbursements of counsel for the Company and of its independent public accountants, including the expenses of any special audits and/or comfort letters required by or incident to such performance and compliance, (vi) any fees and disbursements of underwriters customarily paid by the issuers or sellers of securities, including liability insurance if the Company so desires or if the underwriters so require, and the reasonable fees and expenses of any special experts retained in connection with the requested registration, but excluding underwriting discounts and commissions and transfer taxes, if any, (vii) the fees and out-of-pocket expenses of not more than one law firm (as selected by the H&F Stockholders and/or the holders of a majority of the Registrable Securities included in the applicable registration or other Transfer) incurred by all the Holders in connection with the applicable registration or other Transfer, (viii) the costs and expenses of the Company relating to analyst and investor presentations or any “road show” undertaken in connection with the registration and/or marketing of the Registrable Securities (including the reasonable out-of-pocket expenses of the Holders) and (ix) any other fees and disbursements customarily paid by the issuers of securities.

“SEC” means the U.S. Securities and Exchange Commission or any successor agency.

“SEC Restricted Securities” means all Securities other than (i) Securities, the offer and sale of which have been registered under a registration statement pursuant to the Securities Act and sold thereunder, (ii) Securities, with respect to which a sale or other disposition has been made in reliance on and in accordance with Rule 144 (or any successor provision) under the Securities Act, or (iii) Securities, with respect to which the holder thereof shall have delivered to the Company (a) an opinion of counsel in form and substance reasonably satisfactory to the Company, delivered by counsel reasonably satisfactory to the Company, (b) a “no action” letter from the SEC, or (c) such other evidence as may be reasonably satisfactory to the Company, in each case to the effect that subsequent transfers of such Securities may be effected without registration under the Securities Act.

“Securities” means, as of the relevant time of determination (without any double counting), Shares and any other equity securities (and any securities convertible into or exercisable or exchangeable for Shares or other equity securities) of the Company or any of its Subsidiaries.

“Securities Act” means the Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated pursuant thereto.

“Service Provider” means any officer, employee, director, consultant and/or other individual service provider of the Company or its Subsidiaries.

“Share Equivalents” means, as of the relevant time of determination (without any double counting), (i) Shares and (ii) Shares issuable upon exercise, conversion or exchange of any Security that is currently exercisable for, convertible into or exchangeable for, as of any such date of determination, Shares without payment to the Company of any additional consideration.

“Shares” means, as of the relevant time of determination (without any double counting), any shares of Common Stock and any other equity securities of the Company received in respect of such Common Stock in connection with any combination, recapitalization, merger, consolidation or other reorganization or by way of stock split, combination or reclassification, stock dividend or other distribution.

“Specified Stockholders” means each of the Stockholders set forth on Exhibit C attached hereto and their respective Permitted Assignees that hold Securities from time to time.

“Stockholders” means each of the Persons specified in the preamble that hold Securities and each additional Person who becomes a party to this Agreement pursuant to Article IX hereof as a holder of Securities.

“Subsidiary” means, with respect to any Person, any entity of which (i) a majority of the total voting power of shares of stock or equivalent ownership interests entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, trustees or other members of the applicable governing body thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if no such governing body exists at such entity, a majority of the total voting power of shares of stock or equivalent ownership interests of the entity is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall be or control the managing member or general partner of such limited liability company, partnership, association or other business entity.

“Underwriting Agreement” means an underwriting agreement among the Company, Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC and the other investment banks party thereto with respect to an underwritten initial Public Offering.

“Unitholders Agreement” means the Unitholders Agreement, dated as of August 4, 2017, by and among the Partnership, Crackle Holdings GP, LLC as general partner and the other Persons from time to time parties thereto, as may be amended, supplemented, restated or modified from time to time in accordance with its terms.

## Section 1.2. Definitions Cross References.

Automatic Shelf Registration Statement	Section 5.1(a)
Claims	Section 8.1(a)
Confidential Information	Section 3.2
Demand Delay	Section 5.3(a)(ii)
Demand Period	Section 5.3(c)
Demand Registration	Section 5.3(a)
Eligible Take-Down Holders	Section 5.1(b)
H&F Initiating Holders	Section 5.1(c)
H&F Nominees	Section 3.1(b)(i)
Holder	Section 5.1(d)
Indemnification Sources	Section 8.1(b)
Indemnified Party	Section 5.7(c)
Indemnifying Party	Section 5.7(c)
Indemnatee	Section 8.1(a)
Indemnatee-Related Entities	Section 8.1(b)
Jointly Indemnifiable Claims	Section 8.1(b)
Majority Shelf Holders	Section 5.2(b)
Marketed	Section 5.1(e)
Marketed Underwritten Shelf Take-Down	Section 5.2(d)(ii)
Prospectus	Section 5.1(f)
Registrable Securities	Section 5.1(h)
Registration Statement	Section 5.1(g)
Representatives	Section 3.2
Restricted Shelf Take-Down	Section 5.2(d)(iii)(A)
Restricted Shelf Take-Down Notice	Section 5.2(d)(iii)(A)
Restricted Take-Down Selling Holders	Section 5.2(d)(iii)(A)
Shelf Holder	Section 5.2(a)
Shelf Registration Notice	Section 5.2(a)
Shelf Registration Statement	Section 5.1(i)
Shelf Suspension	Section 5.2(c)
Shelf Take-Down Initiating Holder	Section 5.2(d)(i)
Take-Down Participation Notice	Section 5.2(d)(iii)(B)
Take-Down Tagging Holders	Section 5.2(d)(iii)(A)
Third Party Holder	Section 5.1(k)
Third Party Shelf Holder	Section 5.2(a)
Transfer	Section 4.1(a)
Transfer Restriction Period	Section 4.3(a)
Underwritten Shelf Take-Down	Section 5.2(d)(i)(A)
Underwritten Shelf Take-Down Notice	Section 5.2(d)(i)(A)
Well-Known Seasoned Issuer	Section 5.1(l)

Section 1.3. General Interpretive Principles. The name assigned to this Agreement and the section captions used herein are for convenience of reference only and shall not be construed to affect the meaning, construction or effect hereof. Unless otherwise specified, the terms “hereof,” “herein” and similar terms refer to this Agreement as a whole, and references herein to Articles or Sections refer to Articles or Sections of this Agreement. For purposes of this Agreement, the words, “include,” “includes” and “including,” when used herein, shall not be limiting and shall be deemed in each case to be followed by the words “without limitation.” The terms “dollars” and “\$” shall mean United States dollars. The use of “Affiliates” and “Subsidiaries” shall be deemed to be followed by the words “as such entities exist as of the relevant date of determination.” Any reference to “days” shall mean calendar days unless such reference is to a “Business Day”. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the parties and no presumption or burden of proof will arise favoring or disfavoring any party because of the authorship of any provision of this Agreement.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the Parties. Each of the parties hereto hereby represents and warrants to each of the other parties, as of the date hereof (and in respect of Persons who become a party to this Agreement after the date hereof, such party hereby represents and warrants to each of the other parties on the date of its, his or her execution of this Agreement or a Joinder Agreement) as follows:

- (a) Such party, to the extent applicable, is duly organized or incorporated, validly existing and in good standing under the laws of the jurisdiction of its organization or incorporation and has all requisite power and authority to conduct its business as it is now being conducted and is proposed to be conducted.
- (b) Such party has the full power, authority and legal right to execute, deliver and perform this Agreement. The execution, delivery and performance of this Agreement have been duly authorized by all necessary action, corporate or otherwise, of such party. This Agreement has been duly executed and delivered by such party and constitutes its, his or her legal, valid and binding obligation, enforceable against it, him or her in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors’ rights generally.
- (c) The execution and delivery by such party of this Agreement and the performance by such party of its, his or her obligations hereunder by such party does not and will not violate (i) in the case of parties who are not individuals, any provision of its by-laws, charter, articles of association, partnership agreement or other similar document, (ii) any provision of any material agreement to which it, he or she is a party or by which it, he or she is bound or (iii) any law, rule, regulation, judgment, order or decree to which it, he or she is subject.
- (d) No consent, waiver, approval, authorization, exemption, registration, license or declaration is required to be made or obtained by such party in connection with the execution, delivery or enforceability of this Agreement or the consummation of any of the transactions contemplated herein.
- (e) Such party is not currently in violation of any law, rule, regulation, judgment, order or decree, which violation could reasonably be expected at any time to have a material adverse effect upon such party’s ability to enter into this Agreement or to perform its, his or her obligations hereunder.

(f) There is no pending legal action, suit or proceeding that would materially and adversely affect the ability of such party to enter into this Agreement or to perform its, his or her obligations hereunder.

(g) To the extent such party is an Employee Stockholder or a natural person, if such Person is resident in a community property state, such Person's spouse, if any, has duly executed, or solely if consented to in advance by the Company, will duly execute, a Consent of Spouse, and such Consent of Spouse was delivered as of the date of this Agreement, or, if later, the date such Person became a party. Such Consent of Spouse was or will be duly authorized, executed and delivered by such spouse and effectively binds such spouse to the terms set forth therein.

### ARTICLE III

#### GOVERNANCE

##### Section 3.1. Board of Directors.

(a) Board Size. The size of the Board shall be determined in the manner set forth from time to time in the Company's certificate of incorporation or bylaws. As of the date of this Agreement, the initial size of the Board is eight Directors.

##### (b) Board Representation.

(i) Unless otherwise agreed in writing by the H&F Stockholders, to the extent permitted by applicable law and the rules of the principal stock exchange or inter-dealer quotation system on which the Shares are then traded or listed, the H&F Stockholders shall have the right to nominate a number of individuals for election to the Board equal to the product of the following (such individuals, the "H&F Nominees"): (x) the percentage of the outstanding Share Equivalents beneficially owned by the H&F Stockholders, taken together, *multiplied* by (y) the number of Directors then on the Board, rounded up to the nearest whole number; provided, that the H&F Stockholders shall have the right to nominate at least one H&F Nominee for so long as the H&F Stockholders beneficially own, in the aggregate, at least two and one half percent (2.5%) of the then outstanding Share Equivalents of the Company, except that such right set forth in this proviso shall not apply with respect to any such election if the Board is divided into multiple classes of Directors, an H&F Nominee has previously been elected to the Board and the term of such H&F Nominee is not expiring concurrently with such election.

(ii) For so long as the H&F Stockholders have the right to nominate an H&F Nominee for election pursuant to Section 3.1(b), in connection with each election of Directors, the Company shall nominate each such H&F Nominee for election as a Director as part of the slate that is included in the proxy statement (or consent solicitation or similar document) of the Company relating to the election of Directors, and shall provide the highest level of support for the election of each H&F Nominee as it provides to any other individual standing for election as a Director of the Company as part of the Company's slate of Directors.

(iii) In the event that an H&F Nominee shall cease to serve as a Director for any reason (other than the failure of the stockholders of the Company to elect such individual as a Director), the H&F Stockholders shall have the right to nominate another H&F Nominee to fill the vacancy resulting therefrom. For the avoidance of doubt, it is understood that the failure of the stockholders of the Company to elect any H&F Nominee shall not affect the right of the Persons entitled to designate such H&F Nominee pursuant to Section 3.1(b)(i) to designate an H&F Nominee for election pursuant to Section 3.1(b)(i) in connection with any future election of Directors of the Company.

(iv) Each Non-H&F Stockholder hereby agrees with the Company to take all Necessary Action to effect the appointment of each H&F Nominee nominated in accordance herewith.

(v) Upon the classification of the Board into three (3) classes, the initial H&F Nominees shall be Erik Ragatz, Jacob Best, and Annmarie Neal. Upon the classification of the Board into three (3) classes, the initial Class I Directors shall consist of Erik Ragatz, John Heyman, and Martin Plaehn, the initial Class II Directors shall consist of Kenneth Wagers III, Adalio Sanchez, and Annmarie Neal, and, the initial Class III Directors shall consist of Jacob Best and Amy Steel Vanden-Eykel.

Section 3.2. Sharing of Information. To the extent permitted by antitrust, competition or any other applicable Law, each of the Company and the H&F Stockholders agrees and acknowledges that the Directors affiliated with or nominated by the H&F may share confidential, non-public information about the Company and its subsidiaries ("Confidential Information") with the H&F Stockholders and their Affiliates and their respective employees, auditors, investors, partners, members, creditors, advisors, counsel and other representatives (collectively, "Representatives"). Each of the H&F Stockholders recognizes that it, or its Representatives, has acquired or will acquire Confidential Information the use or disclosure of which could cause the Company substantial loss and damages that could not be readily calculated and for which no remedy at law would be adequate. Accordingly, each of the H&F Stockholders covenants and agrees with the Company that it will not (and will cause its respective controlled affiliates and will instruct its Representatives not to) at any time, except with the prior written consent of the Company, directly or indirectly, disclose any Confidential Information known to it to any third party (other than the H&F Stockholders and their Representatives), unless (a) such information becomes known to the public through no breach of this Section 3.2 by such party, (b) disclosure is required by applicable law, regulation, legal or judicial process or requested by a regulatory, self-regulatory or governmental entity or authority or bank examiner; provided, that (other than in the case of any required filing following the date of this Agreement with the SEC or in connection with any audit or examination as described below) the H&F Stockholders or such Representatives promptly notify the Company of such requirement or request and takes commercially reasonable steps, at the sole cost and expense of the Company, to minimize the extent of any such required disclosure, (c) such information was available or becomes available to the H&F Stockholders or such Representatives before, on or after the date of this Agreement, without restriction, from a source (other than the Company) without any breach of duty to the Company or (d) such information was independently developed by such H&F Stockholders or such Representatives without the use of the Confidential Information. Notwithstanding the foregoing, nothing in this Agreement shall prohibit any of the H&F Stockholders or their Representatives from disclosing Confidential Information (x) to any actual or prospective investor, limited partner, member or shareholder or private equity or other investment fund of an H&F Stockholder or any of its Affiliates, provided, that such Person shall be bound by or subject to an obligation of confidentiality with respect to such Confidential Information, (y) if such disclosure is made to a governmental or regulatory entity or authority with jurisdiction over such party in connection with any audit or examination that is not specifically directed at the Company or the Confidential Information, provided, that such party shall request that confidential treatment be accorded to any information so disclosed or (z) if such disclosure is reasonably required or advisable in connection with a tax audit involving such Party or its affiliates. No Confidential Information shall be deemed to be provided to any Person, including any affiliate or representative of the H&F Stockholders, unless such Confidential Information is actually provided to such Person.

## ARTICLE IV

### TRANSFER RESTRICTIONS

#### Section 4.1. General Restrictions on Transfers.

(a) Each Stockholder hereby agrees with the Company that such Stockholder shall not, directly or indirectly, sell, exchange, assign, pledge, hypothecate, gift or otherwise transfer, dispose of or encumber (all of which acts shall be deemed included in the term “Transfer” as used in this Agreement) any Securities or any legal, economic or beneficial interest in any Securities (in each case, whether held in its own right or by its representative and whether voluntary or involuntary or by operation of law) unless (i) to the extent such Transfer constitutes a Transfer of Securities, such Transfer of Securities is made on the books of the Company (or its transfer agent) and is not in violation of the provisions of this Article IV and (ii) the transferee of such Securities (if other than (A) the Company or any of its Subsidiaries, (B) a transferee in a sale of Securities made under Rule 144 under the Securities Act after an Initial Public Offering, (C) a transferee of Securities pursuant to an offer and sale registered under the Securities Act or pursuant to clause (vi) of Section 4.3(a) or (D) a partner, member or other investor of any Stockholder that is a private equity fund that makes a distribution prior to or following an Initial Public Offering) agrees to become a party to this Agreement pursuant to Article VII hereof and executes such further documents as may be necessary, in the reasonable judgment of the Company, to make him, her or it a party hereto, including, to the extent such transferee is a resident in a community property state (including California), a Consent of Spouse, duly authorized, executed and delivered by such transferee’s spouse, if any. For the avoidance of doubt, it is understood and agreed that solely with respect to the H&F Stockholders, a bona fide direct or indirect Transfer of partnership interests in any private equity fund affiliated with, or managed by, Hellman & Friedman LLC, or its Affiliates, as the case may be, or any Person that holds a direct or indirect interest in such private equity fund, to another partner or to a third party, shall not constitute a Transfer for purposes of this Agreement.

(b) Any purported Transfer of Securities or any interest in any Securities other than in accordance with this Agreement by any Stockholder shall be null and void *ab initio*, and the Company shall refuse to recognize any such Transfer for any purpose and shall not reflect in its records any change in record ownership of Securities pursuant to any such Transfer.

(c) Each Stockholder acknowledges that the SEC Restricted Securities have not been registered under the Securities Act and may not be transferred except pursuant to an effective registration statement under the Securities Act or pursuant to an exemption from registration under the Securities Act. Each Stockholder agrees that it, he or she will not Transfer any SEC Restricted Securities at any time if such action would constitute a violation of any securities laws of any applicable jurisdiction or a breach of the conditions to any exemption from registration of SEC Restricted Securities under any such laws or a breach of any undertaking or agreement of such Stockholder entered into pursuant to such laws or in connection with obtaining an exemption thereunder. Each Stockholder agrees that any SEC Restricted Securities to be held by it, him or her that are represented by certificates shall bear the restrictive legend set forth in Section 6.3.

(d) No Non-H&F Stockholder shall grant any proxy or enter into or agree to be bound by any voting trust with respect to any Securities or enter into any agreements or arrangements of either kind with any person with respect to any Securities inconsistent with the provisions of this Agreement, including agreements or arrangements with respect to the acquisition, disposition or voting (if applicable) of any Securities, nor shall any Non-H&F Stockholder act, for any reason, as a member of a group or in concert with any other Persons in connection with the acquisition, disposition or voting (if applicable) of any Securities in any manner which is inconsistent with the provisions of this Agreement.



Section 4.2. Permitted Transfers.

(a) (i) Each Stockholder (other than an Employee Stockholder) may Transfer any or all of the Securities held by it to any of its Permitted Assignees without complying with the provisions of this Article IV, other than Section 4.1; provided, however, that, with respect to a Transfer to a Permitted Assignee, (x) such Permitted Assignee shall have agreed with the Company, in a written instrument reasonably satisfactory to the Company, that it will immediately convey record and beneficial ownership of all Securities and all rights and obligations hereunder to such Stockholder or another Permitted Assignee of such Stockholder prior to such time as it would cease to be a Permitted Assignee of such Stockholder and (y) as a condition to such Transfer, such Permitted Assignee shall become a party to this Agreement as provided in Section 4.1(a) and (ii) any Stockholder that is a private equity fund may, subject to compliance with Section 5.13 distribute any or all of the Securities held by it to its partners, members or other investors without complying with the provisions of this Article IV, other than Section 4.1.

(b) Each Stockholder that is an Employee Stockholder may Transfer any or all of the Securities held by him, her or it to a Permitted Assignee of such Employee Stockholder without complying with the provisions of this Article IV other than Section 4.1; provided, that (i) such Permitted Assignee shall have agreed with the Company, in a written instrument reasonably satisfactory to the Company, that he, she or it will immediately convey record and beneficial ownership of all Securities and all rights and obligations hereunder to such transferring Employee Stockholder or another Permitted Assignee of such transferring Employee Stockholder if he, she or it ceases to be a Permitted Assignee of such Employee Stockholder and (ii) as a condition to such Transfer, such Permitted Assignee shall become a party to this Agreement as provided in Section 4.1.

Section 4.3. Transfer Restriction Period.

(a) During the period beginning on the date hereof and ending on (and, for the avoidance of doubt, not including) (x) in the case of the Specified Stockholders, the twelve-(12) month anniversary of an Initial Public Offering, and (y) in the case of all Stockholders other than the Specified Stockholders and the H&F Stockholders, one hundred eighty (180) days after the effective date of a Registration Statement of the Company filed in connection with an Initial Public Offering (such period, the "Transfer Restriction Period"), each Stockholder (other than the H&F Stockholders) hereby agrees with the Company that such Stockholder shall not Transfer any Securities to any Person, except, subject to compliance with Section 4.1, Transfers:

- (i) to the Company or any of its Affiliates or to any H&F Stockholder or any of its Affiliates;
- (ii) to a Permitted Assignee or as otherwise contemplated pursuant to and in compliance with Section 4.2 (Permitted Transfers);
- (iii) pursuant to and in compliance with Article V (Registration Rights);
- (iv) pursuant to the Underwriting Agreement;
- (v) by the Stockholders set forth on Exhibit D of a number of Shares in connection with the Initial Public Offering not to exceed the number of Shares set forth opposite such Stockholder's name on Exhibit D;
- (vi) by Employee Stockholders of Shares purchased or acquired by such Employee Stockholders (A) pursuant to the Company's directed share program in connection with its Initial Public Offering or (B) following the consummation of the Initial Public Offering, (I) pursuant to the Company's 2021 Employee Stock Purchase Plan or (II) in an "open market" transaction; and/or
- (vii) with the prior written consent of the Company.

(b) If and to the extent any H&F Stockholder requests in connection with an actual or potential Transfer of Securities by such H&F Stockholder, the Company shall, and shall cause its Subsidiaries to, make members of the Company's and its Subsidiaries' management available to meet with prospective transferees, provide for the reasonable inspection of the Company's and its Subsidiaries' facilities and reasonable access to the Company's and its Subsidiaries financial information and other books and records by prospective transferees and otherwise cooperate in any prospective transferee's due diligence review of the Company and its Subsidiaries, including facilitating the cooperation of the Company's counsel and independent public accountants with any such due diligence review, all pursuant to such potential transferee having entered into a customary confidentiality agreement regarding all confidential information received in connection with such due diligence review.

## ARTICLE V

### REGISTRATION RIGHTS

The Company hereby grants to each of the Holders (as defined below) the registration rights set forth in this Article V, with respect to the Registrable Securities (as defined below) owned by such Holders.

Section 5.1. Certain Definitions. As used in this Article V:

(a) "Automatic Shelf Registration Statement" shall have the meaning set forth in Rule 405 (or any successor provision) of the Securities Act.

(b) "Eligible Take-Down Holders" means any and all of the H&F Initiating Holders.

(c) "H&F Initiating Holders" means one or more H&F Stockholders or any assignee to whom an H&F Stockholder has transferred rights pursuant to Section 5.9.

(d) "Holder" (collectively, "Holders") means any Stockholder (and any transferee pursuant to Section 5.9) holding Registrable Securities, securities exercisable or convertible into Registrable Securities or securities exercisable for securities convertible into Registrable Securities.

(e) "Marketed" means the use or involvement of a customary "road show" (including an "electronic road show") or other substantial marketing effort by underwriters over a period of at least 48 hours.

(f) "Prospectus" means the prospectus included in any Registration Statement, all amendments and supplements to such prospectus, including post-effective amendments, and all other material incorporated by reference in such prospectus.

(g) "register", "registered" and "registration" means a registration effected pursuant to a registration statement filed with the SEC (the "Registration Statement") in compliance with the Securities Act, and the declaration or ordering by the SEC of the effectiveness of such Registration Statement.

(h) “Registrable Securities” means (i) Shares held (whether now held or hereafter acquired) by a Stockholder or any transferee to the extent permitted by Section 5.9 or, without duplication, by any holder of Securities of the Company that holds registration or similar rights pursuant to an agreement between such holder of Securities and the Company and (ii) any Shares issued as (or, as of any such date of determination, then currently issuable upon the conversion or exercise of any warrant, right or other security that is issued as) a dividend or other distribution with respect to, or in exchange or in replacement of, such Shares contemplated by the immediately foregoing clause (i); provided, however, that Shares shall cease to be treated as Registrable Securities if (a) a Registration Statement covering such securities has been declared effective by the SEC and such security has been disposed of pursuant to such effective Registration Statement, (b) a Registration Statement on Form S-8 (or any successor form) covering such Shares is effective and the Transfer of such Share is no longer subject to the restrictions on Transfer set forth in Section 4.3, (c) such Shares are sold pursuant to Rule 144 or 145 promulgated under the Securities Act (or another exemption from the registration requirements of the Securities Act), (d) such Shares cease to be outstanding or (e) the Holder thereof, together with his, her or its Permitted Assignees, beneficially owns (excluding any securities covered by the foregoing clause (b)) less than one percent (1%) of the Shares that are outstanding at such time and such Holder is able to dispose of all of its Registrable Securities in any ninety (90) day period pursuant to Rule 144 or 145 (or any similar or analogous rule) promulgated under the Securities Act and the Transfer of such Share is no longer subject to the restrictions on Transfer set forth in Section 4.3. For the avoidance of doubt, it is understood that, with respect to any Registrable Securities for which a Holder holds Securities which are subject to one or more vesting criteria or conditions, such vesting criteria or conditions must be satisfied for such Registrable Securities to be sold pursuant to this Article V. For the avoidance of doubt, it is understood that, with respect to any Registrable Securities for which a Holder holds Securities exercisable for, convertible into or exchangeable for Registrable Securities, to the extent that such Registrable Securities are to be sold pursuant to this Article V, such Holder must exercise the relevant Security or exercise, convert or exchange such relevant Security and transfer the relevant underlying securities that are Registrable Securities (in each case, net of any amounts required to be withheld by the Company in connection with such exercise).

(i) “Shelf Registration Statement” means a Registration Statement of the Company filed with the SEC on Form S-3 or on Form S-1 for an offering to be made on a continuous basis pursuant to Rule 415 under the Securities Act (or any similar rule that may be adopted by the SEC) covering the Registrable Securities, as applicable.

(j) “Shelf Take-Down” means any offering or sale of Registrable Securities initiated by an H&F Initiating Holder pursuant to a Shelf Registration Statement.

(k) “Third Party Holder” means any holder (other than a Holder) of Shares who exercises contractual rights to participate in a registered offering of Shares.

(l) “Well-Known Seasoned Issuer” shall have the meaning set forth in Rule 405 (or any successor provision) of the Securities Act.

Section 5.2. Shelf Registration.

(a) Filing. Upon the first Business Day of the thirteenth calendar month following an Initial Public Offering or upon an earlier demand by the H&F Initiating Holders, subject to the Company's rights under Section 5.2(c) and the limitations set forth in Section 5.2(d), the Company shall (i) promptly (but in any event no later than ten (10) days prior to the date such Shelf Registration Statement is declared effective) give written notice (a "Shelf Registration Notice") of the proposed registration to all Holders and (ii) use its reasonable best efforts to file as soon as reasonably practicable after such date with the SEC or as soon as possible following receipt of such demand from the H&F Initiating Holders and to cause to become effective under the Securities Act a Shelf Registration Statement (which Shelf Registration Statement shall be designated by the Company as an Automatic Shelf Registration Statement if the Company is a Well-Known Seasoned Issuer at the time of filing such Shelf Registration Statement with the SEC) as will permit or facilitate the sale and distribution of all Registrable Securities held by any of the H&F Stockholders (or, if the H&F Stockholders determine to not include all of their Registrable Securities therein, such lesser amount as such Holder shall request to the Company in writing), together with (x) all or such portion of the Registrable Securities of any Holder or Holders as are specified in a written request received by the Company within five (5) days after such Shelf Registration Notice is given (each such Holder, and each H&F Stockholder, a "Shelf Holder") (such amount not in any event to exceed the total Registrable Securities held by such Shelf Holder as of the date of such written notice) and (y) all or such portion of the Securities of any Third Party Holder that the Company determines may register securities in such registration (each such Third Party Holder, a "Third Party Shelf Holder"); provided, however, that, if the Company is permitted by applicable law, rule or regulation to add selling securityholders to a Shelf Registration Statement without filing a post-effective amendment, a Holder may request the inclusion of such Holder's Registrable Securities (such amount not in any event to exceed the total Registrable Securities held by such Shelf Holder) in such Shelf Registration Statement at any time or from time to time, and the Company shall add such Registrable Securities to the Shelf Registration Statement as promptly as reasonably practicable, and such Holder shall be deemed a Shelf Holder. If, on the date of any demand by the H&F Initiating Holders for the Company to file a Shelf Registration Statement, the Company does not qualify to file a Shelf Registration Statement, then the provisions of Section 5.3 shall apply instead of this Section 5.2. In no event shall the Company be required to file, and maintain effectiveness pursuant to Section 5.2(b) of, more than one Shelf Registration Statement at any one time pursuant to this Section 5.2.

(b) Continued Effectiveness. Except as otherwise agreed by the H&F Initiating Holders, the Company shall use its reasonable best efforts to keep such Shelf Registration Statement filed pursuant to this Section 5.2 continuously effective under the Securities Act (including by filing and having declared effective an additional Shelf Registration Statement if the then effective Shelf Registration Statement is not permitted to be used pursuant to Rule 415(a)(5) under the Securities Act) in order to permit the Prospectus forming a part thereof to be usable by the Shelf Holders until the earlier of (i) the date as of which all Registrable Securities registered by such Shelf Registration Statement have been sold and (ii) such shorter period as the Shelf Holders of a majority of the Registrable Securities registered on such Shelf Registration Statement, which majority must include the H&F Stockholders to the extent they are Shelf Holders owning Registrable Securities registered on such Shelf Registration Statement (the "Majority Shelf Holders") may determine.

(c) Suspension of Filing or Registration. If the Company shall furnish to the Majority Shelf Holders, a certificate signed by the Chief Executive Officer or equivalent senior executive of the Company, stating that the filing, effectiveness or continued use of the Shelf Registration Statement would require the Company to make an Adverse Disclosure, then the Company shall have a period of not more than sixty (60) days or such longer period as the Majority Shelf Holders shall consent to in writing, within which to delay the filing or effectiveness (but not the preparation) of such Shelf Registration Statement or, in the case of a Shelf Registration Statement that has been declared effective, to suspend the use by Shelf Holders of such Shelf Registration Statement (in each case, a "Shelf Suspension"); provided, however, that, unless consented to in writing by the Majority Shelf Holders, the Company shall not be permitted to exercise in any twelve (12) month period (i) more than two (2) Shelf Suspensions pursuant to this Section 5.2(c) and Demand Delays pursuant to Section 5.3(a)(ii) in the aggregate or (ii) aggregate Shelf Suspensions pursuant to this Section 5.2(c) and Demand Delays pursuant to Section 5.3(a)(ii) of more than ninety (90) days. Each Shelf Holder shall keep confidential the fact that a Shelf Suspension is in effect, the certificate referred to above and its contents for the permitted duration of the Shelf Suspension or until otherwise notified by the Company, except (A) for disclosure to such Shelf Holder's employees, agents and professional advisers who need to know such information and are obligated to keep it confidential, (B) for disclosures to the extent required in order to comply with reporting obligations to its limited partners who have agreed to keep such information confidential and (C) as required by law. In the case of a Shelf Suspension that occurs after the effectiveness of the Shelf Registration Statement, the Shelf Holders agree to suspend use of the applicable Prospectus for the permitted duration of such Shelf Suspension in connection with any sale or purchase of, or offer to sell or purchase, Registrable Securities, upon receipt of the certificate referred to above. The Company shall notify the Shelf Holders as soon as reasonably practicable upon the termination of any Shelf Suspension, and (1) in the case of a Shelf Registration Statement that has not been declared effective, shall promptly thereafter file the Shelf Registration Statement and use its reasonable best efforts to have such Shelf Registration Statement declared effective under the Securities Act and (2) in the case of an effective Shelf Registration Statement, shall amend or supplement the Prospectus, if necessary, so it does not contain any material misstatement or omission prior to the expiration of the Shelf Suspension and furnish to the Shelf Holders such numbers of copies of the Prospectus as so amended or supplemented as the Shelf Holders may reasonably request. The Company agrees, if necessary, to supplement or make amendments to the Shelf Registration Statement if required by the registration form used by the Company for the Shelf Registration Statement or by the instructions applicable to such registration form or by the Securities Act or the rules or regulations promulgated thereunder or as may reasonably be requested by the Majority Shelf Holders.

(d) Shelf Take-Downs.

(i) Generally. Subject to the terms and provisions of this Article IV, a Shelf Take-Down proposed to be initiated by an H&F Initiating Holder (the “Shelf Take-Down Initiating Holder”) may or may not be underwritten and/or Marketed, in each case, as shall be specified in the written demand delivered by the Shelf Take-Down Initiating Holder to the Company pursuant to the provisions of this Section 5.2(d). For the avoidance of doubt, only an H&F Initiating Holder may initiate a Shelf Take-Down.

(A) Underwritten Shelf Take Downs. A Shelf Take-Down Initiating Holder (and not any other Shelf Holder) may elect in a written demand delivered to the Company (an “Underwritten Shelf Take-Down Notice”) for any Shelf Take-Down that it has initiated (including any Restricted Shelf Take-Down) to be in the form of an underwritten offering (an “Underwritten Shelf Take-Down”), and the Company shall, if so requested, file and effect an amendment or supplement of the Shelf Registration Statement for such purpose as soon as practicable; provided, that any such Underwritten Shelf Take-Down must comply with the minimum size requirements of a Demand Registration set forth in Section 5.3(a). The applicable Shelf Take-Down Initiating Holder shall have the right to select the underwriter or underwriters to administer such Underwritten Shelf Take-Down; provided, that such underwriter or underwriters shall be reasonably acceptable to the Company.

(B) With respect to any Underwritten Shelf Take-Down (including any Marketed Underwritten Shelf Take-Down), in the event that a Shelf Holder otherwise would be entitled to participate in such Underwritten Shelf Take-Down pursuant to Section 5.2(d)(iii), the right of such Shelf Holder to participate in such Underwritten Shelf Take-Down shall be conditioned upon such Shelf Holder's participation in such underwriting and the inclusion of such Shelf Holder's Registrable Securities in the underwriting to the extent provided herein. The Company shall, together with all Shelf Holders and Third Party Shelf Holders of Registrable Securities of the Company proposing to distribute their securities through such Underwritten Shelf Take-Down, enter into an underwriting agreement in customary form with the underwriter or underwriters selected in accordance with Section 5.2(d)(i)(A). Notwithstanding any other provision of this Section 5.2, if the underwriter shall advise the Company that marketing factors (including an adverse effect on the per security offering price) require a limitation of the number of Registrable Securities to be underwritten in an Underwritten Shelf Take-Down, then the Company shall so advise all Shelf Holders and Third Party Shelf Holders of Registrable Securities that have requested to participate in such Underwritten Shelf Take-Down, and the number of Registrable Securities that may be included in such Underwritten Shelf Take-Down shall be allocated *pro rata* among such Shelf Holders and Third Party Shelf Holders thereof in proportion, as nearly as practicable, to the respective amounts of Registrable Securities held by such Shelf Holders and Third Party Shelf Holders at the time of such Underwritten Shelf Take-Down; provided, that any Registrable Securities thereby allocated to a Shelf Holder or Third Party Shelf Holder that exceeds such Shelf Holder's or Third Party Shelf Holder's request shall be reallocated among the remaining Shelf Holders and Third Party Shelf Holders in like manner. No Registrable Securities excluded from an Underwritten Shelf Take-Down by reason of the underwriter's marketing limitation shall be included in such underwritten offering.

(ii) Marketed Underwritten Shelf Take-Downs. The Shelf Take-Down Initiating Holder submitting an Underwritten Shelf Take-Down Notice shall indicate in such notice that it delivers to the Company pursuant to Section 5.2(d)(i) whether it intends for such Underwritten Shelf Take-Down to be Marketed (a "Marketed Underwritten Shelf Take-Down"); provided, that any such Marketed Underwritten Shelf Take-Down shall be deemed to be, for purposes of Section 5.3(a), a Demand Registration and must comply with the minimum size requirements set forth therein. Upon receipt of an Underwritten Shelf Take-Down Notice indicating that such Underwritten Shelf Take-Down will be a Marketed Underwritten Shelf Take-Down, the Company shall promptly (but in any event no later than ten (10) days prior to the expected date of such Marketed Underwritten Shelf Take-Down) give written notice of such Marketed Underwritten Shelf Take-Down to all other Shelf Holders of Registrable Securities under such Shelf Registration Statement and any such Shelf Holders requesting inclusion in such Marketed Underwritten Shelf Take-Down must respond in writing within five (5) days after the receipt of such notice. Each such Shelf Holder that timely delivers any such request shall be permitted to sell in such Marketed Underwritten Shelf Take-Down subject to the terms and conditions of this Section 5.2(d).

(iii) Non-Marketed Underwritten Shelf Take-Downs.

(A) With respect to each Underwritten Shelf Take-Down initiated by a Shelf Take-Down Initiating Holder that is not a Marketed Underwritten Shelf Take-Down (a "Restricted Shelf Take-Down"), the Shelf Take-Down Initiating Holder initiating such Restricted Shelf Take-Down shall provide written notice (a "Restricted Shelf Take-Down Notice") of such Restricted Shelf Take-Down to the Company as far in advance of the completion of such Restricted Shelf Take-Down as shall be reasonably practicable in light of the circumstances applicable to such Restricted Shelf Take-Down and the Company shall promptly distribute such Restricted Shelf Take-Down Notice to all other Eligible Take-Down Holders, which Restricted Shelf Take-Down Notice shall set forth (I) the total number of Registrable Securities expected to be offered and sold in such Restricted Shelf Take-Down, (II) the expected plan of distribution of such Restricted Shelf Take-Down, (III) an invitation to each Eligible Take-Down Holder to elect (Eligible Take-Down Holders who make such an election being "Take-Down Tagging Holders") and, together with the Shelf Take-Down Initiating Holders and all other Persons (other than any Affiliates of the Shelf Take-Down Initiating Holders) who otherwise are transferring, or have exercised a contractual or other right to transfer, Registrable Securities in connection with such Restricted Shelf Take-Down, the "Restricted Take-Down Selling Holders") to include in the Restricted Shelf Take-Down Registrable Securities held by such Take-Down Tagging Holder (but subject to Section 5.2(d)(i)(B)) and (IV) the action or actions required (including the timing thereof) in connection with such Restricted Shelf Take-Down with respect to each Eligible Take-Down Holder that elects to exercise such right (including the delivery of one or more stock certificates representing Registrable Securities of such Eligible Take-Down Holder to be sold in such Restricted Shelf Take-Down).

(B) Upon delivery of a Restricted Shelf Take-Down Notice, each Eligible Take-Down Holder may elect to sell Registrable Securities in such Restricted Shelf Take-Down, at the same price per Registrable Security and pursuant to the same terms and conditions with respect to payment for the Registrable Securities as agreed to by the Shelf Take-Down Initiating Holders, by sending an irrevocable written notice (a “Take-Down Participation Notice”) to the Shelf Take-Down Initiating Holders and the Company within the time period specified in such Restricted Shelf Take-Down Notice, indicating its, his or her election to sell up to the number of Registrable Securities in the Restricted Shelf Take-Down specified by such Eligible Take-Down Holder in such Take-Down Participation Notice (but, in all cases, subject to Section 5.2(d)(i)(B)). Following the time period specified in such Restricted Shelf Take-Down Notice, each Take-Down Tagging Holder that has delivered a Take-Down Participation Notice shall be permitted to sell in such Restricted Shelf Take-Down on the terms and conditions set forth in the Restricted Shelf Take-Down Notice, concurrently with the Shelf Take-Down Initiating Holders and the other Restricted Take-Down Selling Holders, the number of Registrable Securities calculated pursuant to Section 5.2(d)(i)(B). For the avoidance of doubt, it is understood that in order to be entitled to exercise its, his or her right to sell Registrable Securities in a Restricted Shelf Take-Down pursuant to this Section 5.2(d)(iii), each Take-Down Tagging Holder must agree to make the same representations, warranties, covenants, indemnities and agreements, if any, as the Shelf Take-Down Initiating Holders agree to make in connection with the Restricted Shelf Take-Down, with such additions or changes as are required of such Take-Down Tagging Holder by the underwriters. All costs and expenses incurred by the Shelf Take-Down Initiating Holders in connection with such Restricted Shelf Take-Down shall be borne on a *pro rata* basis in accordance with the number of Registrable Securities being sold by each of the Restricted Take-Down Selling Holders.

(C) Notwithstanding the delivery of any Restricted Shelf Take-Down Notice, all determinations as to whether to complete any Restricted Shelf Take-Down and as to the timing, manner, price and other terms and conditions of any Restricted Shelf Take-Down shall be at the sole discretion of the Shelf Take-Down Initiating Holders. Each of the applicable Shelf Holders agrees to reasonably cooperate with each of the other applicable Shelf Holders to establish notice, delivery and documentation procedures and measures to facilitate such other applicable Shelf Holder’s participation in future potential Restricted Shelf Take-Downs pursuant to this Section 5.2(d)(iii).

(D) Notwithstanding anything herein to the contrary, except as otherwise agreed by the applicable Shelf Take-Down Initiating Holder that delivered a Restricted Shelf Take-Down Notice to the Company pursuant to Section 5.2(d)(iii)(A), no Shelf Holders other than the Eligible Take-Down Holders will have the right to participate in any Restricted Shelf Take-Down.

Section 5.3. Demand Registration.

(a) Holders' Demand for Registration. If the Company shall receive from the H&F Initiating Holders at any time a written demand that the Company effect any registration (a "Demand Registration") of Registrable Securities held by such Holders having a reasonably anticipated net aggregate offering price (after deduction of underwriter commissions and offering expenses) of at least the lesser of (x) \$25,000,000 and (y) the value of all remaining Registrable Securities held by the H&F Initiating Holders, the Company will:

(i) promptly (but in any event within ten (10) days prior to the date such registration becomes effective under the Securities Act) give written notice of the proposed registration to all other Holders; and

(ii) use its reasonable best efforts to effect such registration as soon as practicable as will permit or facilitate the sale and distribution of all or such portion of such H&F Initiating Holders' Registrable Securities as are specified in such demand, together with all or such portion of the Registrable Securities of any other Holders joining in such demand as are specified in a written demand received by the Company within five (5) days after such written notice is given; provided, that the Company shall not be obligated to file any Registration Statement or other disclosure document pursuant to this Section 5.3 (but shall be obligated to continue to prepare such Registration Statement or other disclosure document) if the Company shall furnish to such Holders a certificate signed by the Chief Executive Officer or equivalent senior executive of the Company, stating that the filing or effectiveness of such Registration Statement would require the Company to make an Adverse Disclosure, in which case the Company shall have an additional period (each, a "Demand Delay") of not more than sixty (60) days (or such longer period as may be agreed upon by the H&F Initiating Holders) within which to file such Registration Statement; provided, however, that the Company shall not exercise, in any twelve (12) month period, (x) more than two (2) Demand Delays pursuant to this Section 5.3(a)(ii) and Shelf Suspensions pursuant to Section 5.2(c) in the aggregate or (y) aggregate Demand Delays pursuant to this Section 5.3(a)(ii) and Shelf Suspensions pursuant to Section 5.2(c) of more than ninety (90) days. Each Holder shall keep confidential the fact that a Demand Delay is in effect, the certificate referred to above and its contents for the permitted duration of the Demand Delay or until otherwise notified by the Company, except (A) for disclosure to such Holder's employees, agents and professional advisers who need to know such information and are obligated to keep it confidential, (B) for disclosures to the extent required in order to comply with reporting obligations to its limited partners who have agreed to keep such information confidential and (C) as required by law.



(b) Underwriting. If the H&F Initiating Holders intend to distribute the Registrable Securities covered by their demand by means of an underwritten offering, they shall so advise the Company as part of their demand made pursuant to this Section 5.3, and the Company shall include such information in the written notice referred to in Section 5.3(a)(i). In such event, the right of any Holder to registration pursuant to this Section 5.3 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. The Company shall, together with all holders of Registrable Securities of the Company proposing to distribute their securities through such underwriting, enter into an underwriting agreement in customary form with the underwriter or underwriters selected by a majority-in-interest of the H&F Initiating Holders and reasonably satisfactory to the Company. Notwithstanding any other provision of this Section 5.3, if the underwriter shall advise the Company that marketing factors (including an adverse effect on the per security offering price) require a limitation of the number of Registrable Securities to be underwritten, then the Company shall so advise all Holders of Registrable Securities that have requested to participate in such offering, and the number of Registrable Securities that may be included in the registration and underwriting shall be allocated *pro rata* among such Holders and other holders of Registrable Securities exercising a contractual or other right to dispose of Registrable Securities in such underwriting thereof in proportion, as nearly as practicable, to the respective amounts of Registrable Securities held by such persons at the time of filing the Registration Statement; provided, that any Registrable Securities thereby allocated to any such person that exceed such person's request shall be reallocated among the remaining requesting Holders and other requesting holders of Registrable Securities in like manner; and provided, further, that the number of Registrable Securities to be included in such underwriting shall not be reduced unless all other Securities are first entirely excluded from the underwriting. No Registrable Securities excluded from the underwriting by reason of the underwriter's marketing limitation shall be included in such registration. If the underwriter has not limited the number of Registrable Securities to be underwritten, the Company may include securities for its own account (or for the account of any other Persons) in such registration if the underwriter so agrees and if the number of Registrable Securities would not thereby be limited.

(c) Effective Registration. The Company shall be deemed to have effected a Demand Registration if the Registration Statement pursuant to such registration is declared effective by the SEC and remains effective for not less than one hundred eighty (180) days (or such shorter period as will terminate when all Registrable Securities covered by such Registration Statement have been sold or withdrawn), or, if such Registration Statement relates to an underwritten offering, such longer period as, in the opinion of counsel for the underwriters, a prospectus is required by law to be delivered in connection with sales of Registrable Securities by an underwriter or dealer (the applicable period, the "Demand Period"). No Demand Registration shall be deemed to have been effected if (i) during the Demand Period such registration is interfered with by any stop order, injunction or other order or requirement of the SEC or other governmental agency or court or (ii) the conditions specified in the underwriting agreement, if any, entered into in connection with such registration are not satisfied other than by reason of a wrongful act, misrepresentation or breach of such applicable underwriting agreement by a participating Holder.

#### Section 5.4. Piggyback Registration.

(a) If at any time or from time to time the Company shall determine to register any of its equity securities, either for its own account or for the account of security holders (other than (1) in a registration relating solely to employee benefit plans, (2) a Registration Statement on Form S-4 or S-8 (or such other similar successor forms then in effect under the Securities Act), (3) a registration pursuant to which the Company is offering to exchange its own securities for other securities, (4) a Registration Statement relating solely to dividend reinvestment or similar plans, (5) a Shelf Registration Statement pursuant to which only the initial purchasers and subsequent transferees of debt securities or preferred stock of the Company or any Subsidiary that are convertible into or exchangeable for Securities and that are initially issued pursuant to Rule 144A and/or Regulation S (or any successor provision) of the Securities Act may resell such notes or preferred stock and sell the Securities into which such notes or preferred stock may be converted or exchanged or (6) a registration pursuant to Section 5.2 or Section 5.3 hereof) the Company will:

(i) promptly (but in no event less than ten (10) days before the effective date of the relevant Registration Statement) give to each Holder written notice thereof; and

(ii) include in such registration (and any related qualification under state securities laws or other compliance), and in any underwriting involved therein, all the Registrable Securities specified in a written request or requests made within five (5) days after receipt of such written notice from the Company by any Holder or Holders, except as set forth in Section 5.3(b) below.

Notwithstanding anything herein to the contrary, this Section 5.4 shall not apply (i) prior to the one-year anniversary of an Initial Public Offering in respect of any Holder, unless (x) one or more of the H&F Stockholders elect to participate in such registration or (y) the H&F Stockholders, in their sole discretion, elect by written notice to the Company for this Section 5.4 to apply to the Registrable Securities of any one or more other Holders specified in such notice and/or (ii) to any Shelf Take-Down irrespective of whether such Shelf Take-Down is an Underwritten Shelf Take-Down or not an Underwritten Shelf Take-Down.

(b) Underwriting. If the registration of which the Company gives notice is for a registered public offering involving an underwriting, the Company shall so advise the Holders as a part of the written notice given pursuant to Section 5.4(a)(i). In such event the right of any Holder to registration pursuant to this Section 5.4 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to dispose of their Registrable Securities through such underwriting, together with the Company and the other parties distributing their securities through such underwriting, shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company. Notwithstanding any other provision of this Section 5.4, if the underwriters shall advise the Company that marketing factors (including, without limitation, an adverse effect on the per security offering price) require a limitation of the number of Registrable Securities to be underwritten, then the Company may limit the number of Registrable Securities to be included in the registration and underwriting, subject to the terms of this Section 5.4. The Company shall so advise all Holders of Registrable Securities that have requested to participate in such offering, and the number of Registrable Securities that may be included in the registration and underwriting shall be allocated in the following manner: first, to the Company and second, to the Holders and other holders of Registrable Securities exercising a contractual or other right to dispose of Registrable Securities in such underwriting on a *pro rata* basis based on the total number of Registrable Securities held by such persons; provided, that any Registrable Securities thereby allocated to any such person that exceed such person's request shall be reallocated among the remaining requesting Holders and other requesting holders of Registrable Securities in like manner. No such reduction shall (i) reduce the Securities being offered by the Company for its own account to be included in the registration and underwriting, or (ii) reduce the amount of securities of the selling Holders included in the registration below twenty-five percent (25%) of the total amount of Securities included in such registration, unless such offering does not include Securities of any other selling security holders, in which event any or all of the Registrable Securities of the Holders may be excluded in accordance with the immediately preceding sentence. No securities excluded from the underwriting by reason of the underwriter's marketing limitation shall be included in such registration. For the avoidance of doubt, nothing in this Section 5.4(b) is intended to diminish the number of securities to be included by the Company in the underwriting.

(c) Right to Terminate Registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 5.4 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration.

Section 5.5. Expenses of Registration. All Registration Expenses incurred in connection with all registrations effected pursuant to Section 5.2, Section 5.3 or Section 5.4 or in connection with any other Transfer by the H&F Stockholders shall be borne or reimbursed by the Company; provided, however, that the Company shall not be required to pay stock transfer taxes, underwriters' discounts or selling commissions relating to Registrable Securities.

Section 5.6. Obligations of the Company. Whenever required under this Article V to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

- (a) prepare and file with the SEC a Registration Statement with respect to such Registrable Securities and use its reasonable best efforts to cause such Registration Statement to become effective, and keep such Registration Statement effective for (i) the lesser of one hundred eighty (180) days or until the Holder or Holders have completed the distribution relating thereto or (ii) for such longer period as may be prescribed herein;
- (b) prepare and file with the SEC such amendments and supplements to such Registration Statement and the prospectus used in connection with such Registration Statement as may be necessary to keep such Registration Statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement in accordance with the intended methods of disposition by sellers thereof set forth in such Registration Statement;
- (c) permit any Holder that (in the good faith reasonable judgment of such Holder) might be deemed to be a controlling person of the Company to participate in good faith in the preparation of such Registration Statement and to cooperate in good faith to include therein material, furnished to the Company in writing, that in the reasonable judgment of such Holder and its counsel should be included;
- (d) furnish to the Holders such numbers of copies of the Registration Statement and the related Prospectus, including all exhibits thereto and documents incorporated by reference therein and a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them;
- (e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter(s) of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement;
- (f) notify each Holder of Registrable Securities covered by such Registration Statement as soon as reasonably possible after notice thereof is received by the Company of any written comments by the SEC or any request by the SEC or any other federal or state governmental authority for amendments or supplements to such Registration Statement or such prospectus or for additional information;
- (g) notify each Holder of Registrable Securities covered by such Registration Statement, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;
- (h) notify each Holder of Registrable Securities covered by such Registration Statement as soon as reasonably practicable after notice thereof is received by the Company of the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or any order by the SEC or any other regulatory authority preventing or suspending the use of any preliminary or final prospectus or the initiation or threatening of any proceedings for such purposes, or any notification with respect to the suspension of the qualification of the Registrable Securities for offering or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(i) use its reasonable best efforts to prevent the issuance of any stop order suspending the effectiveness of any Registration Statement or of any order preventing or suspending the use of any preliminary or final prospectus and, if any such order is issued, to obtain the withdrawal of any such order as soon as practicable;

(j) make available for inspection by each Holder including Registrable Securities in such registration, any underwriter participating in any distribution pursuant to such registration, and any attorney, accountant or other agent retained by such Holder or underwriter, all financial and other records, pertinent corporate documents and properties of the Company, as such parties may reasonably request, and cause the Company's officers, directors and employees to supply all information reasonably requested by any such Holder, underwriter, attorney, accountant or agent in connection with such Registration Statement;

(k) use its reasonable best efforts to register or qualify, and cooperate with the Holders of Registrable Securities covered by such Registration Statement, the underwriters, if any, and their respective counsel, in connection with the registration or qualification of such Registrable Securities for offer and sale under the "Blue Sky" or securities laws of each state and other jurisdiction of the United States as any such Holder or underwriters, if any, or their respective counsel reasonably request in writing, and do any and all other things reasonably necessary or advisable to keep such registration or qualification in effect for such period as required by Section 5.2(b) and Section 5.2(c), as applicable; provided, that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or take any action which would subject it to taxation service of process in any such jurisdiction where it is not then so subject;

(l) obtain for delivery to the Holders of Registrable Securities covered by such Registration Statement and to the underwriters, if any, an opinion or opinions from counsel for the Company, dated the effective date of the Registration Statement or, in the event of an underwritten offering, the date of the closing under the underwriting agreement, in customary form, scope and substance, which opinions shall be reasonably satisfactory to such holders or underwriters, as the case may be, and their respective counsel;

(m) in the case of an underwritten offering, obtain for delivery to the Company and the underwriters, with copies to the Holders of Registrable Securities included in such registration, a cold comfort letter from the Company's independent certified public accountants in customary form and covering such matters of the type customarily covered by cold comfort letters as the managing underwriter or underwriters reasonably request, dated the date of execution of the underwriting agreement and brought down to the closing under the underwriting agreement;

(n) use its reasonable best efforts to list the Registrable Securities that are covered by such Registration Statement with any securities exchange or automated quotation system on which the Securities are then listed;

(o) provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by the applicable Registration Statement from and after a date not later than the effective date of such Registration Statement;

(p) cooperate with Holders including Registrable Securities in such registration and the managing underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold, such certificates to be in such denominations and registered in such names as such Holders or the managing underwriters may request at least two (2) Business Days prior to any sale of Registrable Securities;

(q) use its reasonable best efforts to comply with all applicable securities laws and make available to its Holders, as soon as reasonably practicable, an earnings statement satisfying the provisions of section 11(a) of the Securities Act and the rules and regulations promulgated thereunder; and

(r) in the case of an underwritten offering, cause the senior executive officers of the Company to participate in the customary “road show” presentations that may be reasonably requested by the underwriters and otherwise to facilitate, cooperate with and participate in each proposed offering contemplated herein and customary selling efforts related thereto.

#### Section 5.7. Indemnification.

(a) The Company will, and does hereby undertake to, indemnify and hold harmless each Holder of Registrable Securities and each of such Holder’s officers, directors, trustees, employees, partners, managers, members, equityholders, beneficiaries, affiliates and agents and each Person, if any, who controls such Holder, within the meaning of either section 15 of the Securities Act or section 20 of the Exchange Act, with respect to any registration, qualification, compliance or sale effected pursuant to this Article IV, and each underwriter, if any, and each Person who controls any underwriter, of the Registrable Securities held by or issuable to such Holder, against all claims, losses, damages and liabilities (or actions in respect thereto) to which they may become subject under the Securities Act, the Exchange Act, or other federal or state law arising out of or based on (i) any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus, offering circular, free writing prospectus or other similar document (including any related Registration Statement, notification, or the like) incident to any such registration, qualification, compliance or sale effected pursuant to this Article IV, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made, (ii) any violation or alleged violation by the Company of any federal, state or common law rule or regulation applicable to the Company in connection with any such registration, qualification, compliance or sale, or (iii) any failure to register or qualify Registrable Securities in any state where the Company or its agents have affirmatively undertaken or agreed in writing (including pursuant to Section 5.6(k)) that the Company (the undertaking of any underwriter being attributed to the Company) will undertake such registration or qualification on behalf of the Holders of such Registrable Securities (provided, that in such instance the Company shall not be so liable if it has undertaken its reasonable best efforts to so register or qualify such Registrable Securities) and will reimburse, as incurred, each such Holder, each such underwriter and each such director, officer, trustee, employee, partner, manager, member, equityholder, beneficiary, affiliate, agent and controlling person, for any legal and any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action; provided, that the Company will not be liable in any such case to the extent that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement or omission made in reliance and in conformity with written information furnished to the Company by such Holder or underwriter expressly for use therein.

(b) Each Holder (if Registrable Securities held by or issuable to such Holder are included in such registration, qualification, compliance or sale pursuant to this Article IV) does hereby undertake to indemnify and hold harmless, severally and not jointly, the Company, each of its officers, directors, employees, equityholders, affiliates and agents and each Person, if any, who controls the Company within the meaning of either section 15 of the Securities Act or section 20 of the Exchange Act, each underwriter, if any, and each Person who controls any underwriter, of the Company's securities covered by such a Registration Statement, and each other Holder, each of such other Holder's officers, directors, employees, partners, equityholders, affiliates and agents and each Person, if any, who controls such Holder within the meaning of either section 15 of the Securities Act or section 20 of the Exchange Act, against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any such Registration Statement, prospectus, offering circular, free writing prospectus or other document, or any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made, and will reimburse, as incurred, the Company, each such underwriter, each such other Holder, and each such officer, director, trustee, employee, partner, equityholder, beneficiary, affiliate, agent and controlling person of the foregoing, for any legal or any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) was made in such Registration Statement, prospectus, offering circular, free writing prospectus or other document, in reliance upon and in conformity with written information furnished to the Company by such Holder expressly for use therein; provided, however, that the aggregate liability of each Holder hereunder shall be limited to the gross proceeds after underwriting discounts and commissions received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation. It is understood and agreed that the indemnification obligations of each Holder pursuant to any underwriting agreement entered into in connection with any Registration Statement shall be limited to the obligations contained in this Section 5.7(b).

(c) Each party entitled to indemnification under this Section 5.7 (the "Indemnified Party") shall give notice to the party required to provide such indemnification (the "Indemnifying Party") of any claim as to which indemnification may be sought promptly after such Indemnified Party has actual knowledge thereof, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom; provided, that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be subject to approval by the Indemnified Party (whose approval shall not be unreasonably withheld) and the Indemnified Party may participate in such defense at the Indemnifying Party's expense if representation of such Indemnified Party would be inappropriate due to actual or potential differing interests between such Indemnified Party and any other party represented by such counsel in such proceeding; and provided, further, that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section 5.7, except to the extent that such failure to give notice materially prejudices the Indemnifying Party in the defense of any such claim or any such litigation. An Indemnifying Party, in the defense of any such claim or litigation, may, without the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement that (i) includes as a term thereof the giving by the claimant or plaintiff therein to such Indemnified Party of an unconditional release from all liability with respect to such claim or litigation and (ii) does not include any recovery (including any statement as to or an admission of fault, culpability or a failure to act by or on behalf of such Indemnified Party) other than monetary damages, and provided, that any sums payable in connection with such settlement are paid in full by the Indemnifying Party.

(d) In order to provide for just and equitable contribution in case indemnification is prohibited or limited by law, the Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and such party's relative intent, knowledge, access to information and opportunity to correct or prevent such actions; provided, however, that, in any case, (i) no Holder will be required to contribute any amount in excess of the gross proceeds after underwriting discounts and commissions received by such Holder upon the sale of the Registrable Securities giving rise to such contribution obligation and (ii) no Person guilty of fraudulent misrepresentation (within the meaning of section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(e) The indemnities provided in this Section 5.7 shall survive the transfer of any Registrable Securities by such Holder.

Section 5.8. Information by Holder. The Holder or Holders of Registrable Securities included in any registration shall furnish to the Company such information regarding such Holder or Holders and the distribution proposed by such Holder or Holders as the Company may reasonably request in writing and as shall be required in connection with any registration, qualification or compliance referred to in this Article V.

Section 5.9. Transfer of Registration Rights. The rights contained in Section 5.2, Section 5.3 and Section 5.4 hereof to cause the Company to register the Registrable Securities may be assigned or otherwise conveyed by a Holder pursuant to a Transfer permitted under Article IV.

Section 5.10. Delay of Registration. No Holder shall have any right to obtain, and hereby waives any right to seek, an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Article V.

Section 5.11. Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the H&F Stockholders, enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder to (i) require the Company to effect a registration or (ii) include any securities in any registration filed under Section 5.2, Section 5.3 and/or Section 5.4, unless, in each case, under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not diminish the amount of Registrable Securities that are included in such registration.

Section 5.12. Rule 144 Reporting. With a view to making available to the Holders the benefits of certain rules and regulations of the SEC that may permit the sale of the Registrable Securities to the public without registration, the Company agrees to use its reasonable best efforts to:

(a) make and keep current public information available, within the meaning of Rule 144 (or any similar or analogous rule) promulgated under the Securities Act, at all times after it has become subject to the reporting requirements of the Exchange Act;

(b) file with the SEC, in a timely manner, all reports and other documents required of the Company under the Securities Act and Exchange Act (after it has become subject to such reporting requirements); and

(c) so long as a Holder owns any Registrable Securities, furnish to such Holder forthwith upon request a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act (at any time commencing ninety (90) days after the effective date of the first registration filed by the Company for an offering of its securities to the general public), the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements); a copy of the most recent annual or quarterly report of the Company; and such other reports and documents as a Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities without registration.

Section 5.13. “Market Stand Off” Agreement. Notwithstanding anything herein to the contrary, the Company and each Holder hereby agrees, and the Company agrees to cause its directors and executive officers to agree that, during the period beginning ten (10) days before the effective date of a Registration Statement of the Company filed in connection with an Initial Public Offering, and ending not more than one hundred eighty (180) days thereafter, with respect to any underwritten offering following an Initial Public Offering (including any Underwritten Shelf Take-Down), (x) from and after the effective date of a Registration Statement of the Company filed under the Securities Act in connection with such underwritten offering or (y) in the case of an Underwritten Shelf Take-Down off of a Registration Statement filed not in connection with such underwritten offering, during the period from and after the date of the filing of, or after the date of effectiveness of, a preliminary prospectus or prospectus supplement relating to such offering (or if there is no such filing, from and after the first contemporaneous press release announcing commencement of such Underwritten Shelf Take-Down), and ending on such date thereafter as the H&F Initiating Holder that has initiated such underwritten offering (in the case of clause (x)) or such Underwritten Shelf Take-Down (in the case of clause (y)) may agree to with the underwriter or underwriters of such underwritten offering (which period shall in no event exceed ninety (90) days), it and its Affiliates shall not, to the extent requested by the Company and/or any underwriter, sell, pledge, hypothecate, transfer, make any short sale of, loan, grant any option or right to purchase of, or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any Securities held by it at any time during such period, except Securities included in such registration. The Company and each applicable Holder shall, and the Company agrees to cause its directors and executive officers to, deliver to the underwriter or underwriters of any offering to which this Section 5.13 is applicable a customary agreement reflecting its agreement set forth in this Section 5.13.

Section 5.14. Termination of Registration Rights. The rights of any particular Holder to cause the Company to register securities under Section 5.2, Section 5.3 or Section 5.4 shall terminate as to such Holder on the date that such Holder, together with its Affiliates and Permitted Assignees, beneficially owns (excluding any securities covered by clause (b) of the proviso set forth in the definition of “Registrable Securities”) less than one percent (1%) of the Securities that are outstanding at such time and such Holder is able to dispose of all of its Registrable Securities in any 90 day period pursuant to Rule 144 or 145 (or any similar or analogous rule) promulgated under the Securities Act.

Section 5.15. Other Obligations. In connection with a Transfer of Registrable Securities exempt from Section 5 of the Securities Act or through any broker-dealer transactions described in the plan of distribution set forth within a prospectus related to the Shelf Registration Statement of which such prospectus forms a part, the Company shall, subject to applicable Law, as interpreted by the Company with the advice of counsel, and the receipt of any customary documentation required from the applicable Stockholders in connection therewith, (a) promptly instruct its transfer agent to remove any restrictive legends applicable to the Registrable Securities being Transferred and (b) cause its legal counsel to deliver the necessary legal opinions, if any, to the transfer agent in connection with the instruction under clause (a). In addition, the Company shall cooperate reasonably with, and take such customary actions as may reasonably be requested by the Stockholders, in connection with the aforementioned Transfers.



## ARTICLE VI

### ADDITIONAL AGREEMENTS OF THE PARTIES

Section 6.1. Further Assurances. From time to time, at the reasonable request of the Company or the H&F Stockholders and without further consideration, each party hereto shall execute and deliver such additional documents and take all such further action as may be necessary or appropriate to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement.

Section 6.2. Other Businesses; Waiver of Certain Duties.

(a) The parties expressly acknowledge and agree that to the fullest extent permitted by applicable law, each of the H&F Stockholders (including (x) their respective Affiliates, (y) any portfolio company in which they or any of their respective Affiliates have made an investment and (z) any of their respective limited partners, non-managing members or other similar direct or indirect investors) and the directors of the Company or any of its Subsidiaries appointed by any of the H&F Stockholders:

(i) have the right to, and shall have no duty (fiduciary, contractual or otherwise) not to, directly or indirectly engage in and possess interests in other business ventures of every type and description, including those engaged in the same or similar business activities or lines of business as the Company or any of its Subsidiaries or deemed to be competing with the Company or any of its Subsidiaries, on its own account, or in partnership with, or as an employee, officer, director or shareholder of any other Person, with no obligation to offer to the Company or any of its Subsidiaries or any Stockholder of the Company or any of its Subsidiaries the right to participate therein;

(ii) may invest in, or provide services to, any Person that directly or indirectly competes with the Company or any of its Subsidiaries; and

(iii) shall have no duty (fiduciary, contractual or otherwise) to communicate or present any knowledge of a potential transaction or matter that may be a corporate or other business opportunity for the Company or any of its Subsidiaries to the Company or any of its Subsidiaries or any Stockholder of the Company or any of its Subsidiaries, and, notwithstanding any provision of this Agreement to the contrary, shall not be liable to the Company or any of its Subsidiaries or any Stockholder of the Company or any of its Subsidiaries (or their respective Affiliates) for breach of any duty (fiduciary, contractual or otherwise) by reason of the fact that such Person, directly or indirectly, pursues or acquires such opportunity for itself, directs such opportunity to another Person or does not present such opportunity to the Company or any of its Subsidiaries or any Stockholder of the Company or any of its Subsidiaries (or their respective Affiliates).

For the avoidance of doubt, the parties acknowledge that this paragraph is intended to disclaim and renounce, to the fullest extent permitted by applicable law, any right of the Company or any of its Subsidiaries with respect to the matters set forth herein, and this paragraph shall be construed to effect such disclaimer and renunciation to the fullest extent permitted by law.

(b) The provisions of this Section 6.2, to the extent that they restrict the duties and liabilities of any of the H&F Stockholders or any director of the Company appointed by any of the H&F Stockholders otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of the H&F Stockholders or any such director of the Company appointed by any of the H&F Stockholders to the fullest extent permitted by applicable law.

Section 6.3. Legends on Securities.

(a) Each certificate (or book entry share) evidencing Securities owned by a Stockholder and which are subject to the terms of this Agreement shall bear (or be subject to in the case of book entry shares) a legend substantially in the following form:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER STATE SECURITIES LAWS. THESE SECURITIES MAY NOT BE RESOLD OR TRANSFERRED UNLESS REGISTERED OR EXEMPT FROM REGISTRATION UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS.

IN ADDITION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS OF A STOCKHOLDERS AGREEMENT, DATED AS OF \_\_\_\_\_, 2021 (AS MAY BE AMENDED, RESTATED, MODIFIED OR SUPPLEMENTED FROM TIME TO TIME), AND MAY NOT BE VOTED, SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT IN ACCORDANCE WITH SUCH AGREEMENT.

In the event that any such Securities shall cease to be SEC Restricted Securities and such Securities shall continue to be represented by certificates (or be in book entry form), the Company shall, upon the written request of the holder thereof, issue to such holder a new certificate (or book entry share) representing such Securities without the first paragraph of the legend required by this Section 6.3. In the event that any Securities so represented by certificates (or in book entry form) shall cease to be subject to the restrictions on transfer set forth in this Agreement and such Securities shall continue to be represented by certificates (or be in book entry form), the Company shall, upon the request of the holder thereof, issue to such holder a new certificate (or book entry share) representing such Securities without the second paragraph of the legend required by this Section 6.3.

(b) To the extent any SEC Restricted Securities hereafter issued, whether upon transfer or original issue, are to be represented by certificates (or in book entry form), all such SEC Restricted Securities shall be endorsed with a like legend.

Section 6.4. Reimbursement.

(a) The Company, will, and will cause its Subsidiaries to, pay directly or reimburse, or cause to be paid directly or reimbursed, the H&F Stockholders and each of their respective Affiliates the actual and reasonable out-of-pocket costs and expenses incurred by the H&F Stockholders and their respective Affiliates in connection with their investment in the Company, including (i) fees and actual and reasonable out-of-pocket disbursements of any independent professionals and organizations, including independent accountants, outside legal counsel or consultants retained by such H&F Stockholders or any of their Affiliates, (ii) reasonable costs of any outside services or independent contractors such as financial printers, couriers, business publications, on-line financial services or similar services, retained or used by such H&F Stockholders or any of their respective Affiliates, (iii) any actual and reasonable out-of-pocket costs and expenses incurred by the H&F Stockholders and their Affiliates in connection with the provision of any personnel or services to the Company or its Subsidiaries, and (iv) transportation, word processing expenses or any similar expense not associated with their or their Affiliates' ordinary operations.

(b) For the avoidance of doubt, no Stockholder or its Affiliates will receive any monitoring, transaction or similar fee from the Company or any of its Subsidiaries.

(c) All payments or reimbursement for such expenses will be made by wire transfer in same-day funds to the bank account designated by such H&F Stockholders or its relevant Affiliate promptly upon or as soon as practicable following request for reimbursement.

(d) Directors shall be reimbursed by the Company or a Subsidiary of the Company for all actual and reasonable out-of-pocket costs and expenses incurred by them in connection with their service on the Board (including accommodation and travel costs (which in the case of air travel shall be limited to travel by commercial airlines; provided, that if a director of the Board elects to travel by private aircraft for a particular trip, the amount reimbursed shall not exceed the amount of a first-class flight for an equivalent trip)). In the case of a director who is also an employee of the Company or any Subsidiary, the foregoing expense reimbursement shall not include any costs and expenses incurred by such director with respect to entering into an employment, equity, award, grant or other arrangements with the Company or any Subsidiary, except as otherwise agreed to in writing between the Company (and approved in advance by the Board) and any such director. In the case of any director who is a partner or employee of any Affiliate of the H&F Stockholders, such reimbursement may be paid to any of the H&F Stockholders or their Affiliate.

## ARTICLE VII

### ADDITIONAL PARTIES

Section 7.1. Additional Parties. Additional parties may be added to and be bound by and receive the benefits and be subject to the obligations provided by this Agreement upon the signing and delivery of a counterpart of this Agreement or a Joinder Agreement (and, if applicable a Consent of Spouse) to the Company and the acceptance thereof by such additional parties and, to the extent permitted by Section 7.1, amendments may be effected to this Agreement reflecting such rights and obligations, consistent with the terms of this Agreement, of such Stockholder as the Company and such Stockholder may agree. In the case of execution of a counterpart of this Agreement as opposed to a joinder hereto, promptly after signing and delivering such a counterpart of this Agreement, the Company will deliver a conformed copy thereof to all of the parties.

## ARTICLE VIII

### INDEMNIFICATION

#### Section 8.1. Indemnification.

(a) To the fullest extent permitted by law, the Company shall, and shall cause its Controlled Entities to, indemnify and hold harmless each Covered Person and each former Covered Person from and against any and all losses, claims, demands, liabilities, expenses, judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative (collectively, "Claims"), by reason of the fact that he or she, his or her testator or intestate is or was a director or officer of the Company, any of its Controlled Entities or any of their respective predecessors or serves or served at any other enterprise as a director, officer, partner, shareholder, member or manager at the request of the Company, any of its Controlled Entities or any of their respective processors (an "Indemnitee") and, upon request of such Indemnitee, the Company shall, and shall cause its Controlled Entities to, advance expenses to such Indemnitee in connection with any such Claim (subject to such Indemnitee providing an undertaking to repay such advances if it is ultimately determined that such individual is not entitled to indemnification); provided, that the foregoing indemnification shall not apply to (i) any Claim with respect to which a court of competent jurisdiction has determined that such Indemnitee has engaged in fraud, willful misconduct, bad faith or gross negligence, (ii) any Claim initiated by such Indemnitee unless such Claim (or part thereof) (A) was brought to enforce such Indemnitee's rights to indemnification hereunder or (B) was authorized or consented to by the Board or (iii) any Claims from any transaction from which such Indemnitee derived an improper personal benefit.

(b) The Company acknowledges and agrees that the Company shall, and to the extent applicable shall cause its Controlled Entities to, be fully and primarily responsible for the payment to the Indemnitee in respect of indemnified liabilities in connection with any Jointly Indemnifiable Claims (as defined below), pursuant to and in accordance with (as applicable) the terms of (i) in the case of the Company and any Controlled Entities that are Delaware corporations, the Delaware General Corporation Law, as amended; in the case of any Controlled Entities that are Delaware limited partnerships, the Delaware Revised Uniform Limited Partnership Act, as amended; in the case of any Controlled Entities that are Delaware limited liability companies, the Delaware Limited Liability Company Act, as amended, (ii) this Agreement and the certificate of incorporation and bylaws of the Company, (iii) any director indemnification agreement, (iv) any other agreement between the Company or any of its Controlled Entities and the Indemnitee pursuant to which the Indemnitee is indemnified, (v) the laws of the jurisdiction of incorporation or organization of the Company or any Controlled Entity and/or (vi) the certificate of incorporation, certificate of organization, bylaws, partnership agreement, operating agreement, certificate of formation, certificate of limited partnership or other organizational or governing documents of any Controlled Entity ((i) through (vi) collectively, the “Indemnification Sources”), irrespective of any right of recovery the Indemnitee may have from any corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise (other than the Company, any Controlled Entity or the insurer under and pursuant to an insurance policy of the Company or any Controlled Entity) from whom an Indemnitee may be entitled to indemnification with respect to which, in whole or in part, the Company or any Controlled Entity may also have an indemnification obligation (collectively, the “Indemnitee-Related Entities”). Under no circumstance shall the Company or any Controlled Entity be entitled to any right of subrogation or contribution by the Indemnitee-Related Entities and no right of advancement or recovery the Indemnitee may have from the Indemnitee-Related Entities shall reduce or otherwise alter the rights of the Indemnitee or the obligations of the Company or any Controlled Entity under the Indemnification Sources. In the event that any of the Indemnitee-Related Entities shall make any payment to the Indemnitee in respect of indemnification with respect to any Jointly Indemnifiable Claim, (x) the Company shall, and to the extent applicable shall cause the Controlled Entities to, reimburse the Indemnitee-Related Entity making such payment to the extent of such payment promptly upon written demand from such Indemnitee-Related Entity, (y) to the extent not previously and fully reimbursed by the Company and/or any Controlled Entity pursuant to clause (x), the Indemnitee-Related Entity making such payment shall be subrogated to the extent of the outstanding balance of such payment to all of the rights of recovery of the Indemnitee against the Company and/or any Controlled Entity, as applicable, and (z) Indemnitee shall execute all papers reasonably required and shall do all things that may be reasonably necessary to secure such rights, including the execution of such documents as may be necessary to enable the Indemnitee-Related Entities effectively to bring suit to enforce such rights. The Company and the Indemnitees agree that each of the Indemnitee-Related Entities shall be third-party beneficiaries with respect to this Section 8.1(b), entitled to enforce this Section 8.1(b) as though each such Indemnitee-Related Entity were a party to this Agreement. The Company shall cause each of the Controlled Entities to perform the terms and obligations of this Section 8.1(b) as though each such Controlled Entity was a party to this Agreement. For purposes of this Section 8.1(b), the term “Jointly Indemnifiable Claims” shall be broadly construed and shall include, without limitation, any indemnified liabilities for which the Indemnitee shall be entitled to indemnification from both (1) the Company and/or any Controlled Entity pursuant to the Indemnification Sources, on the one hand, and (2) any Indemnitee-Related Entity pursuant to any other agreement between any Indemnitee-Related Entity and the Indemnitee pursuant to which the Indemnitee is indemnified, the laws of the jurisdiction of incorporation or organization of any Indemnitee-Related Entity and/or the certificate of incorporation, certificate of organization, bylaws, partnership agreement, operating agreement, certificate of formation, certificate of limited partnership or other organizational or governing documents of any Indemnitee-Related Entity, on the other hand.

(c) Neither any amendment nor repeal of this Section 8.1, nor the adoption of any provision of this Agreement inconsistent with this Section 8.1, shall eliminate or reduce the effect of this Section 8.1 in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for this Section 8.1, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

(d) The rights of any Indemnitee to indemnification pursuant to this Section 8.1 will be in addition to any other rights any such Person may have under any other Section of this Agreement or any other agreement or instrument to which such Indemnitee is or becomes a party or is or otherwise becomes a beneficiary or under law or regulation or under the certificate of limited partnership, limited partnership agreement, certificate of incorporation or bylaws (or equivalent governing documents) of the Company or any of its Subsidiaries.

Section 8.2. Insurance. The Company shall maintain in effect at all times directors' and officers' liability insurance reasonably satisfactory to the Board.

## ARTICLE IX

### MISCELLANEOUS

Section 9.1. Entire Agreement; Third Party Beneficiaries. This Agreement (including any exhibits hereto) and the other documents and agreements referred to herein and therein (including any agreement pursuant to which any Security was granted or issued) constitute the entire understanding and agreement among the parties hereto as to restrictions on the transferability of Securities and the other matters covered herein and therein and supersedes and replaces any prior understanding, agreement or statement of intent, in each case, written or oral, of any and every nature with respect thereto. In the event of any inconsistency between this Agreement and any document executed or delivered to effect the purposes of this Agreement, this Agreement shall govern as among the parties hereto. Except for Section 8.1 and Article VII (which will also be for the benefit of the applicable Persons set forth therein that are not parties to this Agreement, and any such Person will have the rights provided for therein), this Agreement does not create any rights, claims or benefits inuring to any Person that is not a party hereto, and it does not create or establish any third party beneficiary hereto.

Section 9.2. Specific Performance. Subject to Section 5.10, the parties hereto agree that the obligations imposed on them in this Agreement are special, unique and of an extraordinary character, and that, in the event of breach by any party, damages would not be an adequate remedy and each of the other parties shall be entitled to specific performance and injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity. The parties hereto further agree to waive any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief.

Section 9.3. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts entered into and performed entirely within such State.

Section 9.4. Submission to Jurisdiction.

(a) Each of the parties hereto hereby irrevocably acknowledges and consents that any legal action or proceeding brought with respect to any of the obligations arising under or relating to this Agreement may be brought in the courts of the State of Delaware or in the United States District Court for the District of Delaware and each of the parties hereto hereby irrevocably submits to and accepts with regard to any such action or proceeding, for itself and in respect of its property, generally and unconditionally, the exclusive jurisdiction of the aforesaid courts. Each party hereby further irrevocably waives any claim that any such courts lack jurisdiction over such party, and agrees not to plead or claim, in any legal action or proceeding with respect to this Agreement or the transactions contemplated hereby brought in any of the aforesaid courts, that any such court lacks jurisdiction over such party. Each party irrevocably consents to the service of process in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to such party, at its address for notices as provided in Section 9.12 of this Agreement, such service to become effective ten (10) days after such mailing. Each party hereby irrevocably waives any objection to such service of process and further irrevocably waives and agrees not to plead or claim in any action or proceeding commenced hereunder or under any other documents contemplated hereby that service of process was in any way invalid or ineffective. Subject to Section 9.4(b), the foregoing shall not limit the rights of any party to serve process in any other manner permitted by applicable law. The foregoing consents to jurisdiction shall not constitute general consents to service of process in the State of Delaware for any purpose except as provided above and shall not be deemed to confer rights on any Person other than the respective parties to this Agreement.

(b) Each of the parties hereto hereby waives any right it may have under the laws of any jurisdiction to commence by publication any legal action or proceeding with respect to this Agreement. To the fullest extent permitted by applicable law, each of the parties hereto hereby irrevocably waives the objection which it may now or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or relating to this Agreement in any of the courts referred to in Section 9.4(a) and hereby further irrevocably waives and agrees not to plead or claim that any such court is not a convenient forum for any such suit, action or proceeding.

(c) The parties hereto agree that any judgment obtained by any party hereto or its successors or assigns in any action, suit or proceeding referred to above may, in the discretion of such party (or its successors or assigns), be enforced in any jurisdiction, to the extent permitted by applicable law.

Section 9.5. Obligations. All obligations hereunder shall be satisfied in full without set-off, defense or counterclaim.

Section 9.6. Consents, Approvals and Actions. If any consent, approval or action of the H&F Stockholders is required at any time pursuant to this Agreement, such consent, approval or action shall be deemed given if the holders of a majority of the outstanding Shares held by the H&F Stockholders at such time provide such consent, approval or action in writing at such time.

Section 9.7. Amendments.

(a) This Agreement may be amended, restated, modified or waived, in whole or in part, at any time pursuant to an agreement in writing executed by the Company and the H&F Stockholders; provided, that, subject to Section 9.7(b) below:

(i) any amendment, restatement, modification or waiver of this Agreement shall also require the Employee Stockholders Approval if such amendment or modification would materially and adversely affect the Employee Stockholders without similarly and proportionately adversely affecting all Stockholders similarly situated; provided, that the Employee Stockholders Approval shall not be required to amend or modify any of the following sections unless such amendment or modification would adversely affect the Employee Stockholders: Section 4.2(b) or Section 4.3 (Restrictions on Transfer), Article V (Registration Rights) or this Section 9.7 (Amendments) (in each case including the definitions used therein);

(ii) no such amendment, restatement, modification or waiver requiring the Employee Stockholders Approval pursuant to clause (i) shall be effective as to a particular Employee Stockholder if such amendment or modification would materially and adversely affect such Employee Stockholder without similarly and proportionately adversely affecting all Employee Stockholders similarly situated, unless such Employee Stockholder has voted in favor thereof;

(iii) in the event the H&F Stockholders no longer hold any Shares, this Agreement may be amended, restated, modified or waived with the written consent of (A) the Company and (B) the Stockholders holding a majority of the Shares held by the Stockholders; and

(iv) notwithstanding anything herein to the contrary, including this Section 9.7(a), any amendment, restatement, modification or waiver that has the effect of adversely affecting the rights of the H&F Stockholders under Section 3.1 (Board of Directors), Article V (Registration Rights), Section 6.2 (Other Businesses; Waiver of Certain Duties), Section 6.4 (Reimbursement), Article VIII (Indemnification), Section 9.6 (Consents, Approvals and Actions), Section 9.11 (Termination; Effect of Termination), Section 9.14 (Aggregation of Securities), Section 9.15 (No Third Party Liabilities), Section 9.16 (Independent Nature of Stockholders' Obligations and Rights), Section 9.19 (Logo) or this Section 9.7 (Amendments) shall, in each case, require the prior written consent of the H&F Stockholders.

(b) Notwithstanding anything to the contrary in Section 9.7(a), in addition to other amendments or modifications authorized herein, amendments or modifications may be made to this Agreement from time to time by the Company and the H&F Stockholders without the consent of any other Stockholder or group of Stockholders, (i) to correct typographical or ministerial errors, (ii) to add or delete any provision of this Agreement required to be added or deleted in order to comply with, or avoid a violation of, applicable law, (iii) in connection with the admission of any Person as an additional Stockholder, to provide such Persons with (w) the right to nominate one or more directors to the Board, (x) consent or other protective rights with respect to potential actions by the Company and/or its Subsidiaries (and the grant of such rights to the H&F Stockholders) and (y) the *pro rata* right to participate in (or be subject to or receive) the rights set forth in Article V and/or Section 9.7 of this Agreement; (iv) to fix for any new class or series of Securities such voting powers, distinctive designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in such amendment; and (v) to cure any ambiguity or correct or supplement any provision of this Agreement that may be incomplete or inconsistent with any other provision contained in this Agreement; provided, that such amendment does not materially and adversely affect any Stockholder without similarly and proportionately adversely affecting all Stockholders similarly situated, unless such Stockholder has voted in favor thereof.

Section 9.8. Assignment of Rights by the H&F Stockholders. Notwithstanding anything in this Agreement to the contrary, the H&F Stockholders shall have the right to assign any or all of their rights under this Agreement to any Person or Persons to whom an H&F Stockholder or transfers Securities in compliance with Article IV.

Section 9.9. Subsequent Acquisition of Securities. Any Securities acquired subsequent to the date hereof by a Stockholder shall be subject to the terms and conditions of this Agreement and such securities shall be considered to be “Shares”, “Securities” and/or “Share Equivalents,” as applicable, as such terms are used herein for purposes of this Agreement.

Section 9.10. Binding Effect. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the parties’ successors and permitted assigns.

Section 9.11. Termination; Effect of Termination. Subject to the last sentence of this Section 9.11, the rights and obligations of a Stockholder shall automatically terminate without any further action upon from and after such time as such Stockholder no longer owns Securities. This Agreement shall terminate automatically upon the earliest to occur of (i) such time that the H&F Stockholders collectively no longer own any Securities, (ii) the written consent of the H&F Stockholders and the holders of a majority of the issued and outstanding Securities held by the Non-H&F Stockholders and (iii) the dissolution or liquidation of the Company. This Article IX, Section 5.7, Section 6.2, Section 6.4 (until all applicable fees, costs and/or expenses have been paid or reimbursed by the Company) and Article VIII shall survive any termination of this Agreement, and any termination of rights and obligations of a Stockholder, in each case pursuant to this Section 9.11.

Section 9.12. Notices.

(a) Any and all notices, consents, designations, offers, acceptances or other communications required, or contemplated under, or otherwise provided for, herein shall be given in writing unless otherwise specified herein, by personal delivery or email, or overnight delivery service, which shall be addressed, in the case of the Company to the address set forth below, and, in the case of any Stockholder, (x) to such Stockholder’s address appearing on the signature page of such Stockholder to this Agreement or appearing in the Joinder Agreement entered into by such Stockholder, (y) to such party’s address appearing in the books of the Company and/or (z) such other address as may be designated by such party in writing to the Company.



If to the Company, to:

Snap One Holdings Corp.  
1800 Continental Blvd, Suite 300  
Charlotte, NC 28273  
Attn: [

]

Email: [

]

with a copy (which shall not constitute actual or constructive notice) to:

Simpson Thacher & Bartlett LLP  
2475 Hanover Street  
Palo Alto, California 94304  
Attn: [

]

Email: [

]

(b) Any demand, notice or other communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof (with confirmation of receipt), and, if given by email, subject to receipt of non-automated confirmation of receipt, on the day of transmittal thereof if given during the normal business hours of the recipient, and on the Business Day during which such normal business hours next occur if not given during such hours on any day, and one (1) Business Day after sending if by overnight delivery service.

(c) Each party shall have the right to change its address set forth in the books and records maintained by the Company by delivering notice complying with the foregoing provisions of this Section 9.12 to the Company.

Section 9.13. Severability. If any portion of this Agreement shall be declared void or unenforceable by any court or administrative body of competent jurisdiction, such portion shall be deemed severable from the remainder of this Agreement, which shall continue in all respects valid and enforceable.

Section 9.14. Aggregation of Securities. All Securities beneficially owned by the H&F Stockholders shall be aggregated together for purposes of determining the rights or obligations of any member of the H&F Stockholders or the application of any restrictions to any member of H&F Stockholders under this Agreement in each instance in which such right, obligation or restriction is determined by any ownership threshold.

Section 9.15. No Third Party Liabilities. This Agreement may only be enforced against the named parties hereto. All claims or causes of action (whether in contract or tort) that may be based upon, arise out of or relate to any of this Agreement, or the negotiation, execution or performance of this Agreement (including any representation or warranty made in or in connection with this Agreement or as an inducement to enter into this Agreement), may be made only against the entities that are expressly identified as parties hereto, as applicable; and no past, present or future director, officer, employee, incorporator, member, partner, stockholder, Affiliate, portfolio company in which any such party or any of its investment fund Affiliates have made a debt or equity investment (and vice versa), agent, attorney or representative of any party hereto (including any Person negotiating or executing this Agreement on behalf of a party hereto), unless a party to this Agreement, shall have any liability or obligation with respect to this Agreement or with respect any claim or cause of action (whether in contract or tort) that may arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement (including a representation or warranty made in or in connection with this Agreement or as an inducement to enter into this Agreement).

Section 9.16. Independent Nature of Stockholders' Obligations and Rights. Each Stockholder and the Company agrees that the arrangements contemplated by this Agreement are not intended to constitute the formation of a "group" (as defined in section 13(d)(3) of the Exchange Act). Each Stockholder agrees that, for purposes of determining beneficial ownership of such Stockholder, it shall disclaim any beneficial ownership by virtue of this Agreement of the Shares owned by the other Stockholders (other than, in the case of the H&F Stockholders, as amongst the Stockholders within such defined group), and the Company agrees to recognize any such disclaimer in its Exchange Act and Securities Act reports. The obligations of each Stockholder under this Agreement are several and not joint with the obligations of any other Stockholder, and no Stockholder shall be responsible in any way for the performance of the obligations of any other Stockholder under this Agreement. Nothing contained herein, and no action taken by any Stockholder pursuant hereto, shall be deemed to constitute the Stockholders as, and the Company acknowledges that the Stockholders do not so constitute, a partnership, an association, a joint venture or any other kind of group or entity, or create a presumption that the Stockholders are in any way acting in concert or as a group or entity with respect to such obligations or the transactions contemplated by this Agreement and the Company acknowledges that the Stockholders are not acting in concert or as a group, and the Company shall not assert any such claim, in each case, with respect to such obligations or the transactions contemplated by this Agreement. The decision of each Stockholder to enter into this Agreement has been made by such Stockholder independently of any other Stockholder. Each Stockholder acknowledges that no other Stockholder has acted as agent for such Stockholder in connection with such Stockholder making its investment in the Company and that no other Stockholder will be acting as agent of such Stockholder in connection with monitoring such Stockholder's investment in the Shares or enforcing its rights under this Agreement. The Company and each Stockholder confirms that each Stockholder has had the opportunity to independently participate with the Company and its subsidiaries in the negotiation of the transaction contemplated hereby with the advice of its own counsel and advisors. Each Stockholder shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement, and it shall not be necessary for any other Stockholder to be joined as an additional party in any proceeding for such purpose. The use of a single agreement to effectuate the rights and obligations contemplated hereby was solely in the control of the Company, not the action or decision of any Stockholder, and was done solely for the convenience of the Company and its subsidiaries and not because the Company was required to do so by any Stockholder. It is expressly understood and agreed that each provision contained in this Agreement is between the Company and a Stockholder, solely, and not between the Company and the Stockholders collectively and not between and among the Stockholders.

Section 9.17. Effectiveness. This Agreement shall become effective on the day immediately preceding the date on which a registration statement on Form 8-A, or any successor form thereto, with respect to the Common Stock first becomes effective under the Exchange Act. This Agreement shall automatically terminate if the Underwriting Agreement is terminated prior to the completion of the Initial Public Offering referenced therein for any reason or the Initial Public Offering contemplated by the Underwriting Agreement is not consummated on or before the tenth (10<sup>th</sup>) Business Day following the date of this Agreement.

Section 9.18. Counterparts; Electronic Delivery. This Agreement and any other notices and other documents delivered pursuant to this Agreement may be executed and delivered in one or more counterparts and by fax, email or other electronic transmission, each of which shall be deemed an original and all of which shall be considered one and the same agreement. No party hereto shall raise the use of a fax machine or email to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a fax machine or email as a defense to the formation or enforceability of a contract and each party to this Agreement forever waives any such defense. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Agreement or any document to be signed in connection with this Agreement shall be deemed to include electronic signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, and the parties hereto consent to conduct the transactions contemplated hereunder by electronic means.

Section 9.19. Logo. The Company hereby irrevocably consents to the use of its and its Subsidiaries' trademarks (including logos, as well as trade names) by each of the H&F Stockholders in relation to its investment business, including in reports to investors and potential investors, on its website or other online fora or media, and/or in offering memoranda and other marketing materials for its related investment funds or Affiliates.

Section 9.20. Waiver of Jury Trial. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, EACH PARTY HEREBY IRREVOCABLY WAIVES, AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE, CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING IN WHOLE OR IN PART UNDER, RELATED TO, BASED ON OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY OR THE SUBJECT MATTER HEREOF, WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER SOUNDING IN TORT OR CONTRACT OR OTHERWISE. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 9.20 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

Section 9.21. Reinstatement of Terms of Unitholders Agreement. The parties hereto hereby agree that in the event this Agreement becomes effective but is subsequently terminated pursuant to Section 9.17, the parties shall execute a stockholders agreement with terms that are substantially equivalent (to the extent practicable) to, *mutatis mutandis*, the terms of the Unitholders Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement or caused this Agreement to be signed by its officer thereunto duly authorized as of the date first written above.

**COMPANY:**

SNAP ONE HOLDINGS CORP.

By: \_\_\_\_\_  
Name:  
Title:

---

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement or caused this Agreement to be signed by its officer thereunto duly authorized as of the date first written above.

**INITIAL H&F STOCKHOLDERS:**

[\_\_\_\_\_]

By: [\_\_\_\_\_]

By: [\_\_\_\_\_]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address:

c/o Hellman & Friedman LLC  
415 Mission Street, Suite 5700  
San Francisco, CA 94105  
Attn: [     ]  
Email: [     ]

with a copy (which shall not constitute actual or constructive notice) to:

Simpson Thacher & Bartlett LLP  
2475 Hanover Street  
Palo Alto, California 94304  
Attn: [     ]  
Email: [     ]

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IN WITNESS WHEREOF, each of the undersigned has executed this Agreement or caused this Agreement to be signed by its officer thereunto duly authorized as of the date first written above.

**[ADDITIONAL SIGNATURES TO COME]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Address \_\_\_\_\_

Email \_\_\_\_\_

\_\_\_\_\_

**JOINDER AGREEMENT**

The undersigned is executing and delivering this omnibus joinder agreement (this “Joinder Agreement”) pursuant to the Stockholders Agreement of Snap One Holdings Corp., a Delaware corporation, dated as of \_\_\_\_\_, 2021 (as may be amended, supplemented, restated or modified from time to time in accordance with its terms, the “Stockholders Agreement”). Capitalized terms used but not defined in this Joinder Agreement shall have the respective meanings ascribed to them in the Stockholders Agreement.

By executing and delivering this Joinder Agreement, the undersigned hereby adopts and approves the Stockholders Agreement and agrees, effective commencing on the date on which the undersigned first becomes the owner of any Shares, to become a party to, to be bound by, to comply with, and that his, her or its Shares are subject to the Stockholders Agreement in the same manner as if the undersigned were an original signatory to such agreement as a Stockholder.

The undersigned expressly acknowledges and agrees that the undersigned shall not be entitled to any rights pursuant to the Stockholders Agreement unless the undersigned shall have executed and delivered this Joinder Agreement.

Accordingly, the undersigned has executed and delivered this Joinder Agreement as of the \_\_\_\_ day of \_\_\_\_\_, 202\_\_.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Address

\_\_\_\_\_  
Email

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**CONSENT OF SPOUSE**

I, \_\_\_\_\_, the undersigned spouse of \_\_\_\_\_, hereby acknowledge that I am aware that the Stockholders Agreement of Snap One Holdings Corp., a Delaware corporation, dated as of \_\_\_\_\_, 2021 (as may be amended, supplemented, restated or modified from time to time in accordance with its terms, the “**Stockholders Agreement**”), imposes certain transfer obligations and restrictions on my spouses’ Shares (as defined in the Stockholders Agreement). I agree that my spouse’s interest in the Shares are subject to the Stockholders Agreement and any interest I may have in such Shares shall also be irrevocably bound by such Stockholders Agreement and, further, that my community property interest in such Stockholders Agreement, if any, shall be similarly bound by such Stockholders Agreement.

I am aware that the legal, financial and other matters contained in the Stockholders Agreement are complex and I am encouraged to seek advice with respect thereto from independent legal and/or financial counsel. I have either sought such advice or determined after carefully reviewing the Stockholders Agreement that I hereby waive such right.

Acknowledged and agreed this \_\_\_\_ day of \_\_\_\_\_, 202\_\_

\_\_\_\_\_  
Insert Signature of Spouse Above

Provide Address of Spouse Below:

\_\_\_\_\_  
\_\_\_\_\_

Telephone: \_\_\_\_\_

Email: \_\_\_\_\_

\_\_\_\_\_



[SPECIFIED STOCKHOLDERS]

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SPECIFIED MANAGEMENT STOCKHOLDERS

Management Stockholder	No. of Shares
[ ]	[ ]
[ ]	[ ]
[ ]	[ ]

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**SNAP ONE HOLDINGS CORP.  
2021 EQUITY INCENTIVE PLAN**

**1. Purpose.** The purpose of the Snap One Holdings Corp. 2021 Equity Incentive Plan is to provide a means through which the Company and the other members of the Company Group may attract and retain key personnel and to provide a means whereby directors, officers, employees, consultants and advisors of the Company and the other members of the Company Group can acquire and maintain an equity interest in the Company, or be paid incentive compensation measured by reference to the value of Common Stock, thereby strengthening their commitment to the welfare of the Company Group and aligning their interests with those of the Company's stockholders.

**2. Definitions.** The following definitions shall be applicable throughout the Plan.

(a) "Adjustment Event" has the meaning given to such term in Section 10(a) of the Plan.

(b) "Affiliate" means any Person that directly or indirectly controls, is controlled by or is under common control with the Company. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting or other securities, by contract or otherwise.

(c) "Applicable Law" means each applicable law, rule, regulation and requirement, including, but not limited to, each applicable U.S. federal, state or local law, any rule or regulation of the applicable securities exchange or inter-dealer quotation system on which the securities of the Company may be listed or quoted and each applicable law, rule or regulation of any other country or jurisdiction where Awards are granted under the Plan or Participants reside or provide services, as each such law, rule and regulation shall be in effect from time to time.

(d) "Award" means, individually or collectively, any Incentive Stock Option, Nonqualified Stock Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit and Other Equity-Based Award granted under the Plan.

(e) "Award Agreement" means the document or documents by which each Award is evidenced, which may be in written or electronic form.

(f) "Board" means the Board of Directors of the Company.

(g) "Cause" means, as to any Participant, unless the applicable Award Agreement states otherwise, (i) "Cause," as defined in any employment, severance, consulting or other similar agreement between the Participant and the Service Recipient in effect at the time of such Termination; or (ii) in the absence of any such employment, severance, consulting or other similar agreement (or the absence of any definition of "Cause" contained therein), the Participant's (A) willful neglect in the performance of the Participant's duties for the Service Recipient or willful or repeated failure or refusal to perform such duties; (B) engagement in conduct, which results in, or could reasonably be expected to result in, material harm to the business or reputation of the Service Recipient or any other member of the Company Group; (C) conviction of, or plea of guilty or no contest to, (I) any felony (or similar crime in any non-U.S. jurisdiction for Participants outside the U.S.) or (II) any other crime that results in, or could reasonably be expected to result in, material harm to the business or reputation of the Service Recipient or any other member of the Company Group; (D) material violation of the written policies of the Service Recipient or those set forth in the manuals or statements of policy of the Service Recipient as in effect from time to time (including, but not limited to, those relating to sexual harassment); (E) fraud, misappropriation or embezzlement related to the Service Recipient or any other member of the Company Group; (F) act of personal dishonesty that involves personal profit in connection with the Participant's employment or service to the Service Recipient; or (G) engagement in any Detrimental Activity; *provided*, in any case, that a Participant's resignation after an event that would be grounds for a Termination for Cause will be treated as a Termination for Cause hereunder.

(h) “Change in Control” means:

(i) the acquisition (whether by purchase, merger, consolidation, combination or other similar transaction) by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% (on a fully diluted basis) of either (A) the Outstanding Common Stock; or (B) the Outstanding Company Voting Securities; *provided, however*, that for purposes of the Plan, the following acquisitions shall not constitute a Change in Control: (I) any acquisition by the Company or any Affiliate; (II) any acquisition by any employee benefit plan sponsored or maintained by the Company or any Affiliate; or (III) in respect of an Award held by a particular Participant, any acquisition by the Participant or any group of Persons including the Participant (or any entity controlled by the Participant or any group of Persons including the Participant);

(ii) during any period of 12 months, individuals who, at the beginning of such period, constitute the Board (the “Incumbent Directors”) cease for any reason to constitute at least a majority of the members of the Board, provided that any person becoming a director subsequent to the Effective Date, whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; *provided, however*, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest, as such terms are used in Rule 14a-12 of Regulation 14A promulgated under the Exchange Act, with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director;

(iii) the consummation of a reorganization, recapitalization, merger, consolidation, or similar corporate transaction involving the Company that requires the approval of the Company’s stockholders (a “Business Combination”), unless immediately following such Business Combination: more than 50% of the total voting power of (A) the entity resulting from such Business Combination (the “Surviving Company”), or (B) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership of sufficient voting securities eligible to elect a majority of the board of directors (or the analogous governing body) of the Surviving Company, is represented by the Outstanding Company Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which the Outstanding Company Voting Securities were converted pursuant to such Business Combination); or

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(iv) the sale, transfer or other disposition of all or substantially all of the assets of the Company Group (taken as a whole) to any Person that is not an Affiliate of the Company.

(i) “Code” means the Internal Revenue Code of 1986, as amended, and any successor thereto. Reference in the Plan to any section of the Code shall be deemed to include any regulations or other interpretative guidance under such section, and any amendments or successor provisions to such section, regulations or guidance.

(j) “Committee” means the Compensation Committee of the Board or any properly delegated subcommittee thereof or, if no such Compensation Committee or subcommittee thereof exists, the Board.

(k) “Common Stock” means the common stock of the Company, par value \$0.01 per share (and any stock or other securities into which such Common Stock may be converted or into which it may be exchanged).

(l) “Company” means Snap One Holdings Corp., a Delaware corporation, and any successor thereto.

(m) “Company Group” means, collectively, the Company and its Subsidiaries.

(n) “Date of Grant” means the date on which the granting of an Award is authorized, or such other date as may be specified in such authorization.

(o) “Designated Foreign Subsidiaries” means all members of the Company Group that are organized under the laws of any jurisdiction other than the United States of America.

(p) “Detrimental Activity” means any of the following: (i) unauthorized disclosure or use of any confidential or proprietary information of any member of the Company Group; (ii) any activity that would be grounds to terminate the Participant’s employment or service with the Service Recipient for Cause; (iii) a breach by the Participant of any restrictive covenant by which such Participant is bound, including, without limitation, any covenant not to compete or not to solicit, in any agreement with any member of the Company Group; or (iv) the Participant’s fraud or conduct contributing to any financial restatements or irregularities, in each case, as determined by the Committee in its sole discretion.

(q) “Disability” means, as to any Participant, unless the applicable Award Agreement states otherwise, (i) “Disability,” as defined in any employment, severance, consulting or other similar agreement between the Participant and the Service Recipient in effect at the time of Termination; or (ii) in the absence of any such employment, severance, consulting or other similar agreement (or the absence of any definition of “Disability” contained therein), a condition entitling the Participant to receive benefits under a long-term disability plan of the Service Recipient or other member of the Company Group in which such Participant is eligible to participate, or, in the absence of such a plan, the complete and permanent inability of the Participant by reason of illness or accident to perform the duties of the position at which the Participant was employed or served when such disability commenced. Any determination of whether Disability exists in the absence of a long-term disability plan shall be made by the Company (or its designee) in its sole and absolute discretion.

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(r) “Effective Date” means , 2021.

(s) “Eligible Person” means: any (i) individual employed by any member of the Company Group; *provided, however*, that no such U.S. employee covered by a collective bargaining agreement shall be an Eligible Person unless and to the extent that such eligibility is set forth in such collective bargaining agreement or in an agreement or instrument relating thereto; (ii) director of any member of the Company Group; or (iii) consultant or advisor to any member of the Company Group, or any other Person, in each case, who may be offered securities registrable pursuant to a registration statement on Form S-8 under the Securities Act (or, for consultants or advisors outside of the U.S. may be offered securities consistent with Applicable Law).

(t) “Exchange Act” means the Securities Exchange Act of 1934, as amended, and any successor thereto. Reference in the Plan to any section of (or rule promulgated under) the Exchange Act shall be deemed to include any rules, regulations or other interpretative guidance under such section or rule, and any amendments or successor provisions to such section, rules, regulations or guidance.

(u) “Exercise Price” has the meaning given to such term in Section 7(b) of the Plan.

(v) “Fair Market Value” means, as of any date, the fair market value of a share of Common Stock, as reasonably determined by the Company and consistently applied for purposes of the Plan, which may include, without limitation, the closing sales price on the trading day immediately prior to or on such date, the average of the high and low sales prices on such date, or a trailing average of previous closing prices prior to such date.

(w) “GAAP” has the meaning given to such term in Section 7(d) of the Plan.

(x) “Grant Date Fair Market Value” means, as of a Date of Grant, (i) if the Common Stock is listed on a national securities exchange, the closing sales price of the Common Stock reported on the primary exchange on which the Common Stock is listed and traded on such date, or, if there are no such sales on that date, then on the last preceding date on which such sales were reported; (ii) if the Common Stock is not listed on any national securities exchange but is quoted in an inter-dealer quotation system on a last-sale basis, the average between the closing bid price and ask price reported on such date, or, if there is no such sale on that date, then on the last preceding date on which a sale was reported; or (iii) if the Common Stock is not listed on a national securities exchange or quoted in an inter-dealer quotation system on a last-sale basis, the amount determined by the Committee in good faith to be the fair market value of the Common Stock; *provided, however*, as to any Awards granted on or with a Date of Grant of the date of the pricing of the Company’s initial public offering, “Grant Date Fair Market Value” shall be equal to the per share price at which the Common Stock is offered to the public in connection with such initial public offering.

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(y) “Incentive Stock Option” means an Option which is designated by the Committee as an incentive stock option as described in Section 422 of the Code and otherwise meets the requirements set forth in the Plan.

(z) “Indemnifiable Person” has the meaning given to such term in Section 4(e) of the Plan.

(aa) “Non-Employee Director” means a member of the Board who is not an employee of any member of the Company Group.

(bb) “Nonqualified Stock Option” means an Option which is not designated by the Committee as an Incentive Stock Option.

(cc) “Option” means an Award granted under Section 7 of the Plan.

(dd) “Option Period” has the meaning given to such term in Section 7(c)(ii) of the Plan.

(ee) “Other Equity-Based Award” means an Award that is not an Option, Restricted Stock or Restricted Stock Unit, that is granted under Section 9 of the Plan and is (i) payable by delivery of Common Stock and/or (ii) measured by reference to the value of Common Stock.

(ff) “Outstanding Common Stock” means the then-outstanding shares of Common Stock, taking into account as outstanding for this purpose such Common Stock issuable upon the exercise of options or warrants, the conversion of convertible stock or debt, the exercise of any similar right to acquire such Common Stock, and the exercise or settlement of then-outstanding Awards (or similar awards under any prior Equity Incentive Plans maintained by the Company).

(gg) “Outstanding Company Voting Securities” means the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors.

(hh) “Participant” means an Eligible Person who has been selected by the Committee to participate in the Plan and granted an Award pursuant to the Plan.

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(ii) “Performance Conditions” means specific levels of performance of the Company (and/or one or more members of the Company Group, divisions or operational and/or business units, product lines, brands, business segments, administrative departments, or any combination of the foregoing), which may be determined in accordance with GAAP or on a non-GAAP basis, including, without limitation, the following measures: (i) net earnings, net income (before or after taxes), or consolidated net income; (ii) basic or diluted earnings per share (before or after taxes); (iii) net revenue or net revenue growth; (iv) gross revenue or gross revenue growth, gross profit or gross profit growth; (v) net operating profit (before or after taxes or other adjustments); (vi) return measures (including, but not limited to, return on investment, assets, capital, employed capital, invested capital, equity, or sales); (vii) cash flow measures (including, but not limited to, operating cash flow, free cash flow, or cash flow return on capital), which may be but are not required to be measured on a per share basis; (viii) actual or adjusted earnings before or after interest, taxes, depreciation, and/or amortization (including EBIT and EBITDA); (ix) gross or net operating margins; (x) productivity ratios; (xi) share price (including, but not limited to, growth measures and total stockholder return); (xii) expense targets or cost reduction goals, general and administrative expense savings; (xiii) operating efficiency; (xiv) objective measures of customer/client satisfaction; (xv) working capital targets; (xvi) measures of economic value added or other ‘value creation’ metrics; (xvii) enterprise value; (xviii) sales; (xix) stockholder return; (xx) customer/client retention; (xxi) competitive market metrics; (xxii) employee retention; (xxiii) objective measures of personal targets, goals, or completion of projects (including, but not limited to, succession and hiring projects, completion of specific acquisitions, dispositions, reorganizations, or other corporate transactions or capital-raising transactions, expansions of specific business operations, and meeting divisional or project budgets); (xxiv) comparisons of continuing operations to other operations; (xxv) market share; (xxvi) cost of capital, debt leverage, year-end cash position or book value; (xxvii) strategic objectives; (xxviii) gross or net authorizations; (xxix) backlog; or (xxx) any combination of the foregoing. Any one or more of the aforementioned performance criteria may be stated as a percentage of another performance criteria, or used on an absolute or relative basis to measure the performance of one or more members of the Company Group as a whole or any divisions or operational and/or business units, product lines, brands, business segments, or administrative departments of the Company and/or one or more members of the Company Group or any combination thereof, as the Committee may deem appropriate, or any of the above performance criteria may be compared to the performance of a selected group of comparison companies, or a published or special index that the Committee, in its sole discretion, deems appropriate, or as compared to various stock market indices.

(jj) “Permitted Transferee” has the meaning given to such term in Section 12(b)(ii) of the Plan.

(kk) “Person” means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

(ll) “Plan” means this Snap One Holdings Corp. 2021 Equity Incentive Plan, as it may be amended and/or restated from time to time.

(mm) “Plan Share Reserve” has the meaning given to such term in Section 6(a) of the Plan.

(nn) “Qualifying Director” means a Person who is, with respect to actions intended to obtain an exemption from Section 16(b) of the Exchange Act pursuant to Rule 16b-3 under the Exchange Act, a “non-employee director” within the meaning of Rule 16b-3 under the Exchange Act.

(oo) “Restricted Period” means the period of time determined by the Committee during which an Award is subject to restrictions, including vesting conditions.

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(pp) “Restricted Stock” means Common Stock, subject to certain specified restrictions (which may include, without limitation, a requirement that the Participant remain continuously employed or provide continuous services for a specified period of time), granted under Section 8 of the Plan.

(qq) “Restricted Stock Unit” means an unfunded and unsecured promise to deliver shares of Common Stock, cash, other securities or other property, subject to certain restrictions (which may include, without limitation, a requirement that the Participant remain continuously employed or provide continuous services for a specified period of time), granted under Section 8 of the Plan.

(rr) “Securities Act” means the Securities Act of 1933, as amended, and any successor thereto. Reference in the Plan to any section of (or rule promulgated under) the Securities Act shall be deemed to include any rules, regulations or other interpretative guidance under such section or rule, and any amendments or successor provisions to such section, rules, regulations or guidance.

(ss) “Service Recipient” means, with respect to a Participant holding a given Award, the member of the Company Group by which the original recipient of such Award is, or following a Termination was most recently, principally employed or to which such original recipient provides, or following a Termination was most recently providing, services, as applicable.

(tt) “SAR Base Price” means, as to any Stock Appreciation Right, the price per share of Common Stock designated as the base value above which appreciation in value is measured.

(uu) “Stock Appreciation Right” or “SAR” means an Other-Equity Based Award designated in an applicable Award Agreement as a stock appreciation right.

(vv) “Sub-Plans” means any sub-plan to the Plan that has been adopted by the Board or the Committee for the purpose of permitting or facilitating the offering of Awards to employees of certain Designated Foreign Subsidiaries or otherwise outside the jurisdiction of the United States of America, with each such Sub-Plan designed to comply with Applicable Law in such foreign jurisdictions. Although any Sub-Plan may be designated a separate and independent plan from the Plan in order to comply with Applicable Law, the Plan Share Reserve and the other limits specified in Section 6(a) of the Plan shall apply in the aggregate to the Plan and any Sub-Plan adopted hereunder.

(ww) “Subsidiary” means, with respect to any specified Person:

(i) any corporation, association or other business entity of which more than 50% of the total voting power of shares of such entity’s voting securities (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders’ agreement that effectively transfers voting power) is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

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(ii) any partnership (or any comparable foreign entity) (A) the sole general partner (or functional equivalent thereof) or the managing general partner of which is such Person or a Subsidiary of such Person or (B) the only general partners (or functional equivalents thereof) of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

(xx) “Substitute Awards” has the meaning given to such term in Section 6(e) of the Plan, and shall include any Substitute IPO Awards.

(yy) “Substitute IPO Awards” means Awards granted in connection with the Company’s initial public offering and in substitution of (i) Class B-1 Units and Class B-2 Units of Crackle Holdings, L.P. granted under the Crackle Holdings, L.P. 2017 Class B Unit Incentive Plan and (ii) Class A Nonvoting Units of Holdings.

(zz) “Termination” means the termination of a Participant’s employment or service, as applicable, with the Service Recipient for any reason (including death or Disability).

**3. Effective Date; Duration.** The Plan shall be effective as of the Effective Date. The Plan will continue in effect until terminated under Section 11; *provided, however*, that such termination shall not affect Awards then outstanding, and the terms and conditions of the Plan shall continue to apply to such Awards. Notwithstanding the foregoing (a) no Incentive Stock Options may be granted after the tenth (10<sup>th</sup>) anniversary of the Effective Date (or the date of stockholder approval of the Plan, if earlier), and (ii) Section 6(a) relating to automatic increase in the Plan Share Reserve will no longer apply following the tenth (10<sup>th</sup>) anniversary of the Effective Date.

#### **4. Administration.**

(a) General. The Committee shall administer the Plan. To the extent required to comply with the provisions of Rule 16b-3 promulgated under the Exchange Act (if the Board is not acting as the Committee under the Plan) it is intended that each member of the Committee shall, at the time such member takes any action with respect to an Award under the Plan that is intended to qualify for the exemptions provided by Rule 16b-3 promulgated under the Exchange Act, be a Qualifying Director. However, the fact that a Committee member shall fail to qualify as a Qualifying Director shall not invalidate any Award granted by the Committee that is otherwise validly granted under the Plan.

(b) Committee Authority. Subject to the provisions of the Plan and Applicable Law, the Committee shall have the sole and plenary authority, in addition to other express powers and authorizations conferred on the Committee by the Plan, to (i) designate Participants; (ii) determine the type or types of Awards to be granted to a Participant; (iii) determine the number of shares of Common Stock to be covered by, or with respect to which payments, rights, or other matters are to be calculated in connection with, Awards; (iv) determine the terms and conditions of any Award; (v) determine whether, to what extent, and under what circumstances Awards may be settled in, or exercised for, cash, shares of Common Stock, other securities, other Awards or other property, or canceled, forfeited, or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended; (vi) determine whether, to what extent, and under what circumstances the delivery of cash, shares of Common Stock, other securities, other Awards, or other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the Participant or of the Committee; (vii) interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in the Plan and any instrument or agreement relating to, or Award granted under, the Plan; (viii) establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Committee shall deem appropriate for the proper administration of the Plan; (ix) adopt Sub-Plans; and (x) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

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(c) Delegation. Except to the extent prohibited by Applicable Law, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any Person or Persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time. Without limiting the generality of the foregoing, the Committee may delegate to one or more officers of any member of the Company Group, the authority to act on behalf of the Committee with respect to any matter, right, obligation, or election which is the responsibility of, or which is allocated to, the Committee herein, and which may be so delegated in accordance with Applicable Law, except with respect to grants of Awards to Persons (i) who are Non-Employee Directors, or (ii) who are subject to Section 16 of the Exchange Act.

(d) Finality of Decisions. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan, any Award or any Award Agreement shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all Persons, including, without limitation, any member of the Company Group, any Participant, any holder or beneficiary of any Award, and any stockholder of the Company.

(e) Indemnification. No member of the Board or the Committee or any employee or agent of any member of the Company Group (each such Person, an “Indemnifiable Person”) shall be liable for any action taken or omitted to be taken or any determination made with respect to the Plan or any Award hereunder (unless constituting fraud or a willful criminal act or omission). Each Indemnifiable Person shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense (including attorneys’ fees) that may be imposed upon or incurred by such Indemnifiable Person in connection with or resulting from any action, suit or proceeding to which such Indemnifiable Person may be a party or in which such Indemnifiable Person may be involved by reason of any action taken or omitted to be taken or determination made with respect to the Plan or any Award hereunder and against and from any and all amounts paid by such Indemnifiable Person with the Company’s approval, in settlement thereof, or paid by such Indemnifiable Person in satisfaction of any judgment in any such action, suit or proceeding against such Indemnifiable Person, and the Company shall advance to such Indemnifiable Person any such expenses promptly upon written request (which request shall include an undertaking by the Indemnifiable Person to repay the amount of such advance if it shall ultimately be determined, as provided below, that the Indemnifiable Person is not entitled to be indemnified); *provided*, that the Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding and once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel of the Company’s choice. The foregoing right of indemnification shall not be available to an Indemnifiable Person to the extent that a final judgment or other final adjudication (in either case not subject to further appeal) binding upon such Indemnifiable Person determines that the acts, omissions or determinations of such Indemnifiable Person giving rise to the indemnification claim resulted from such Indemnifiable Person’s fraud or willful criminal act or omission or that such right of indemnification is otherwise prohibited by Applicable Law or by the organizational documents of any member of the Company Group. The foregoing right of indemnification shall not be exclusive of or otherwise supersede any other rights of indemnification to which such Indemnifiable Persons may be entitled under (i) the organizational documents of any member of the Company Group, (ii) pursuant to Applicable Law, (iii) an individual indemnification agreement or contract or otherwise, or (iv) any other power that the Company may have to indemnify such Indemnifiable Persons or hold such Indemnifiable Persons harmless.

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(f) Board Authority. Notwithstanding anything to the contrary contained in the Plan, the Board may, in its sole discretion, at any time and from time to time, grant Awards and administer the Plan with respect to such Awards. Any such actions by the Board shall be subject to the applicable rules of the securities exchange or inter-dealer quotation system on which the Common Stock is listed or quoted. In any such case, the Board shall have all the authority granted to the Committee under the Plan.

**5. Grants of Awards; Eligibility.** The Committee may, from time to time, grant Awards to one or more Eligible Persons. Participation in the Plan shall be limited to Eligible Persons.

**6. Shares Subject to the Plan; Limitations.**

(a) Share Reserve. Subject to Section 10 of the Plan, 10,500,000 shares of Common Stock (the “Plan Share Reserve”) shall be available for Awards under the Plan. Each Award granted under the Plan will reduce the Plan Share Reserve by the number of shares of Common Stock underlying the Award. Notwithstanding the foregoing, the Plan Share Reserve shall be automatically increased on the first day of each fiscal year following the fiscal year in which the Effective Date falls by a number of shares of Common Stock equal to the lesser of (i) the positive difference, if any, between (A) 4% of the Outstanding Common Stock on the last day of the immediately preceding fiscal year, *minus* (B) the Plan Share Reserve on the last day of the immediately preceding fiscal year (but in no case less than zero), and (ii) the number of shares of Common Stock as may be determined by the Board.

(b) Additional Limits. Subject to Section 10 of the Plan, (i) no more than the number of shares of Common Stock equal to the Plan Share Reserve may be issued in the aggregate pursuant to the exercise of Incentive Stock Options granted under the Plan; and (ii) during a single fiscal year, the number of Awards eligible to be made to any Non-Employee Director, taken together with any cash fees paid to such Non-Employee Director during such fiscal year, shall not exceed a total value of \$1,000,000 (calculating the value of any such Awards based on the grant date fair value of such Awards for financial reporting purposes).

(c) Share Counting. Other than with respect to Substitute Awards, to the extent that an Award expires or is canceled, forfeited, or terminated without issuance to the Participant of the full number of shares of Common Stock to which the Award related, the unissued shares underlying such Award will be returned to the Plan Share Reserve and again be available for grant under the Plan. Shares of Common Stock shall be deemed to have been issued in settlement of Awards if the Fair Market Value equivalent of such shares is paid in cash; *provided, however*, that no shares shall be deemed to have been issued in settlement of a SAR, Other Equity-Based Award or Restricted Stock Unit that only provides for settlement in, and settles only in, cash. Shares of Common Stock withheld in payment of the Exercise Price, SAR Base Price or taxes relating to an Award shall constitute shares of Common Stock issued to the Participant and shall reduce the Plan Share Reserve.

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(d) Source of Shares. Shares of Common Stock issued by the Company in settlement of Awards may be authorized and unissued shares, shares of Common Stock held in the treasury of the Company, shares of Common Stock purchased on the open market or by private purchase or a combination of the foregoing.

(e) Substitute Awards. Awards may, in the sole discretion of the Committee, be granted under the Plan in assumption of, or in substitution for, outstanding awards previously granted by an entity directly or indirectly acquired by the Company or with which the Company combines (“Substitute Awards”). Substitute Awards shall not be counted against the Plan Share Reserve; *provided*, that Substitute Awards issued in connection with the assumption of, or in substitution for, outstanding options intended to qualify as “incentive stock options” within the meaning of Section 422 of the Code shall be counted against the aggregate number of shares of Common Stock available for Awards of Incentive Stock Options under the Plan. Subject to applicable stock exchange requirements, available shares under a stockholder-approved plan of an entity directly or indirectly acquired by the Company or with which the Company combines (as appropriately adjusted to reflect the acquisition or combination transaction) may be used for Awards under the Plan and shall not reduce the number of shares of Common Stock available for issuance under the Plan.

## 7. Options.

(a) General. Each Option granted under the Plan shall be evidenced by an Award Agreement, which agreement need not be the same for each Participant. Each Option so granted shall be subject to the conditions set forth in this Section 7, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement. All Options granted under the Plan shall be Nonqualified Stock Options unless the applicable Award Agreement expressly states that the Option is intended to be an Incentive Stock Option. Incentive Stock Options may be granted only to Eligible Persons who are employees of a member of the Company Group. No Option may be treated as an Incentive Stock Option unless the Plan has been approved by the stockholders of the Company in a manner intended to comply with the stockholder approval requirements of Section 422(b)(1) of the Code. Any Option intended to be an Incentive Stock Option which does not qualify as an Incentive Stock Option for any reason, including by reason of grant to an Eligible Person who is not an employee or the Plan not being properly approved by the stockholders of the Company under Section 422(b)(1) of the Code, then, to the extent of such non-qualification, such Option or portion thereof shall be regarded as a Nonqualified Stock Option appropriately granted under the Plan.

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(b) Exercise Price. Except as otherwise provided by the Committee in the case of Substitute Awards, the exercise price ("Exercise Price") per share of Common Stock for each Option shall not be less than 100% of the Grant Date Fair Market Value of such share; *provided, however*, that in the case of an Incentive Stock Option granted to an employee who, at the time of the grant of such Option, owns stock representing more than 10% of the voting power of all classes of stock of any member of the Company Group, the Exercise Price per share shall be no less than 110% of the Grant Date Fair Market Value per share.

(c) Vesting and Expiration; Termination.

(i) Options shall vest and become exercisable in such manner and on such date or dates or upon such event or events as determined by the Committee, including, without limitation, satisfaction of Performance Conditions; *provided, however*, that notwithstanding any such vesting dates or events, the Committee may in its sole discretion accelerate the vesting of any Options at any time and for any reason.

(ii) Options shall expire upon a date determined by the Committee, not to exceed 10 years from the Date of Grant (the "Option Period"); *provided*, that if the Option Period (other than in the case of an Incentive Stock Option) would expire on a date when (A) trading in the shares of Common Stock is prohibited by the Company's insider trading policy (or Company-imposed "blackout period"), and (B) the Fair Market Value exceeds the Exercise Price per share on such expiration date, then the Option Period shall be automatically extended until the 30<sup>th</sup> day following the expiration of such prohibition. Notwithstanding the foregoing, in no event shall the Option Period exceed five years from the Date of Grant in the case of an Incentive Stock Option granted to a Participant who on the Date of Grant owns stock representing more than 10% of the voting power of all classes of stock of any member of the Company Group.

(iii) Unless otherwise provided by the Committee, whether in an Award Agreement or otherwise, in the event of: (A) a Participant's Termination by the Service Recipient for Cause, all outstanding Options granted to such Participant shall immediately terminate and expire; (B) a Participant's Termination due to death or Disability, each outstanding unvested Option granted to such Participant shall immediately terminate and expire, and each outstanding vested Option shall remain exercisable for one year thereafter (but in no event beyond the expiration of the Option Period); and (C) a Participant's Termination for any other reason, each outstanding unvested Option granted to such Participant shall immediately terminate and expire, and each outstanding vested Option shall remain exercisable for 90 days thereafter (but in no event beyond the expiration of the Option Period).

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(d) Method of Exercise and Form of Payment. No shares of Common Stock shall be issued pursuant to any exercise of an Option until payment in full of the Exercise Price therefor is received by the Company and the Participant has paid to the Company an amount equal to any Federal, state, local and non-U.S. income, employment and any other applicable taxes that are required to be withheld under Applicable Law, as determined in accordance with Section 12(d) hereof. Options which have become exercisable may be exercised by delivery of written or electronic notice (or telephonic instructions to the extent provided by the Committee) of exercise to the Company (or any third-party administrator, as applicable) in accordance with the terms of the Option and any other exercise procedure established by the Committee, accompanied by payment of the Exercise Price. Unless otherwise provided by the Committee, whether in an Award Agreement or otherwise, the Exercise Price shall be payable: (i) in cash, check, cash equivalent and/or shares of Common Stock valued at the Fair Market Value at the time the Option is exercised (including, pursuant to procedures approved by the Committee, by means of attestation of ownership of a sufficient number of shares of Common Stock in lieu of actual issuance of such shares to the Company); *provided*, that such shares of Common Stock are not subject to any pledge or other security interest and have been held by the Participant for at least six months (or such other period as established from time to time by the Committee in order to avoid adverse accounting treatment applying generally accepted accounting principles (“GAAP”)); or (ii) by such other method as the Committee may permit, in its sole discretion, including, without limitation (A) in other property having a fair market value on the date of exercise equal to the Exercise Price; (B) if there is a public market for the shares of Common Stock at such time, by means of a broker-assisted “cashless exercise” pursuant to which the Company is delivered (including telephonically to the extent permitted by the Committee) a copy of irrevocable instructions to a stockbroker to sell the shares of Common Stock otherwise issuable upon the exercise of the Option and to deliver promptly to the Company an amount equal to the Exercise Price; or (C) a “net exercise” procedure effected by withholding the minimum number of shares of Common Stock otherwise issuable in respect of an Option that are needed to pay the Exercise Price and any Federal, state, local and non-U.S. income, employment and any other applicable taxes that are required to be withheld under Applicable Law, as determined in accordance with Section 12(d) hereof. Unless otherwise determined by the Committee, any fractional shares of Common Stock shall be settled in cash.

(e) Notification upon Disqualifying Disposition of an Incentive Stock Option. Each Participant awarded an Incentive Stock Option under the Plan shall notify the Company in writing immediately after the date the Participant makes a disqualifying disposition of any shares of Common Stock acquired pursuant to the exercise of such Incentive Stock Option. A disqualifying disposition is any disposition (including, without limitation, any sale) of such shares of Common Stock before the later of (i) the date that is two years after the Date of Grant of the Incentive Stock Option or (ii) the date that is one year after the date of exercise of the Incentive Stock Option. The Company may, if determined by the Committee and in accordance with procedures established by the Committee, retain possession, as agent for the applicable Participant, of any shares of Common Stock acquired pursuant to the exercise of an Incentive Stock Option until the end of the period described in the preceding sentence, subject to complying with any instructions from such Participant as to the sale of such shares of Common Stock.

(f) Compliance With Laws, etc. Notwithstanding the foregoing, in no event shall a Participant be permitted to exercise an Option in a manner which the Committee determines would violate the Sarbanes-Oxley Act of 2002, as it may be amended from time to time, or any other Applicable Law.

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## 8. Restricted Stock and Restricted Stock Units.

(a) General. Each grant of Restricted Stock and Restricted Stock Units shall be evidenced by an Award Agreement. Each Restricted Stock and Restricted Stock Unit so granted shall be subject to the conditions set forth in this Section 8, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement.

(b) Stock Certificates and Book-Entry; Escrow or Similar Arrangement. Upon the grant of Restricted Stock, the Committee shall cause a stock certificate registered in the name of the Participant to be issued or shall cause share(s) of Common Stock to be registered in the name of the Participant and held in book-entry form subject to the Company's directions and, if the Committee determines that the Restricted Stock shall be held by the Company or in escrow rather than issued to the Participant pending the release of the applicable restrictions, the Committee may require the Participant to additionally execute and deliver to the Company (i) an escrow agreement satisfactory to the Committee, if applicable and (ii) the appropriate stock power (endorsed in blank) with respect to the Restricted Stock covered by such agreement. Subject to the restrictions set forth in this Section 8, Section 12(b) of the Plan and the applicable Award Agreement, a Participant generally shall have the rights and privileges of a stockholder as to shares of Restricted Stock, including, without limitation, the right to vote such Restricted Stock. To the extent shares of Restricted Stock are forfeited, any stock certificates issued to the Participant evidencing such shares shall be returned to the Company, and all rights of the Participant to such shares and as a stockholder with respect thereto shall terminate without further obligation on the part of the Company. A Participant shall have no rights or privileges as a stockholder as to Restricted Stock Units.

(c) Vesting; Termination.

(i) Restricted Stock and Restricted Stock Units shall vest, and any applicable Restricted Period shall lapse, in such manner and on such date or dates or upon such event or events as determined by the Committee, including, without limitation, satisfaction of Performance Conditions; *provided, however*, that, notwithstanding any such dates or events, the Committee may, in its sole discretion, accelerate the vesting of any Restricted Stock or Restricted Stock Unit or the lapsing of any applicable Restricted Period at any time and for any reason.

(ii) Unless otherwise provided by the Committee, whether in an Award Agreement or otherwise, in the event of a Participant's Termination for any reason prior to the time that such Participant's Restricted Stock or Restricted Stock Units, as applicable, have vested, (A) all vesting with respect to such Participant's Restricted Stock or Restricted Stock Units, as applicable, shall cease and (B) unvested shares of Restricted Stock and unvested Restricted Stock Units, as applicable, shall be forfeited to the Company by the Participant for no consideration as of the date of such Termination.

(d) Issuance of Restricted Stock and Settlement of Restricted Stock Units.

(i) Upon the expiration of the Restricted Period with respect to any shares of Restricted Stock, the restrictions set forth in the applicable Award Agreement shall be of no further force or effect with respect to such shares, except as set forth in the applicable Award Agreement. If an escrow arrangement is used, upon such expiration, the Company shall issue to the Participant, or the Participant's beneficiary, without charge, the stock certificate (or, if applicable, a notice evidencing a book-entry notation) evidencing the shares of Restricted Stock which have not then been forfeited and with respect to which the Restricted Period has expired (rounded down to the nearest full share).

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(ii) Unless otherwise provided by the Committee in an Award Agreement or otherwise, upon the expiration of the Restricted Period with respect to any outstanding Restricted Stock Units, the Company shall issue to the Participant or the Participant's beneficiary, without charge, one share of Common Stock (or other securities or other property, as applicable) for each such outstanding Restricted Stock Unit; *provided, however*, that the Committee may, in its sole discretion, elect to (A) pay cash or part cash and part shares of Common Stock in lieu of issuing only shares of Common Stock in respect of such Restricted Stock Units; or (B) defer the issuance of shares of Common Stock (or cash or part cash and part shares of Common Stock, as the case may be) beyond the expiration of the Restricted Period if such extension would not cause adverse tax consequences under Section 409A of the Code. If a cash payment is made in lieu of issuing shares of Common Stock in respect of such Restricted Stock Units, the amount of such payment shall be equal to the Fair Market Value per share of the Common Stock as of the date on which the Restricted Period lapsed with respect to such Restricted Stock Units.

(e) Legends on Restricted Stock. Each certificate, if any, or book entry representing Restricted Stock awarded under the Plan, if any, shall bear a legend or book entry notation substantially in the form of the following, in addition to any other information the Company deems appropriate, until the lapse of all restrictions with respect to such shares of Common Stock:

TRANSFER OF THIS CERTIFICATE AND THE SHARES REPRESENTED HEREBY IS RESTRICTED PURSUANT TO THE TERMS OF THE SNAP ONE HOLDINGS CORP. 2021 EQUITY INCENTIVE PLAN AND A RESTRICTED STOCK AWARD AGREEMENT BETWEEN SNAP ONE HOLDINGS CORP. AND THE PARTICIPANT. A COPY OF SUCH PLAN AND AWARD AGREEMENT IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICES OF SNAP ONE HOLDINGS CORP.

**9. Other Equity-Based Awards.** The Committee may grant Other Equity-Based Awards under the Plan to Eligible Persons, alone or in tandem with other Awards, in such amounts and dependent on such conditions as the Committee shall from time to time in its sole discretion determine, including, without limitation, satisfaction of Performance Conditions. Each Other Equity-Based Award granted under the Plan shall be evidenced by an Award Agreement and shall be subject to such conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement.

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**10. Changes in Capital Structure and Similar Events.** Notwithstanding any other provision in the Plan to the contrary, the following provisions shall apply to all Awards granted hereunder:

(a) **General.** In the event of (i) any dividend (other than regular cash dividends) or other distribution (whether in the form of cash, shares of Common Stock, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, split-off, spin-off, combination, repurchase or exchange of shares of Common Stock or other securities of the Company, issuance of warrants or other rights to acquire shares of Common Stock or other securities of the Company, or other similar corporate transaction or event that affects the shares of Common Stock (including a Change in Control); or (ii) unusual or nonrecurring events affecting the Company, including changes in applicable rules, rulings, regulations or other requirements, that the Committee determines, in its sole discretion, could result in substantial dilution or enlargement of the rights intended to be granted to, or available for, Participants (any event in (i) or (ii), an “Adjustment Event”), the Committee shall, in respect of any such Adjustment Event, make such proportionate substitution or adjustment, if any, as it deems equitable, to any or all of (A) the Plan Share Reserve, or any other limit applicable under the Plan with respect to the number of Awards which may be granted hereunder; (B) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or other property) which may be issued in respect of Awards or with respect to which Awards may be granted under the Plan or any Sub-Plan; and (C) the terms of any outstanding Award, including, without limitation, (I) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or other property) subject to outstanding Awards or to which outstanding Awards relate; (II) the Exercise Price or SAR Base Price with respect to any Option or SAR, as applicable, or any amount payable as a condition of issuance of shares of Common Stock (in the case of any other Award); or (III) any applicable performance measures; *provided*, that in the case of any “equity restructuring” (within the meaning of the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor pronouncement thereto)), the Committee shall make an equitable or proportionate adjustment to outstanding Awards to reflect such equity restructuring.

(b) **Change in Control.** Without limiting the foregoing, in connection with any Adjustment Event that is a Change in Control, the Committee may, in its sole discretion, provide for any one or more of the following:

(i) substitution or assumption of, acceleration of the vesting of, exercisability of, or lapse of restrictions on, any one or more outstanding Awards; and

(ii) cancellation of any one or more outstanding Awards and payment to the holders of such Awards that are vested as of such cancellation (including, without limitation, any Awards that would vest as a result of the occurrence of such event but for such cancellation or for which vesting is accelerated by the Committee in connection with such event pursuant to clause (i) above), the value of such Awards, if any, as determined by the Committee (which value, if applicable, may be based upon the price per share of Common Stock received or to be received by other stockholders of the Company in such event), including, without limitation, in the case of an outstanding Option or SAR, a cash payment in an amount equal to the excess, if any, of the Fair Market Value (as of a date specified by the Committee) of the shares of Common Stock subject to such Option or SAR over the aggregate Exercise Price or SAR Base Price of such Option or SAR (it being understood that, in such event, any Option or SAR having a per share Exercise Price or SAR Base Price equal to, or in excess of, the Fair Market Value of a share of Common Stock subject thereto may be canceled and terminated without any payment or consideration therefor).

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For purposes of clause (i) above, an award will be considered granted in substitution of an Award if it has an equivalent value (as determined consistent with clause (ii) above) with the original Award, whether designated in securities of the acquiror in such Change in Control transaction (or an Affiliate thereof), or in cash or other property (including in the same consideration that other stockholders of the Company receive in connection with such Change in Control transaction), and retains the vesting schedule applicable to the original Award.

Payments to holders pursuant to clause (ii) above shall be made in cash or, in the sole discretion of the Committee, in the form of such other consideration necessary for a Participant to receive property, cash, or securities (or combination thereof) as such Participant would have been entitled to receive upon the occurrence of the transaction if the Participant had been, immediately prior to such transaction, the holder of the number of shares of Common Stock covered by the Award at such time (less any applicable Exercise Price or SAR Base Price).

(c) **Other Requirements.** Prior to any payment or adjustment contemplated under this Section 10, the Committee may require a Participant to (i) represent and warrant as to the unencumbered title to the Participant's Awards; (ii) bear such Participant's pro rata share of any post-closing indemnity obligations, and be subject to the same post-closing purchase price adjustments, escrow terms, offset rights, holdback terms, and similar conditions as the other holders of Common Stock, subject to any limitations or reductions as may be necessary to comply with Section 409A of the Code; and (iii) deliver customary transfer documentation as reasonably determined by the Committee.

(d) **Fractional Shares.** Unless otherwise determined by the Committee, any adjustment provided under this Section 10 may provide for the elimination of any fractional share that might otherwise become subject to an Award.

(e) **Binding Effect.** Any adjustment, substitution, determination of value or other action taken by the Committee under this Section 10 shall be conclusive and binding for all purposes.

## **11. Amendments and Termination.**

(a) **Amendment and Termination of the Plan.** The Board may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; *provided*, that no such amendment, alteration, suspension, discontinuance or termination shall be made without stockholder approval if (i) such approval is required under Applicable Law; (ii) it would materially increase the number of securities which may be issued under the Plan (except for increases pursuant to Section 6 or 10 of the Plan); or (iii) it would materially modify the requirements for participation in the Plan; *provided, further*, that any such amendment, alteration, suspension, discontinuance or termination that would materially and adversely affect the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder or beneficiary. Notwithstanding the foregoing, no amendment shall be made to Section 11(c) of the Plan without stockholder approval.

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(b) Amendment of Award Agreements. The Committee may, to the extent consistent with the terms of the Plan and any applicable Award Agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted or the associated Award Agreement, prospectively or retroactively (including after a Participant's Termination); *provided*, that, other than pursuant to Section 10, any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of any Participant with respect to any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant.

(c) No Repricing. Notwithstanding anything in the Plan to the contrary, without stockholder approval, except as otherwise permitted under Section 10 of the Plan, (i) no amendment or modification may reduce the Exercise Price of any Option or the SAR Base Price of any SAR; (ii) the Committee may not cancel any outstanding Option or SAR and replace it with a new Option or SAR (with a lower Exercise Price or SAR Base Price, as the case may be) or other Award or cash payment that is greater than the intrinsic value (if any) of the cancelled Option or SAR; and (iii) the Committee may not take any other action which is considered a "repricing" for purposes of the stockholder approval rules of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or quoted.

## 12. General.

(a) Award Agreements. Each Award under the Plan shall be evidenced by an Award Agreement, which shall be delivered to the Participant to whom such Award was granted and shall specify the terms and conditions of the Award and any rules applicable thereto, including, without limitation, the effect on such Award of the death, Disability or Termination of a Participant, or of such other events as may be determined by the Committee. For purposes of the Plan, an Award Agreement may be in any such form (written or electronic) as determined by the Committee (including, without limitation, a Board or Committee resolution, an employment agreement, a notice, a certificate or a letter) evidencing the Award. The Committee need not require an Award Agreement to be signed by the Participant or a duly authorized representative of the Company.

### (b) Nontransferability.

(i) Each Award shall be exercisable only by such Participant to whom such Award was granted during the Participant's lifetime, or, if permissible under Applicable Law, by the Participant's legal guardian or representative. No Award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant (unless such transfer is specifically required pursuant to a domestic relations order or by Applicable Law) other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against any member of the Company Group; *provided*, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

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(ii) Notwithstanding the foregoing, the Committee may, in its sole discretion, permit Awards (other than Incentive Stock Options) to be transferred by a Participant, without consideration, subject to such rules as the Committee may adopt consistent with any applicable Award Agreement to preserve the purposes of the Plan, to any person who is a “family member” of the Participant, as such term is used in the instructions to Form S-8 under the Securities Act or any successor form of registration statement promulgated by the Securities and Exchange Commission (a “Permitted Transferee”); *provided*, that the Participant gives the Committee advance written notice describing the terms and conditions of the proposed transfer and the Committee notifies the Participant in writing that such a transfer would comply with the requirements of the Plan.

(iii) The terms of any Award transferred in accordance with clause (ii) above shall apply to the Permitted Transferee and any reference in the Plan, or in any applicable Award Agreement, to a Participant shall be deemed to refer to the Permitted Transferee, except that (A) Permitted Transferees shall not be entitled to transfer any Award, other than by will or the laws of descent and distribution; (B) Permitted Transferees shall not be entitled to exercise any transferred Option unless there shall be in effect a registration statement on an appropriate form covering the shares of Common Stock to be acquired pursuant to the exercise of such Option if the Committee determines, consistent with any applicable Award Agreement, that such a registration statement is necessary or appropriate; (C) neither the Committee nor the Company shall be required to provide any notice to a Permitted Transferee, whether or not such notice is or would otherwise have been required to be given to the Participant under the Plan or otherwise; and (D) the consequences of a Participant’s Termination under the terms of the Plan and the applicable Award Agreement shall continue to be applied with respect to the Participant, including, without limitation, that an Option shall be exercisable by the Permitted Transferee only to the extent, and for the periods, specified in the Plan and the applicable Award Agreement.

(c) Dividends and Dividend Equivalents.

(i) The Committee may, in its sole discretion, provide a Participant as part of an Award with dividends, dividend equivalents, or similar payments in respect of Awards, payable in cash, shares of Common Stock, other securities, other Awards or other property, on a current or deferred basis, on such terms and conditions as may be determined by the Committee in its sole discretion, including, without limitation, payment directly to the Participant, withholding of such amounts by the Company subject to vesting of the Award or reinvestment in additional shares of Common Stock, Restricted Stock or other Awards.

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(ii) Without limiting the foregoing, unless otherwise provided in the Award Agreement, any dividend otherwise payable in respect of any share of Restricted Stock that remains subject to vesting conditions at the time of payment of such dividend shall be retained by the Company and remain subject to the same vesting conditions as the share of Restricted Stock to which the dividend relates and shall be delivered (without interest) to the Participant within 15 days following the date on which such restrictions on such Restricted Stock lapse (and the right to any such accumulated dividends shall be forfeited upon the forfeiture of the Restricted Stock to which such dividends relate).

(iii) To the extent provided in an Award Agreement, the holder of outstanding Restricted Stock Units shall be entitled to be credited with dividend equivalent payments (upon the payment by the Company of dividends on shares of Common Stock) either in cash or, in the sole discretion of the Committee, in shares of Common Stock having a Fair Market Value equal to the amount of such dividends (and interest may, in the sole discretion of the Committee, be credited on the amount of cash dividend equivalents at a rate and subject to such terms as determined by the Committee), which accumulated dividend equivalents (and interest thereon, if applicable) shall be payable at the same time as the underlying Restricted Stock Units are settled following the date on which the Restricted Period lapses with respect to such Restricted Stock Units, and if such Restricted Stock Units are forfeited, the Participant shall have no right to such dividend equivalent payments (or interest thereon, if applicable).

(d) Tax Withholding.

(i) A Participant shall be required to pay to the Company or one or more of its Subsidiaries, as applicable, an amount in cash (by check or wire transfer) equal to the aggregate amount of any income, employment and/or other applicable taxes that are required to be withheld under Applicable Law in respect of an Award. Alternatively, the Company or any of its Subsidiaries may elect, in its sole discretion, to satisfy this requirement by withholding such amount from any cash compensation or other cash amounts owing to a Participant.

(ii) Without limiting the foregoing, the Committee may (but is not obligated to), in its sole discretion, permit or require a Participant to satisfy, all or any portion of the minimum income, employment and/or other applicable taxes that are required to be withheld under Applicable Law with respect to an Award by (A) the delivery of shares of Common Stock (which are not subject to any pledge or other security interest) that have been both held by the Participant and vested for at least six months (or such other period as established from time to time by the Committee in order to avoid adverse accounting treatment under applicable accounting standards) having an aggregate Fair Market Value equal to such minimum statutorily required withholding liability (or portion thereof); or (B) having the Company withhold from the shares of Common Stock otherwise issuable or deliverable to, or that would otherwise be retained by, the Participant upon the grant, exercise, vesting or settlement of the Award, as applicable, a number of shares of Common Stock with an aggregate Fair Market Value equal to an amount, subject to clause (iii) below, not in excess of such minimum statutorily required withholding liability (or portion thereof).

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(iii) The Committee, subject to its having considered the applicable accounting impact of any such determination, has full discretion to allow Participants to satisfy, in whole or in part, any additional income, employment and/or other applicable taxes payable by them with respect to an Award by electing to have the Company withhold from the shares of Common Stock otherwise issuable or deliverable to, or that would otherwise be retained by, a Participant upon the grant, exercise, vesting or settlement of the Award, as applicable, shares of Common Stock having an aggregate Fair Market Value that is greater than the applicable minimum required statutory withholding liability (but such withholding may in no event be in excess of the maximum statutory withholding amount(s) in a Participant's relevant tax jurisdictions).

(e) No Claim to Awards; No Rights to Continued Employment; Waiver. No employee of any member of the Company Group, or other Person, shall have any claim or right to be granted an Award under the Plan or, having been selected for the grant of an Award, to be selected for a grant of any other Award. There is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant and may be made selectively among Participants, whether or not such Participants are similarly situated. Neither the Plan nor any action taken hereunder shall be construed as giving any Participant any right to be retained in the employ or service of the Service Recipient or any other member of the Company Group, nor shall it be construed as giving any Participant any rights to continued service on the Board. The Service Recipient or any other member of the Company Group may at any time dismiss a Participant from employment or discontinue any consulting relationship, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or any Award Agreement. By accepting an Award under the Plan, a Participant shall thereby be deemed to have waived any claim to continued exercise or vesting of an Award or to damages or severance entitlement related to non-continuation of the Award beyond the period provided under the Plan or any Award Agreement, except to the extent of any provision to the contrary in any written employment contract or other agreement between the Service Recipient and/or any member of the Company Group and the Participant, whether any such agreement is executed before, on or after the Date of Grant.

(f) International Participants. With respect to Participants who reside or work outside of the United States of America, the Committee may, in its sole discretion, amend the terms of the Plan and create or amend Sub-Plans or amend outstanding Awards with respect to such Participants in order to permit or facilitate participation in the Plan by such Participants, conform such terms with the requirements of Applicable Law or to obtain more favorable tax or other treatment for a Participant or any member of the Company Group.

(g) Designation and Change of Beneficiary. To the extent permitted under Applicable Law and by the Company, each Participant may file with the Committee a written designation of one or more Persons as the beneficiary(ies) who shall be entitled to receive the amounts payable with respect to an Award, if any, due under the Plan upon the Participant's death. A Participant may, from time to time, revoke or change the Participant's beneficiary designation without the consent of any prior beneficiary by filing a new designation with the Committee. The last such designation received by the Committee shall be controlling; *provided, however*, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. If no beneficiary designation is filed by a Participant, or in the event the Company determines that any such designation does not comply with Applicable Law, the beneficiary shall be deemed to be the Participant's estate.

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(h) Termination. Except as otherwise provided in an Award Agreement, unless determined otherwise by the Committee at any point following such event: (i) neither a temporary absence from employment or service due to illness, vacation or leave of absence (including, without limitation, a call to active duty for military service through a Reserve or National Guard unit) nor a transfer from employment or service with one Service Recipient to employment or service with another Service Recipient (or vice-versa) shall be considered a Termination; and (ii) if a Participant undergoes a Termination, but such Participant continues to provide services to the Company Group in a non-employee capacity, such change in status shall not be considered a Termination for purposes of the Plan. Further, unless otherwise determined by the Committee, in the event that any Service Recipient ceases to be a member of the Company Group (by reason of sale, divestiture, spin-off or other similar transaction), unless a Participant's employment or service is transferred to another entity that would constitute a Service Recipient immediately following such transaction, such Participant shall be deemed to have suffered a Termination hereunder as of the date of the consummation of such transaction.

(i) No Rights as a Stockholder. Except as otherwise specifically provided in the Plan or any Award Agreement, no Person shall be entitled to the privileges of ownership in respect of shares of Common Stock which are subject to Awards hereunder until such shares have been issued or delivered to such Person.

(j) Government and Other Regulations.

(i) The obligation of the Company to settle Awards in shares of Common Stock or other consideration shall be subject to all Applicable Law. Notwithstanding any terms or conditions of any Award to the contrary, the Company shall be under no obligation to offer to sell or to sell, and shall be prohibited from offering to sell or selling, any shares of Common Stock pursuant to an Award unless such shares have been properly registered for sale pursuant to the Securities Act with the Securities and Exchange Commission (or as otherwise permitted under Applicable Law) or unless the Company has received an opinion of counsel (if the Company has requested such an opinion), satisfactory to the Company, that such shares may be offered or sold without such registration pursuant to an available exemption therefrom and the terms and conditions of such exemption have been fully complied with. The Company shall be under no obligation to register for sale under the Securities Act any of the shares of Common Stock to be offered or sold under the Plan. The Committee shall have the authority to provide that all shares of Common Stock or other securities of any member of the Company Group issued under the Plan shall be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under the Plan, the applicable Award Agreement and Applicable Law, and, without limiting the generality of Section 8 of the Plan, the Committee may cause a legend or legends to be put on certificates representing shares of Common Stock or other securities of any member of the Company Group issued under the Plan to make appropriate reference to such restrictions or may cause such Common Stock or other securities of any member of the Company Group issued under the Plan in book-entry form to be held subject to the Company's instructions or subject to appropriate stop-transfer orders. Notwithstanding any provision in the Plan to the contrary, the Committee reserves the right to add, at any time, any additional terms or provisions to any Award granted under the Plan that the Committee, in its sole discretion, deems necessary or advisable in order that such Award complies with the legal requirements of any governmental entity to whose jurisdiction the Award is subject.

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(ii) The Committee may cancel an Award or any portion thereof if it determines, in its sole discretion, that legal or contractual restrictions and/or blockage and/or other market considerations would make the Company's acquisition of shares of Common Stock from the public markets, the Company's issuance of Common Stock to the Participant, the Participant's acquisition of Common Stock from the Company and/or the Participant's sale of Common Stock to the public markets, illegal, impracticable or inadvisable. If the Committee determines to cancel all or any portion of an Award in accordance with the foregoing, the Company shall, subject to any limitations or reductions as may be necessary to comply with Section 409A of the Code, (A) in the case of Options, SARs or other Awards subject to exercise, pay to the Participant an amount equal to the excess of (I) the aggregate Fair Market Value of the shares of Common Stock subject to such Award or portion thereof canceled (determined as of the applicable exercise date, or the date that the shares would have been vested or issued, as applicable); over (II) the aggregate Exercise Price or SAR Base Price (in the case of an Option or SAR, respectively) or any amount payable as a condition of issuance of shares of Common Stock (in the case of any other Award subject to exercise), or (B) in the case of Restricted Stock, Restricted Stock Units or Other Equity-Based Awards, provide the Participant with a cash payment or equity subject to deferred vesting and delivery consistent with the vesting restrictions applicable to such Restricted Stock, Restricted Stock Units or Other Equity-Based Awards, or the underlying shares in respect thereof. Any applicable amounts shall be delivered to the Participant as soon as practicable following the cancellation of such Award or portion thereof.

(k) No Section 83(b) Elections Without Consent of Company. No election under Section 83(b) of the Code or under a similar provision of law may be made unless expressly permitted by the terms of the applicable Award Agreement or by action of the Committee in writing prior to the making of such election. If a Participant, in connection with the acquisition of shares of Common Stock under the Plan or otherwise, is expressly permitted to make such election and the Participant makes the election, the Participant shall notify the Company of such election within 10 days after filing notice of the election with the Internal Revenue Service or other governmental authority, in addition to any filing and notification required pursuant to Section 83(b) of the Code or other applicable provision.

(l) Payments to Persons Other Than Participants. If the Committee shall find that any Person to whom any amount is payable under the Plan is unable to care for the Participant's affairs because of illness or accident, or is a minor, or has died, then any payment due to such Person or the Participant's estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so directs the Company, be paid to the Participant's spouse, child, relative, an institution maintaining or having custody of such Person, or any other Person deemed by the Committee to be a proper recipient on behalf of such Person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Committee and the Company therefor.

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(m) Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of equity-based awards otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

(n) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between any member of the Company Group, on the one hand, and a Participant or other Person, on the other hand. No provision of the Plan or any Award shall require the Company, for the purpose of satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor shall the Company be obligated to maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants shall have no rights under the Plan other than as unsecured general creditors of the Company, except that insofar as they may have become entitled to payment of additional compensation by performance of services, they shall have the same rights as other service providers under general law.

(o) Reliance on Reports. Each member of the Committee and each member of the Board shall be fully justified in acting or failing to act, as the case may be, and shall not be liable for having so acted or failed to act in good faith, in reliance upon any report made by the independent public accountant of any member of the Company Group and/or any other information furnished in connection with the Plan by any agent of the Company or the Committee or the Board, other than himself or herself.

(p) Relationship to Other Benefits. No payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company except as otherwise specifically provided in such other plan or as required by Applicable Law.

(q) Governing Law. The Plan shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and performed wholly within the State of Delaware, without giving effect to the conflict of laws provisions thereof. EACH PARTICIPANT WHO ACCEPTS AN AWARD IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY SUIT, ACTION, OR OTHER PROCEEDING INSTITUTED BY OR AGAINST SUCH PARTICIPANT IN RESPECT OF THE PARTICIPANT'S RIGHTS OR OBLIGATIONS UNDER THE PLAN OR ANY APPLICABLE AWARD AGREEMENT. In any action arising under or relating to this Plan or any applicable Award Agreement, the court shall not have the authority to, and shall not, conduct a de novo review of any determination made by the Committee or the Company but is instead authorized to determine solely whether the determination was the result of fraud or bad faith under Delaware law.

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(r) Severability. If any provision of the Plan or any Award or Award Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the Applicable Laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be construed or deemed stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

(s) Obligations Binding on Successors. The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company.

(t) Section 409A of the Code.

(i) Notwithstanding any provision of the Plan to the contrary, it is intended that the provisions of the Plan comply with Section 409A of the Code, and all provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code. Each Participant is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or in respect of such Participant in connection with the Plan (including any taxes and penalties under Section 409A of the Code), and neither the Service Recipient nor any other member of the Company Group shall have any obligation to indemnify or otherwise hold such Participant (or any beneficiary) harmless from any or all of such taxes or penalties. With respect to any Award that is considered “deferred compensation” subject to Section 409A of the Code, references in the Plan to “termination of employment” (and substantially similar phrases) shall mean “separation from service” within the meaning of Section 409A of the Code. For purposes of Section 409A of the Code, each of the payments that may be made in respect of any Award granted under the Plan is designated as separate payments.

(ii) Notwithstanding anything in the Plan to the contrary, if a Participant is a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code, no payments in respect of any Awards that are “deferred compensation” subject to Section 409A of the Code and which would otherwise be payable upon the Participant’s “separation from service” (as defined in Section 409A of the Code) shall be made to such Participant prior to the date that is six months after the date of such Participant’s “separation from service” or, if earlier, the date of the Participant’s death. Following any applicable six month delay, all such delayed payments will be paid in a single lump sum on the earliest date permitted under Section 409A of the Code that is also a business day.

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(iii) Unless otherwise provided by the Committee in an Award Agreement or otherwise, in the event that the timing of payments in respect of any Award (that would otherwise be considered “deferred compensation” subject to Section 409A of the Code) would be accelerated upon the occurrence of (A) a Change in Control, no such acceleration shall be permitted unless the event giving rise to the Change in Control satisfies the definition of a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation pursuant to Section 409A of the Code; or (B) a Disability, no such acceleration shall be permitted unless the Disability also satisfies the definition of “Disability” pursuant to Section 409A of the Code.

(iv) This Section 12(t) shall only apply with respect to Participants to whom Section 409A of the Code is applicable.

(u) Clawback/Repayment. All Awards shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with (i) any clawback, forfeiture or other similar policy adopted by the Board or the Committee and as in effect from time to time; and (ii) Applicable Law. Further, unless otherwise determined by the Committee, to the extent that the Participant receives any amount in excess of the amount that the Participant should otherwise have received under the terms of the Award for any reason (including, without limitation, by reason of a financial restatement, mistake in calculations or other administrative error), the Participant shall be required to repay any such excess amount to the Company.

(v) Detrimental Activity. Notwithstanding anything to the contrary contained herein, if a Participant has engaged in any Detrimental Activity, as determined by the Committee, the Committee may, in its sole discretion, provide for one or more of the following:

- (i) cancellation of any or all of such Participant’s outstanding Awards; or
- (ii) forfeiture by the Participant of any gain realized in respect of Awards, and repayment of any such gain promptly to the Company.

(w) Right of Offset. The Company will have the right to offset against its obligation to deliver shares of Common Stock (or other property or cash) under the Plan or any Award Agreement any outstanding amounts (including, without limitation, travel and entertainment or advance account balances, loans, repayment obligations under any Awards, or amounts repayable to the Company pursuant to tax equalization, housing, automobile or other employee programs) that the Participant then owes to any member of the Company Group and any amounts the Committee otherwise deems appropriate pursuant to any tax equalization policy or agreement. Notwithstanding the foregoing, if an Award is “deferred compensation” subject to Section 409A of the Code, the Committee will have no right to offset against its obligation to deliver shares of Common Stock (or other property or cash) under the Plan or any Award Agreement if such offset could subject the Participant to the additional tax imposed under Section 409A of the Code in respect of an outstanding Award.

(x) Expenses; Titles and Headings. The expenses of administering the Plan shall be borne by the Company Group. The titles and headings of the sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

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## SNAP ONE HOLDINGS CORP. 2021 EMPLOYEE STOCK PURCHASE PLAN

ARTICLE I.  
PURPOSE

The purposes of this Snap One Holdings Corp. 2021 Employee Stock Purchase Plan (as it may be amended or restated from time to time, the “**Plan**”) are to assist Eligible Employees of Snap One Holdings Corp., a Delaware corporation (the “**Company**”), and its Designated Subsidiaries in acquiring a stock ownership interest in the Company pursuant to a plan which is intended to qualify as an “employee stock purchase plan” within the meaning of Section 423(b) of the Code, and to help Eligible Employees provide for their future security and to encourage them to remain in the employment of the Company and its Designated Subsidiaries.

ARTICLE II.  
DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates. Masculine, feminine and neuter pronouns are used interchangeably and each comprehends the others.

2.1 “**Administrator**” shall mean the entity that conducts the general administration of the Plan as provided in Article XI. The term “Administrator” shall refer to the Committee unless the Board has assumed the authority for administration of the Plan as provided in Article XI.

2.2 “**Applicable Law**” shall mean the requirements relating to the administration of equity incentive plans under U.S. federal and state securities, tax and other applicable laws, rules and regulations, the applicable rules of any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws and rules of any foreign country or other jurisdiction where rights under this Plan are granted.

2.3 “**Board**” shall mean the Board of Directors of the Company.

2.4 “**Change in Control**” shall have the meaning set forth in the Snap One Holdings Corp. 2021 Equity Incentive Plan or any successor plan thereto, in each case, as amended and/or restated from time to time.

2.5 “**Code**” shall mean the Internal Revenue Code of 1986, as amended and the regulations issued thereunder.

2.6 “**Common Stock**” shall mean the common stock of the Company, par value \$0.01 per share (and any stock or other securities into which such Common Stock may be converted or into which it may be exchanged pursuant to Article VIII).

2.7 “**Company**” shall mean Snap One Holdings Corp., a Delaware corporation, or any successor.

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2.8 “**Compensation**” of an Eligible Employee shall mean the gross cash compensation received by such Eligible Employee as compensation for services to the Company or any Designated Subsidiary, including prior week adjustment, overtime payments, commissions, periodic bonuses, vacation pay and holiday pay, but excluding jury duty pay, funeral leave pay, military leave pay, one-time bonuses (e.g., retention or sign on bonuses), education or tuition reimbursements, travel expenses, business and moving reimbursements, income received in connection with any stock options, stock appreciation rights, restricted stock, restricted stock units or other compensatory equity awards, fringe benefits, other special payments and all contributions made by the Company or any Designated Subsidiary for the Employee’s benefit under any employee benefit plan now or hereafter established.

2.9 “**Designated Subsidiary**” shall mean any Subsidiary designated by the Administrator in accordance with Section 11.3(b).

2.10 “**Effective Date**” shall mean the date the Plan is approved by the Company’s stockholders.

2.11 “**Eligible Employee**” shall mean an Employee who does not, immediately after any rights under this Plan are granted, own (directly or through attribution) stock possessing 5% or more of the total combined voting power or value of all classes of Common Stock and other stock of the Company, a Parent or a Subsidiary (as determined under Section 423(b)(3) of the Code). For purposes of the foregoing sentence, the rules of Section 424(d) of the Code with regard to the attribution of stock ownership shall apply in determining the stock ownership of an individual, and stock that an Employee may purchase under outstanding options shall be treated as stock owned by the Employee; provided, however, that the Administrator may provide in an Offering Document that an Employee shall not be eligible to participate in an Offering Period if: (a) such Employee is a highly compensated employee within the meaning of Section 423(b)(4)(D) of the Code, (b) such Employee has not met a service requirement designated by the Administrator pursuant to Section 423(b)(4)(A) of the Code (which service requirement may not exceed two years), (c) such Employee’s customary employment is for 20 hours or less per week, (d) such Employee’s customary employment is for less than five months in any calendar year and/or (e) such Employee is a citizen or resident of a foreign jurisdiction and the grant of a right to purchase Common Stock under the Plan to such Employee would be prohibited under the laws of such foreign jurisdiction or the grant of a right to purchase Common Stock under the Plan to such Employee in compliance with the laws of such foreign jurisdiction would cause the Plan to violate the requirements of Section 423 of the Code, as determined by the Administrator in its sole discretion; provided, further, that any exclusion in clauses (a), (b), (c), (d) or (e) shall be applied in an identical manner under each Offering Period to all Employees, in accordance with Treasury Regulation Section 1.423-2(e).

2.12 “**Employee**” shall mean any officer or other employee (as defined in accordance with Section 3401(c) of the Code) of the Company or any Designated Subsidiary. “Employee” shall not include any director of the Company or a Designated Subsidiary who does not render services to the Company or a Designated Subsidiary as an employee within the meaning of Section 3401(c) of the Code. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company or Designated Subsidiary and meeting the requirements of Treasury Regulation Section 1.421-1(h)(2). Where the period of leave exceeds three months and the individual’s right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the first day immediately following such three-month period.

2.13 “**Enrollment Date**” shall mean the first Trading Day of each Offering Period, unless otherwise specified in the Offering Document.

2.14 “**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended from time to time.

2.15 “**Fair Market Value**” shall mean, as of any date, the value of a Share of Common Stock determined as follows: (a) if the Common Stock is listed on any established stock exchange, its Fair Market Value will be the closing sales price for such Common Stock as quoted on such exchange for such date, or if no sale occurred on such date, the last day preceding such date during which a sale occurred, as reported in *The Wall Street Journal* or another source the Administrator deems reliable; (b) if the Common Stock is not traded on a stock exchange but is quoted on a national market or other quotation system, the closing sales price on such date, or if no sales occurred on such date, then on the last date preceding such date during which a sale occurred, as reported in *The Wall Street Journal* or another source the Administrator deems reliable; or (c) without an established market for the Common Stock, the Administrator will determine the Fair Market Value in its discretion.

2.16 “**Fully-Diluted Shares**” shall mean, as of any given date, (i) shares of Common Stock outstanding on such date, (ii) shares of Common Stock subject to any Awards (as defined under the Omnibus Incentive Plan) or other compensatory equity awards (including stock options and restricted stock units) outstanding on such date, with (A) performance-based compensatory equity awards calculated at the “target” level of performance and (B) shares of Common Stock subject to stock options calculated on a “net exercised” basis as of the applicable date, assuming shares are surrendered having a Fair Market Value on such date equal to the exercise price of such options (rounded up to the nearest whole Share, and determined without regard to the vested status of the stock option) and (iii) shares issuable upon the exercise or settlement of other equity securities with respect to which shares of Common Stock have not actually been issued and the conversion of all convertible securities into shares of Common Stock, in each case, counted on an as-converted-to shares of Common Stock basis; provided, however, that (i) shares of Common Stock subject to warrants outstanding on such date and (ii) shares of Common Stock subject to stock options outstanding on such date with a per share exercise price greater than the Fair Market Value shall, in each case, not be included in the determination of Fully-Diluted Shares.

2.17 “**Offering Document**” shall have the meaning given to such term in Section 4.1.

2.18 “**Offering Period**” shall have the meaning given to such term in Section 4.1.

2.19 “**Parent**” shall mean any corporation, other than the Company, in an unbroken chain of corporations ending with the Company if, at the time of the determination, each of the corporations other than the Company owns, directly or indirectly, stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

2.20 “**Participant**” shall mean any Eligible Employee who has executed a subscription agreement and been granted rights to purchase Common Stock pursuant to the Plan.

2.21 “**Plan**” shall mean this Snap One Holdings Corp. 2021 Employee Stock Purchase Plan, as it may be amended from time to time.

2.22 “**Purchase Date**” shall mean the last Trading Day of each Purchase Period.

2.23 “**Purchase Period**” shall refer to one or more periods within an Offering Period, as designated in the applicable Offering Document; provided, however, that, in the event no Purchase Period is designated by the Administrator in the applicable Offering Document, the Purchase Period for each Offering Period covered by such Offering Document shall be the same as the applicable Offering Period.

2.24 “**Purchase Price**” shall mean the purchase price designated by the Administrator in the applicable Offering Document (which purchase price shall not be less than 85% of the Fair Market Value of a Share on the Enrollment Date or on the Purchase Date, whichever is lower); provided, however, that, in the event no purchase price is designated by the Administrator in the applicable Offering Document, the purchase price for the Offering Periods covered by such Offering Document shall be 85% of the Fair Market Value of a Share on the Enrollment Date or on the Purchase Date, whichever is lower; provided, further, that the Purchase Price may be adjusted by the Administrator pursuant to Article VIII and shall not be less than the par value of a Share.

2.25 “**Securities Act**” shall mean the Securities Act of 1933, as amended.

2.26 “**Share**” shall mean a share of Common Stock.

2.27 “**Subsidiary**” shall mean any corporation, other than the Company, in an unbroken chain of corporations beginning with the Company if, at the time of the determination, each of the corporations other than the last corporation in an unbroken chain owns stock, directly or indirectly, possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain; provided, however, that a limited liability company or partnership may be treated as a Subsidiary to the extent either (a) such entity is treated as a disregarded entity under Treasury Regulation Section 301.7701-3(a) by reason of the Company or any other Subsidiary that is a corporation being the sole owner of such entity, or (b) such entity elects to be classified as a corporation under Treasury Regulation Section 301.7701-3(a) and such entity would otherwise qualify as a Subsidiary.

2.28 “**Trading Day**” shall mean a day on which national stock exchanges in the United States are open for trading.

### **ARTICLE III. SHARES SUBJECT TO THE PLAN**

3.1 Number of Shares. Subject to Article VIII, the aggregate number of shares of Common Stock that may be issued pursuant to rights granted under the Plan shall be 750,000 Shares. In addition to the foregoing, subject to Article VIII, on the first day of each calendar year beginning on and including January 1, 2022 and ending on and including January 1, 2031, the number of Shares available for issuance under the Plan shall be increased by that number of Shares equal to the lesser of (a) a number of Shares such that the aggregate number of shares of Common Stock available for grant under the Plan immediately following such increase shall be equal to 1% of the number of Fully-Diluted Shares on the final day of the immediately preceding calendar year and (b) such smaller number of Shares as determined by the Board. If any right granted under the Plan shall for any reason terminate without having been exercised, the Shares not purchased under such right shall again become available for issuance under the Plan.

3.2 Stock Distributed. Any Common Stock distributed pursuant to the Plan may consist, in whole or in part, of authorized and unissued Common Stock, treasury stock or Common Stock purchased on the open market.

### **ARTICLE IV. OFFERING PERIODS; OFFERING DOCUMENTS; PURCHASE DATES**

4.1 Offering Periods. The Administrator may from time to time grant or provide for the grant of rights to purchase Shares under the Plan to Eligible Employees during one or more periods (each, an “**Offering Period**”) selected by the Administrator. The terms and conditions applicable to each Offering Period shall be set forth in an “**Offering Document**” adopted by the Administrator, which Offering Document shall be in such form and shall contain such terms and conditions as the Administrator shall deem appropriate. The Administrator shall establish in each Offering Document one or more Purchase Periods during such Offering Period during which rights granted under the Plan shall be exercised and purchases of Shares carried out during such Offering Period in accordance with such Offering Document and the Plan. The provisions of separate Offering Periods under the Plan need not be identical.



4.2 Offering Documents. Each Offering Document with respect to an Offering Period shall specify (through incorporation of the provisions of this Plan by reference or otherwise):

- (a) the length of the Offering Period, which period shall not exceed 27 months;
- (b) the length of the Purchase Period(s) within the Offering Period;
- (c) in connection with each Offering Period that contains only one Purchase Period the maximum number of Shares that may be purchased by any Eligible Employee during such Offering Period, which, in the absence of a contrary designation by the Administrator, shall be 2,000 Shares;
- (d) in connection with each Offering Period that contains more than one Purchase Period, the maximum aggregate number of Shares which may be purchased by any Eligible Employee during each Purchase Period, which, in the absence of a contrary designation by the Administrator, shall be 1,000 Shares; and
- (e) such other provisions as the Administrator determines are appropriate, subject to the Plan.

## **ARTICLE V. ELIGIBILITY AND PARTICIPATION**

5.1 Eligibility. Any Eligible Employee who shall be employed by the Company or a Designated Subsidiary on a given Enrollment Date for an Offering Period shall be eligible to participate in the Plan during such Offering Period, subject to the requirements of this Article V and the limitations imposed by Section 423(b) of the Code.

### 5.2 Enrollment in Plan.

(a) Except as otherwise set forth herein or in an Offering Document or determined by the Administrator, an Eligible Employee may become a Participant in the Plan for an Offering Period by delivering a subscription agreement to the Company by such time prior to the Enrollment Date for such Offering Period (or such other date specified in the Offering Document) designated by the Administrator and in such form as the Company provides.

(b) Each subscription agreement shall designate a whole percentage of such Eligible Employee's Compensation to be withheld by the Company or the Designated Subsidiary employing such Eligible Employee on each payday during the Offering Period as payroll deductions under the Plan. The designated percentage may not be less than 1% and may not be more than the maximum percentage specified by the Administrator in the applicable Offering Document (which percentage shall be 15% in the absence of any such designation). The payroll deductions made for each Participant shall be credited to an account for such Participant under the Plan and shall be deposited with the general funds of the Company.

(c) A Participant may decrease the percentage of Compensation designated in his or her subscription agreement, subject to the limits of this Section 5.2, or may suspend his or her payroll deductions, at any time during an Offering Period; provided, however, that the Administrator may limit the number of changes a Participant may make to his or her payroll deduction elections during each Offering Period in the applicable Offering Document (and in the absence of any specific designation by the Administrator, a Participant shall be allowed two decreases and one suspension (but no increases) to his or her payroll deduction elections during each Offering Period with respect to such Offering Period). Any such change or suspension of payroll deductions shall be effective with the first full payroll period following ten business days after the Company's receipt of the new subscription agreement (or such shorter or longer period as may be specified by the Administrator in the applicable Offering Document). In the event a Participant suspends his or her payroll deductions, such Participant's cumulative payroll deductions prior to the suspension shall remain in his or her account and shall be applied to the purchase of Shares on the next occurring Purchase Date and shall not be paid to such Participant unless he or she withdraws from participation in the Plan pursuant to Article VII.

(d) Except as otherwise set forth in Section 5.8 or in an Offering Document or determined by the Administrator, a Participant may participate in the Plan only by means of payroll deduction and may not make contributions by lump sum payment for any Offering Period.

5.3 Payroll Deductions. Except as otherwise provided in the applicable Offering Document or Section 5.8, payroll deductions for a Participant shall commence on the first payroll following the Enrollment Date and shall end on the last payroll in the Offering Period to which the Participant's authorization is applicable, unless sooner terminated by the Participant as provided in Article VII or suspended by the Participant or the Administrator as provided in Section 5.2 and Section 5.6, respectively.

5.4 Effect of Enrollment. A Participant's completion of a subscription agreement will enroll such Participant in the Plan for each subsequent Offering Period on the terms contained therein until the Participant either submits a new subscription agreement, withdraws from participation under the Plan as provided in Article VII or otherwise becomes ineligible to participate in the Plan.

5.5 Limitation on Purchase of Common Stock. An Eligible Employee may be granted rights under the Plan only if such rights, together with any other rights granted to such Eligible Employee under "employee stock purchase plans" of the Company, any Parent or any Subsidiary, as specified by Section 423(b)(8) of the Code, do not permit such employee's rights to purchase stock of the Company or any Parent or Subsidiary to accrue at a rate that exceeds \$25,000 of the fair market value of such stock (determined as of the first day of the Offering Period during which such rights are granted) for each calendar year in which such rights are outstanding at any time. This limitation shall be applied in accordance with Section 423(b)(8) of the Code.

5.6 Suspension of Payroll Deductions. Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 5.5 or the other limitations set forth in this Plan, a Participant's payroll deductions may be suspended by the Administrator at any time during an Offering Period. The balance of the amount credited to the account of each Participant that has not been applied to the purchase of Shares by reason of Section 423(b)(8) of the Code, Section 5.5 or the other limitations set forth in this Plan shall be paid to such Participant in one lump sum in cash as soon as reasonably practicable after the Purchase Date.

5.7 Foreign Employees. In order to facilitate participation in the Plan, the Administrator may provide for such special terms applicable to Participants who are citizens or residents of a foreign jurisdiction, or who are employed by a Designated Subsidiary outside of the United States, as the Administrator may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Such special terms may not be more favorable than the terms of rights granted under the Plan to Eligible Employees who are residents of the United States. Moreover, the Administrator may approve such supplements to, or amendments, restatements or alternative versions of, this Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of this Plan as in effect for any other purpose. No such special terms, supplements, amendments or restatements shall include any provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the stockholders of the Company.

5.8 Leave of Absence. During leaves of absence approved by the Company meeting the requirements of Treasury Regulation Section 1.421-1(h)(2) under the Code, a Participant may continue participation in the Plan by making cash payments to the Company on his or her normal payday equal to his or her authorized payroll deduction.

## **ARTICLE VI. GRANT AND EXERCISE OF RIGHTS**

6.1 Grant of Rights. On the Enrollment Date of each Offering Period, each Eligible Employee participating in such Offering Period shall be granted a right to purchase the maximum number of Shares specified under Section 4.2, subject to the limits in Section 5.5, and shall have the right to buy, on each Purchase Date during such Offering Period (at the applicable Purchase Price), such number of whole Shares as is determined by dividing (a) such Participant's payroll deductions accumulated prior to such Purchase Date and retained in the Participant's account as of the Purchase Date, by (b) the applicable Purchase Price (rounded down to the nearest Share). The right shall expire on the earlier of: (x) the last Purchase Date of such Offering Period, (y) last day of such Offering Period and (z) the date on which such Participant withdraws in accordance with Section 7.1 or Section 7.3.

6.2 Exercise of Rights. On each Purchase Date, each Participant's accumulated payroll deductions and any other additional payments specifically provided for in the applicable Offering Document will be applied to the purchase of whole Shares, up to the maximum number of Shares permitted pursuant to the terms of the Plan and the applicable Offering Document, at the Purchase Price. No fractional Shares shall be issued upon the exercise of rights granted under the Plan, unless the Offering Document specifically provides otherwise. Any cash in lieu of fractional Shares remaining after the purchase of whole Shares upon exercise of a purchase right will be carried forward and applied toward the purchase of whole Shares for the following Offering Period. Shares issued pursuant to the Plan may be evidenced in such manner as the Administrator may determine and may be issued in certificated form or issued pursuant to book-entry procedures.

6.3 Pro Rata Allocation of Shares. If the Administrator determines that, on a given Purchase Date, the number of Shares with respect to which rights are to be exercised may exceed (a) the number of Shares that were available for issuance under the Plan on the Enrollment Date of the applicable Offering Period, or (b) the number of Shares available for issuance under the Plan on such Purchase Date, the Administrator may in its sole discretion provide that the Company shall make a pro rata allocation of the Shares available for purchase on such Enrollment Date or Purchase Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants for whom rights to purchase Shares are to be exercised pursuant to this Article VI on such Purchase Date, and shall either (i) continue all Offering Periods then in effect, or (ii) terminate any or all Offering Periods then in effect pursuant to Article IX. The Company may make pro rata allocation of the Shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional Shares for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date. The balance of the amount credited to the account of each Participant that has not been applied to the purchase of Shares shall be paid to such Participant, without interest, in one lump sum in cash as soon as reasonably practicable after the Purchase Date.

6.4 Withholding. At the time a Participant's rights under the Plan are exercised, in whole or in part, or at the time some or all of the Shares issued under the Plan is disposed of, the Participant must make adequate provision for the Company's federal, state, or other tax withholding obligations, if any, that arise upon the exercise of the right or the disposition of the Shares. At any time, the Company may, but shall not be obligated to, withhold from the Participant's compensation the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Shares by the Participant.

6.5 Conditions to Issuance of Common Stock. The Company shall not be required to issue or deliver any certificate or certificates for, or make any book entries evidencing, Shares purchased upon the exercise of rights under the Plan prior to fulfillment of all of the following conditions:

- (a) The admission of such Shares to listing on all stock exchanges, if any, on which the Common Stock is then listed;
- (b) The completion of any registration or other qualification of such Shares under any state or federal law or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body, that the Administrator shall, in its absolute discretion, deem necessary or advisable;
- (c) The obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable;
- (d) The payment to the Company of all amounts that it is required to withhold under federal, state or local law upon exercise of the rights, if any; and
- (e) The lapse of such reasonable period of time following the exercise of the rights as the Administrator may from time to time establish for reasons of administrative convenience.

## **ARTICLE VII. WITHDRAWAL; CESSATION OF ELIGIBILITY**

7.1 Withdrawal. A Participant may withdraw all but not less than all of the payroll deductions credited to his or her account and not yet used to exercise his or her rights under the Plan at any time by giving written notice to the Company in a form acceptable to the Company no later than two weeks prior to the end of the Offering Period or, if earlier, the end of the Purchase Period (or such shorter or longer period as may be specified by the Administrator in the Offering Document). All of the Participant's payroll deductions credited to his or her account during the Offering Period not yet used to exercise his or her rights under the Plan shall be paid to such Participant as soon as reasonably practicable after receipt of notice of withdrawal and such Participant's rights for the Offering Period shall be automatically terminated, and no further payroll deductions for the purchase of Shares shall be made for such Offering Period. If a Participant withdraws from an Offering Period, payroll deductions shall not resume at the beginning of the next Offering Period unless the Participant is an Eligible Employee and timely delivers to the Company a new subscription agreement.

7.2 Future Participation. A Participant's withdrawal from an Offering Period shall not have any effect upon his or her eligibility to participate in any similar plan that may hereafter be adopted by the Company or a Designated Subsidiary or in subsequent Offering Periods that commence after the termination of the Offering Period from which the Participant withdraws.

7.3 Cessation of Eligibility. Upon a Participant's ceasing to be an Eligible Employee for any reason, he or she shall be deemed to have elected to withdraw from the Plan pursuant to this Article VII and the payroll deductions credited to such Participant's account during the Offering Period shall be paid to such Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 12.4, as soon as reasonably practicable, and such Participant's rights for the Offering Period shall be automatically terminated.

**ARTICLE VIII.**  
**ADJUSTMENTS UPON CHANGES IN STOCK**

8.1 Changes in Capitalization. Subject to Section 8.3, in the event that the Administrator determines that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), Change in Control, reorganization, merger, amalgamation, consolidation, combination, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event, as determined by the Administrator, affects the Common Stock such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any outstanding purchase rights under the Plan, the Administrator shall make equitable adjustments, if any, to reflect such change with respect to (a) the aggregate number and type of Shares (or other securities or property) that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1 and the limitations established in each Offering Document pursuant to Section 4.2 on the maximum number of Shares that may be purchased); (b) the class(es) and number of Shares and price per Share subject to outstanding rights; and (c) the Purchase Price with respect to any outstanding rights.

8.2 Other Adjustments. Subject to Section 8.3, in the event of any transaction or event described in Section 8.1 or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate (including without limitation any Change in Control), or of changes in Applicable Law or accounting principles, the Administrator, in its discretion, and on such terms and conditions as it deems appropriate, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent the dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any right under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(a) To provide for either (i) termination of any outstanding right in exchange for an amount of cash, if any, equal to the amount that would have been obtained upon the exercise of such right had such right been currently exercisable or (ii) the replacement of such outstanding right with other rights or property selected by the Administrator in its sole discretion;

(b) To provide that the outstanding rights under the Plan shall be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar rights covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(c) To make adjustments in the number and type of Shares (or other securities or property) subject to outstanding rights under the Plan and/or in the terms and conditions of outstanding rights and rights that may be granted in the future;

(d) To provide that Participants' accumulated payroll deductions may be used to purchase Common Stock prior to the next occurring Purchase Date on such date as the Administrator determines in its sole discretion and the Participants' rights under the ongoing Offering Period(s) shall be terminated; and

- (e) To provide that all outstanding rights shall terminate without being exercised.

8.3 No Adjustment Under Certain Circumstances. No adjustment or action described in this Article VIII or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause the Plan to fail to satisfy the requirements of Section 423 of the Code.

8.4 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Administrator under the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to outstanding rights under the Plan or the Purchase Price with respect to any outstanding rights.

## **ARTICLE IX. AMENDMENT, MODIFICATION AND TERMINATION**

9.1 Amendment, Modification and Termination. The Administrator may amend, suspend or terminate the Plan at any time and from time to time; provided, however, that approval of the Company's stockholders shall be required to amend the Plan to: (a) increase the aggregate number, or change the type, of shares that may be sold pursuant to rights under the Plan under Section 3.1 (other than an adjustment as provided by Article VIII); (b) change the Plan in any manner that would be considered the adoption of a new plan within the meaning of Treasury Regulation Section 1.423-2(c)(4); or (c) change the Plan in any manner that would cause the Plan to no longer be an "employee stock purchase plan" within the meaning of Section 423(b) of the Code.

9.2 Certain Changes to Plan. Without stockholder consent and without regard to whether any Participant rights may be considered to have been adversely affected, to the extent permitted by Section 423 of the Code, the Administrator shall be entitled to change or terminate the Offering Periods, limit the frequency and/or number of changes in the amount withheld from Compensation during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of payroll withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the Participant's Compensation, and establish such other limitations or procedures as the Administrator determines in its sole discretion to be advisable that are consistent with the Plan.

9.3 Actions In the Event of Unfavorable Financial Accounting Consequences. In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

- (a) altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price;
- (b) shortening any Offering Period so that the Offering Period ends on a new Purchase Date, including an Offering Period underway at the time of the Administrator action; and

- (c) allocating Shares.

Such modifications or amendments shall not require stockholder approval or the consent of any Participant.

9.4 Payments Upon Termination of Plan. Upon termination of the Plan, the balance in each Participant's Plan account shall be refunded as soon as practicable after such termination, without any interest thereon.

## **ARTICLE X. TERM OF PLAN**

The Plan shall be effective on the Effective Date. The effectiveness of the Plan shall be subject to approval of the Plan by the stockholders of the Company within 12 months following the date the Plan is first approved by the Board. No right may be granted under the Plan prior to such stockholder approval. No rights may be granted under the Plan during any period of suspension of the Plan or after termination of the Plan.

## **ARTICLE XI. ADMINISTRATION**

11.1 Administrator. Unless otherwise determined by the Board, the Administrator of the Plan shall be the Compensation Committee of the Board (or another committee or a subcommittee of the Board to which the Board delegates administration of the Plan) (such committee, the "**Committee**"). The Board may at any time vest in the Board any authority or duties for administration of the Plan.

11.2 Action by the Administrator. Unless otherwise established by the Board or in any charter of the Administrator, a majority of the Administrator shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present and, subject to Applicable Law and the Bylaws of the Company, acts approved in writing by a majority of the Administrator in lieu of a meeting, shall be deemed the acts of the Administrator. Each member of the Administrator is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Designated Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

11.3 Authority of Administrator. The Administrator shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

- (a) To determine when and how rights to purchase Shares shall be granted and the provisions of each offering of such rights (which need not be identical).
- (b) To designate from time to time which Subsidiaries of the Company shall be Designated Subsidiaries, which designation may be made without the approval of the stockholders of the Company.
- (c) To construe and interpret the Plan and rights granted under it, and to establish, amend and revoke rules and regulations for its administration. The Administrator, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.
- (d) To amend, suspend or terminate the Plan as provided in Article IX.

(e) Generally, to exercise such powers and to perform such acts as the Administrator deems necessary or expedient to promote the best interests of the Company and its Subsidiaries and to carry out the intent that the Plan be treated as an “employee stock purchase plan” within the meaning of Section 423 of the Code.

11.4 Decisions Binding. The Administrator’s interpretation of the Plan, any rights granted pursuant to the Plan, any subscription agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding, and conclusive on all parties.

## **ARTICLE XII. MISCELLANEOUS**

12.1 Restriction upon Assignment. A right granted under the Plan shall not be transferable other than by will or the Applicable Laws of descent and distribution, and is exercisable during the Participant’s lifetime only by the Participant. Except as provided in Section 12.4 hereof, a right under the Plan may not be exercised to any extent except by the Participant. The Company shall not recognize and shall be under no duty to recognize any assignment or alienation of the Participant’s interest in the Plan, the Participant’s rights under the Plan or any rights thereunder.

12.2 Rights as a Stockholder. With respect to Shares subject to a right granted under the Plan, a Participant shall not be deemed to be a stockholder of the Company, and the Participant shall not have any of the rights or privileges of a stockholder, until such Shares have been issued to the Participant or his or her nominee following exercise of the Participant’s rights under the Plan. No adjustments shall be made for dividends (ordinary or extraordinary, whether in cash securities, or other property) or distribution or other rights for which the record date occurs prior to the date of such issuance, except as otherwise expressly provided herein or as determined by the Administrator.

12.3 Interest. No interest shall accrue on the payroll deductions or contributions of a Participant under the Plan.

12.4 Designation of Beneficiary.

(a) A Participant may, in the manner determined by the Administrator, file a written designation of a beneficiary who is to receive any Shares and/or cash, if any, from the Participant’s account under the Plan in the event of such Participant’s death subsequent to a Purchase Date on which the Participant’s rights are exercised but prior to delivery to such Participant of such Shares and cash. In addition, a Participant may file a written designation of a beneficiary who is to receive any cash from the Participant’s account under the Plan in the event of such Participant’s death prior to exercise of the Participant’s rights under the Plan. If the Participant is married and resides in a community property state, a designation of a person other than the Participant’s spouse as his or her beneficiary shall not be effective without the prior written consent of the Participant’s spouse.

(b) Such designation of beneficiary may be changed by the Participant at any time by written notice to the Company. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant’s death, the Company shall deliver such Shares and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such Shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.



12.5 Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

12.6 Equal Rights and Privileges. Subject to Section 5.7, all Eligible Employees will have equal rights and privileges under this Plan so that this Plan qualifies as an “employee stock purchase plan” within the meaning of Section 423 of the Code. Subject to Section 5.7, any provision of this Plan that is inconsistent with Section 423 of the Code will, without further act or amendment by the Company, the Board or the Administrator, be reformed to comply with the equal rights and privileges requirement of Section 423 of the Code.

12.7 Use of Funds. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

12.8 Reports. Statements of account shall be given to Participants at least annually, which statements shall set forth the amounts of payroll deductions, the Purchase Price, the number of Shares purchased and the remaining cash balance, if any.

12.9 No Employment Rights. Nothing in the Plan shall be construed to give any person (including any Eligible Employee or Participant) the right to employment or service with (or to remain in the employ of) the Company or any Parent or Subsidiary thereof or affect the right of the Company or any Parent or Subsidiary thereof to terminate the employment of any person (including any Eligible Employee or Participant) at any time, with or without cause.

12.10 Notice of Disposition of Shares. Each Participant shall give prompt notice to the Company of any disposition or other transfer of any Shares purchased upon exercise of a right under the Plan if such disposition or transfer is made: (a) within two years from the Enrollment Date of the Offering Period in which the Shares were purchased or (b) within one year after the Purchase Date on which such Shares were purchased. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the Participant in such disposition or other transfer.

12.11 Governing Law. The Plan and any agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Delaware without regard to conflicts of laws thereof or of any other jurisdiction.

12.12 Electronic Forms. To the extent permitted by Applicable Law and in the discretion of the Administrator, an Eligible Employee may submit any form or notice as set forth herein by means of an electronic form approved by the Administrator. Before the commencement of an Offering Period, the Administrator shall prescribe the time limits within which any such electronic form shall be submitted to the Administrator with respect to such Offering Period in order to be a valid election.

\* \* \* \* \*

## SNAP ONE HOLDINGS CORP.

## DIRECTORS DEFERRAL PLAN

1. **Purpose.** The purpose of the Snap One Holdings Corp. Directors Deferral Plan (the “Plan”) is to attract and retain the services of experienced individuals to serve on the Board by providing them with opportunities to defer income taxes on certain equity compensation.

2. **Definitions.** Unless otherwise defined in the Plan, capitalized terms used in the Plan shall have the meanings assigned to them in the Incentive Plan.

(a) “Deferral Account” means a notional bookkeeping account maintained for each Participant reflecting deferrals made under the Plan.

(b) “Deferred Stock Unit” means an unsecured promise to deliver one share of Common Stock on the applicable settlement date of such unit.

(c) “Dividend Equivalent Rights” means any dividend equivalent rights granted in connection with any Restricted Stock Unit pursuant to Section 12(c)(iii) of the Incentive Plan.

(d) “Election Form” means the form of election established for the purpose of making deferrals under the Plan that is executed by such Participant and filed with the Company.

(e) “Eligible Director” means each member of the Board who is not an employee of the Company or any other member of the Company Group.

(f) “Incentive Plan” means the Snap One Holdings Corp. 2021 Equity Incentive Plan, as may be amended from time to time.

(g) “Participant” means each Eligible Director who makes a deferral under the Plan.

3. **Eligibility.** Unless otherwise determined by the Committee, each Eligible Director shall be entitled to participate in the Plan.

4. **Administration.**

(a) The Plan shall be administered by the Committee. Subject to the terms of the Plan and applicable law, the Committee shall have full power and authority to: (i) designate Eligible Directors for participation; (ii) determine the terms and conditions of any deferral made under the Plan; (iii) interpret and administer the Plan and any instrument or agreement relating to, or deferral made under, the Plan; (iv) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and (v) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan. To the extent legally permitted, the Committee may, in its discretion, delegate to one or more officers of the Company any or all authority and responsibility to act with respect to administrative matters with respect to the Plan. The determination of the Committee on all matters within its authority relating to the Plan shall be final, conclusive and binding upon all parties, including the Company, its shareholders and the Participants.

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(b) Notwithstanding anything to the contrary contained in the Plan, the Board may, in its sole discretion, at any time and from time to time, administer the Plan. In any such case, the Board shall have all the authority granted to the Committee under the Plan.

**5. Deferrals under the Plan.**

(a) Deferral Elections.

(i) An Eligible Director may elect to defer receipt of all or a portion of any shares of Common Stock issuable upon vesting of any Restricted Stock Unit granted to such Eligible Director.

(ii) A Participant's deferral election shall be made pursuant to an Election Form. Each Election Form will remain in effect until superseded or revoked pursuant to this Section 5. The Election Form will require a Participant to specify:

(A) the portion of shares of Common Stock issuable upon vesting of any Restricted Stock Unit that will be deferred into a Participant's Deferral Account under the Plan; and

(B) the time at which amounts to be credited to such Participant's Deferral Account in connection with any Election Form will be distributed.

(iii) An Election Form relating to Restricted Stock Units must be completed prior to the beginning of the calendar year during which such Restricted Stock Units may be granted. Notwithstanding the foregoing, an Election Form filed by a Participant within 30 days after such Participant first becomes an Eligible Director may apply to Restricted Stock Units that relate to services performed following the date on which such Participant executes such Election Form.

(b) A Participant who has an Election Form on file with the Company may execute and file with the Company a subsequent Election Form at any time. Such subsequent Election Form shall apply to any Restricted Stock Units granted to such Participant following the end of the year in which such subsequent Election Form is executed. A Participant may also revoke an Election Form at any time by providing written notice to the Chief Legal Officer of the Company. Such revocation shall apply to any Restricted Stock Units granted to such Participant following the end of the year in which such notice is provided.

(c) A Participant may elect to redefer the issuance of shares of Common Stock upon distribution from such Participant's Deferral Account to a time following the time specified on the applicable Election Form; *provided*, that any such redeferral (i) will not take effect for at least 12 months after the date on which the redeferral election is made; (ii) must defer the distribution for at least five years from the date the original distribution would have otherwise been made; and (iii) must be made at least 12 months before the date the distribution would have otherwise been made. Any redeferral election that does not satisfy the applicable foregoing requirements will be invalid, null, and void, and the payment schedule set forth in such previous Election Form shall control. Such redeferral election shall be made in the form of a document established for such purpose by the Committee that is executed by such Participant and filed with the Chief Legal Officer of the Company.

**6. Deferral Accounts.**

(a) The Company shall maintain a Deferral Account on behalf of each Participant and shall make additions to and subtractions from such Deferral Account as provided herein. Sub-accounts may be created to reflect deferrals under the Plan relating to any calendar year.

(b) All shares of Common Stock issuable upon vesting of any Restricted Stock Unit that have been deferred under the Plan pursuant to an Election Form shall be credited to the Participant's Deferral Account as a number of Deferred Stock Units equal to the number of shares of Common Stock so deferred.

(c) Deferred Stock Units credited to a Participant's Deferral Account shall be entitled to Dividend Equivalent Rights.

(d) In accordance with Section 12(c)(iii) of the Incentive Plan, any accumulated Dividend Equivalent Rights with respect to Deferred Stock Units credited to a Participant's Deferral Account shall be payable at the same time as the underlying Deferred Stock Units are settled.

(e) Deferred Stock Units credited to a Participant's Deferral Account, including those credited in connection with Dividend Equivalent Rights, shall be awarded from and remain subject to the terms of the Incentive Plan, including, without limitation, Section 10 thereof in connection with any Adjustment Event.

**7. Timing and Form of Distribution.**

(a) Subject to this Section 7, at the time specified on the applicable Election Form, the Participant shall receive a number of shares of Common Stock equal to the number of Deferred Stock Units initially credited to the Participant's Deferral Account in connection with such Election Form plus the number of Deferred Stock Units credited in respect of such initially credited Deferred Stock Units as a result of any Dividend Equivalent Rights, and the Company shall debit the Participant's Deferral Account accordingly.

(b) The Committee, in its sole discretion, may accelerate the distribution of all or a portion of a Participant's Deferral Account if such Participant experiences an unforeseeable emergency or hardship, provided that such distribution complies with Section 409A of the Code.

(c) Except as otherwise provided in a Participant's Election Form, and notwithstanding anything contained in the Plan to the contrary, the entirety of a Participant's Deferral Account shall be distributed in accordance with subsection (a) above upon a Change in Control or such Participant's death.

## **8. General Provisions Applicable to Deferrals.**

(a) Except as may be permitted by the Committee, (i) no deferral and no right under such deferral shall be assignable, alienable, saleable or transferable by a Participant otherwise than by will or pursuant to Section 8(b) and (ii) during a Participant's lifetime, each deferral, and each right under such deferral, shall be exercisable only by such Participant or, if permissible under applicable law, by such Participant's guardian or legal representative. The provisions of this Section 8(a) shall not apply to any deferral that has been distributed to a Participant.

(b) A Participant may make a written designation of beneficiary or beneficiaries to receive all or part of the distributions under this Plan in the event of death at such times prescribed by the Committee by using forms and following procedures approved or accepted by the Committee for that purpose. Any shares of Common Stock that become payable upon death, and as to which a designation of beneficiary is not in effect, will be distributed to the Participant's estate.

(c) Following distribution of shares of Common Stock, the Participant will be the beneficial owner of the net shares of Common Stock issued and will be entitled to all rights of ownership.

## **9. Amendments and Termination.**

(a) The Committee, in its sole discretion, may amend, suspend or discontinue the Plan or any deferral at any time; *provided*, that no such amendment, suspension or discontinuance shall reduce the accrued benefit of any Participant except to the extent necessary to comply with applicable law. The Committee further has the right, without a Participant's consent, to amend or modify the terms of the Plan and such Participant's deferral to the extent that the Committee deems it necessary to avoid adverse or unintended tax consequences to such Participant under federal, state or local income tax laws.

(b) The Committee, in its sole discretion, may terminate the Plan at any time, as long as such termination complies with then applicable tax and other requirements.

(c) Such other changes to deferrals shall be permitted and honored under the Plan to the extent authorized by the Committee and consistent with Section 409A of the Code.

## **10. Miscellaneous.**

(a) No Eligible Director or other person shall have any claim to be entitled to make a deferral under the Plan, and there is no obligation for uniformity of treatment of Participants or beneficiaries under the Plan. The terms and conditions of deferrals under the Plan need not be the same with respect to each Participant.

(b) The opportunity to make a deferral under the Plan shall not be construed as giving a Participant the right to be retained in the service of the Committee or the Company. A Participant's deferral under the Plan is not intended to confer any rights on such Participant except as set forth in the Plan and the applicable Election Form.

(c) Nothing contained in the Plan shall prevent the Company from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

(d) If any provision of the Plan or any Election Form is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction, or as to any person or deferral, or would disqualify the Plan or any deferral under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or such Election Form, such provision shall be stricken as to such jurisdiction, person or deferral, and the remainder of the Plan and such Election Form shall remain in full force and effect.

11. **Effective Date of the Plan.** The Plan shall be effective as of the date on which the Plan is adopted by the Board.

12. **Unfunded Status of the Plan.** The Plan is unfunded. The Plan, together with the applicable Election Form, shall represent at all times an unfunded and unsecured contractual obligation of the Company. Each Participant and beneficiary will be an unsecured creditor of the Company with respect to all obligations owed to them under the Plan. No Participant or beneficiary will have any interest in any fund or in any specific asset of the Company of any kind, nor shall such Participant or beneficiary or any other person have any right to receive any payment or distribution under the Plan except as, and to the extent, expressly provided in the Plan and the applicable Election Form. Any reserve or other asset that the Company may establish or acquire to assure itself of the funds to provide payments required under the Plan shall not serve in any way as security to any Participant or beneficiary for the Company's performance under the Plan.

13. **Section 409A of the Code.** With respect to deferrals that are subject to Section 409A of the Code, the Plan is intended to comply with the requirements of Section 409A of the Code, and the provisions of the Plan and any Election Form shall be interpreted in a manner that satisfies the requirements of Section 409A of the Code, and the Plan shall be operated accordingly. If any provision of the Plan or any term or condition of any Election Form would otherwise frustrate or conflict with this intent, the provision, term or condition will be interpreted and deemed amended so as to avoid this conflict. Notwithstanding anything in the Plan to the contrary, distributions may only be made under the Plan upon an event and in a manner permitted by Section 409A of the Code, and all payments to be made upon termination of a Participant's service from the Board under this Plan may only be made upon a "separation from service" under Section 409A of the Code. If any Participant is a "specified employee" under section 409A of the Code (as determined by the Committee) and if the Participant's distribution under the Plan is to commence, or be paid upon, separation from service, payment of the distribution shall be delayed for a period of six months after the Participant's separation date, if required pursuant to Section 409A of the Code. If payment is delayed, the accumulated postponed amount shall be paid within 10 days after the end of the six-month period following the date on which the Participant separates from service.

14. **Governing Law.** The Plan shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and performed wholly within the State of Delaware, without giving effect to the conflict of laws provisions thereof.

**TAX RECEIVABLE AGREEMENT**

**among**

**SNAP ONE HOLDINGS CORP.**

**and**

**THE PERSONS NAMED HEREIN**

Dated as of \_\_\_\_\_, 2021

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## TAX RECEIVABLE AGREEMENT

This **TAX RECEIVABLE AGREEMENT** (this “**Agreement**”), is dated as of \_\_\_\_\_, 2021, and is among Snap One Holdings Corp., a Delaware corporation (including any successor corporation, the “**Corporate Taxpayer**”), Crackle Holdings, L.P., a Delaware limited partnership (the “**Initial TRA Party**”), and each of the other persons from time to time that become a party hereto (each, excluding the Corporate Taxpayer, a “**TRA Party**” and together the “**TRA Parties**”).

### RECITALS

**WHEREAS**, the income, gain, loss, expense and other Tax (as defined below) items of the Corporate Taxpayer may be affected by the Tax Benefits (as defined below);

**WHEREAS**, in connection with an initial public offering of the Corporate Taxpayer, the parties to this Agreement desire to make certain arrangements with respect to the Tax Benefits and their effect on the Tax liability of Corporate Taxpayer;

**WHEREAS**, following the execution of this Agreement, but prior to the IPO (as defined below), the Initial TRA Party will liquidate in accordance with the terms of its limited partnership agreement and will distribute its rights under this Agreement to certain of its partners (the “**Initial TRA Party Distribution**”), whereupon each such partner will become a TRA Party as an assignee;

**WHEREAS**, following the Initial TRA Party Distribution, the Corporate Taxpayer intends to consummate the IPO.

**NOW, THEREFORE**, in consideration of the foregoing and the respective covenants and agreements set forth herein, and intending to be legally bound hereby, the parties hereto agree as follows:

### ARTICLE I

#### DEFINITIONS

**Section 1.1. Definitions.** As used in this Agreement, the terms set forth in this Article I shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

“**Actual Tax Liability**” means, with respect to any Taxable Year, the sum of (i) the actual liability for U.S. federal income Taxes of the Corporate Taxpayer as reported on the Corporate Taxpayer Return and (ii) the product of the U.S. federal taxable income of the Corporate Taxpayer determined in connection with clause (i) of this sentence and five percent (5%).

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“**Affiliate**” means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such first Person.

“**Agreed Rate**” means a per annum rate of LIBOR plus 100 basis points.

“**Agreement**” is defined in the Preamble to this Agreement.

“**Amended Schedule**” is defined in Section 2.2(b) of this Agreement.

“**Applicable Percentage**” means, in respect of any TRA Party, the percentage set forth opposite such TRA Party’s name on Schedule I hereto, as the same may be updated from time to time in accordance with Section 7.6(a). Immediately following the Initial TRA Party Distribution, Schedule I shall be updated such that the Applicable Percentage of each TRA Party will be a fraction expressed as a percentage equal to (x) the amount of Common Stock directly held by such TRA Party immediately after the Initial TRA Party Distribution divided by (y) the sum of the amount of Common Stock directly held by all TRA Parties immediately after the Initial TRA Party Distribution.

A “**Beneficial Owner**” of a security is a Person who directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares: (i) voting power, which includes the power to vote, or to direct the voting of, such security; and/or (ii) investment power, which includes the power to dispose of, or to direct the disposition of, such security. The terms “**Beneficially Own**” and “**Beneficial Ownership**” shall have correlative meanings.

“**Board**” means the Board of Directors of the Corporate Taxpayer.

“**Business Day**” means Monday through Friday of each week, except that a legal holiday recognized as such by the government of the United States of America or the State of New York shall not be regarded as a Business Day.

“**Change of Control**” means the occurrence of any of the following events:

- (i) any Person or any group of Persons acting together that would constitute a “group” for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended, or any successor provisions thereto (excluding (a) a corporation or other entity owned, directly or indirectly, by the stockholders of the Corporate Taxpayer in substantially the same proportions as their ownership of stock of the Corporate Taxpayer or (b) an H&F Party, any “group” for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended (or any successor provisions thereto) that includes an H&F Party or Permitted Transferees or any Person more than 50% of the combined voting power of then outstanding voting securities of which are owned by an H&F Party or Permitted Transferees or any such “group”) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporate Taxpayer representing more than 50% of the combined voting power of the Corporate Taxpayer’s then outstanding voting securities; or

- (ii) the following individuals cease for any reason to constitute a majority of the number of directors of the Corporate Taxpayer then serving: individuals who, on the IPO Date, constitute the Board and any new director whose appointment or election by the Board or nomination for election by the Corporate Taxpayer's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the IPO Date or whose appointment, election or nomination for election was previously so approved or recommended by the directors referred to in this clause (ii); or
- (iii) there is consummated a merger or consolidation of the Corporate Taxpayer with any other corporation or other entity, and, immediately after the consummation of such merger or consolidation, either (x) the Board immediately prior to the merger or consolidation does not constitute at least a majority of the board of directors of the company surviving the merger or consolidation or, if the surviving company is a Subsidiary, the ultimate parent thereof, or (y) the voting securities of the Corporate Taxpayer immediately prior to such merger or consolidation do not continue to represent or are not converted into more than 50% of the combined voting power of the then outstanding voting securities of the Person resulting from such merger or consolidation or, if the surviving company is a Subsidiary, the ultimate parent thereof; or
- (iv) the stockholders of the Corporate Taxpayer approve a plan of complete liquidation or dissolution of the Corporate Taxpayer or there is consummated an agreement or series of related agreements for the sale, lease or other disposition, directly or indirectly, by the Corporate Taxpayer of all or substantially all of the Corporate Taxpayer's assets, other than such sale or other disposition by the Corporate Taxpayer of all or substantially all of the Corporate Taxpayer's assets to an entity at least 50% of the combined voting power of the voting securities of which are owned by stockholders of the Corporate Taxpayer in substantially the same proportions as their ownership of the Corporate Taxpayer immediately prior to such sale.

Notwithstanding the foregoing, except with respect to clause (ii) and clause (iii)(x) above, a "**Change of Control**" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the shares of the Corporate Taxpayer immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in, and own substantially all of the shares of, an entity which owns, directly or indirectly, all or substantially all of the assets of the Corporate Taxpayer immediately following such transaction or series of transactions. For purposes of this definition, "**Permitted Transferee**" means with respect to any H&F Party, a transferee to whom such Permitted Investor has assigned an interest in this Agreement in accordance with Section 7.6.

“**Code**” means the United States Internal Revenue Code of 1986, as amended.

“**Common Stock**” means the common stock, \$0.01 par value per share, of the Corporate Taxpayer.

“**Control**” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

“**Corporate Taxpayer**” is defined in the Preamble to this Agreement; provided that the term “Corporate Taxpayer” shall include any company that is a member of any consolidated tax return of which Snap One Holdings Corp. is the common parent, where appropriate.

“**Corporate Taxpayer Return**” means the U.S. federal income Tax Return of the Corporate Taxpayer filed with respect to Taxes of any Taxable Year.

“**Cumulative Realized Tax Benefit**” for a Taxable Year means the cumulative amount of Realized Tax Benefits for all Taxable Years of the Corporate Taxpayer, up to and including such Taxable Year. The Realized Tax Benefit for each Taxable Year shall be determined based on the most recent Tax Benefit Schedules or Amended Schedules, if any, in existence at the time of such determination; provided, that, for the avoidance of doubt, the computation of the Cumulative Realized Tax Benefit shall be adjusted to reflect any applicable Determination with respect to any Realized Tax Benefits.

“**Default Rate**” means a per annum rate of LIBOR plus 500 basis points.

“**Determination**” shall have the meaning ascribed to such term in Section 1313(a) of the Code or similar provision of state or local Tax law, as applicable, or any other event (including the execution of IRS Form 870-AD) that finally and conclusively establishes the amount of any liability for Tax.

“**Dispute**” is defined in Section 7.8(a) of this Agreement.

“**Early Termination Date**” means the date of an Early Termination Notice for purposes of determining the Early Termination Payment.

“**Early Termination Effective Date**” means the date on which an Early Termination Schedule becomes binding pursuant to Section 4.2.

“**Early Termination Notice**” is defined in Section 4.2 of this Agreement.

“**Early Termination Payment**” is defined in Section 4.3(b) of this Agreement.

**“Early Termination Rate”** means the lesser of (i) 6.5% per annum, compounded annually, and (ii) LIBOR plus 200 basis points.

**“Early Termination Schedule”** is defined in Section 4.2 of this Agreement.

**“Escrow Agreement”** means the Escrow Agreement, dated as of \_\_\_\_\_, 2021, by and among the Corporate Taxpayer, the TRA Party Representative and Wilmington Trust, National Association, as escrow agent.

**“Exchange Agreement”** means each of the Exchange Acknowledgement and Agreements, dated as of \_\_\_\_\_, 2021, by and among the Corporate Taxpayer, the Initial TRA Party, Crackle Holdings GP LLC and the respective management unitholders identified on the signature page attached thereto.

**“Expert”** is defined in Section 7.9 of this Agreement.

**“Forfeited Escrow Funds”** means Escrow Funds in respect of any Additional Payments (each as defined in the Escrow Agreement) that are forfeited in accordance with the applicable Exchange Agreement and the Escrow Agreement.

**“Future TRAs”** is defined in Section 5.1 of this Agreement.

**“H&F Party”** means any TRA Party that is an Affiliate of Hellman & Friedman Capital Partners VIII, L.P., Hellman & Friedman LLC or any of their respective Affiliates, investment funds or successors. For the avoidance of doubt, the Initial TRA Party is an H&F Party.

**“Hypothetical Tax Liability”** means, with respect to any Taxable Year, the sum of (i) the liability for U.S. federal income Taxes of the Corporate Taxpayer using the same methods, elections, conventions and similar practices used on the relevant Corporate Taxpayer Return and (ii) the product of the U.S. federal taxable income of the Corporate Taxpayer determined in connection with clause (i) of this sentence and five percent (5%), but calculated without taking into account the use of Tax Benefits, if any. For the avoidance of doubt, Hypothetical Tax Liability shall be determined without taking into account the carryover or carryback of any Tax item (or portions thereof) that is attributable to the Tax Benefits.

**“Imputed Interest”** means any interest imputed under Section 1272, 1274 or 483 or other provision of the Code and any similar provision of state or local Tax law, as applicable, with respect to the Corporate Taxpayer’s payment obligations under this Agreement.

**“Initial TRA Party Distribution”** is defined in the Preamble to this Agreement

**“Interest Amount”** is defined in Section 3.1(b) of this Agreement.

**“IPO”** means the initial public offering of Common Stock by the Corporate Taxpayer.

**“IPO Date”** means the closing date of the IPO.

**“IPO Date Amortization”** means the amortization deductions with respect to “amortizable section 197 intangibles” as defined in Section 197(c) and (d) of the Code, and the reduction of taxable income and gain attributable to existing tax basis in any such assets, that is held by the Corporate Taxpayer or any of its Subsidiaries (including for this purpose any Person that will be a Subsidiary of the Corporate Taxpayer immediately prior to the IPO Date) immediately prior to the IPO Date. Notwithstanding the foregoing, the term “IPO Date Amortization” shall not include any Tax attribute that is used to offset Taxes of the Corporate Taxpayer, if such offset Taxes are attributable to taxable periods (or portions thereof) ending immediately prior to the IPO Date.

**“IRS”** means the United States Internal Revenue Service.

**“LIBOR”** means during any period, the rate which appears on the Bloomberg Page BBAM1 (or on such other substitute Bloomberg page that displays rates at which U.S. dollar deposits are offered by leading banks in the London interbank deposit market or such other commercially available source providing quotations of such rates as may be designated by the Corporate Taxpayer from time to time), or the rate which is quoted by another source selected by the Corporate Taxpayer as an authorized information vendor for the purpose of displaying rates at which U.S. dollar deposits are offered by leading banks in the London interbank deposit market (an **“Alternate Source”**), at approximately 11:00 a.m., London time, two (2) Business Days prior to the first day of such period as the London interbank offered rate for U.S. dollars having a borrowing date and a maturity comparable to such period (or if there shall at any time, for any reason, no longer exist a Bloomberg Page BBAM1 (or any substitute page) or any LIBOR Alternate Source, a comparable replacement rate determined by the Corporate Taxpayer and the TRA Party Representative at such time, which determination shall be conclusive absent manifest error); provided, that at no time shall LIBOR be less than 0%. If the Corporate Taxpayer has made the determination (such determination to be conclusive absent manifest error) that (i) LIBOR is no longer a widely recognized benchmark rate for newly originated loans in the U.S. loan market in U.S. dollars or (ii) the applicable supervisor or administrator (if any) of LIBOR has made a public statement identifying a specific date after which LIBOR shall no longer be used for determining interest rates for loans in the U.S. loan market in U.S. dollars, then the Corporate Taxpayer and the TRA Party Representative shall (as determined by the Corporate Taxpayer and the TRA Party Representative to be consistent with market practice generally), establish a replacement interest rate (the **“Replacement Rate”**), in which case, the Replacement Rate shall, subject to the next two sentences, replace LIBOR for all purposes under this Agreement. In connection with the establishment and application of the Replacement Rate, this Agreement shall be amended solely with the consent of the Corporate Taxpayer and the TRA Party Representative, as may be necessary or appropriate, in the reasonable judgment of the Corporate Taxpayer and the TRA Party Representative, to effect the provisions of this section. The Replacement Rate shall be applied in a manner consistent with market practice; provided, that in each case, to the extent such market practice is not administratively feasible for the Corporate Taxpayer, such Replacement Rate shall be applied as otherwise reasonably determined by the Corporate Taxpayer and the TRA Party Representative.

**“Material Objection Notice”** is defined in Section 4.2 of this Agreement.

**“Net Tax Benefit”** is defined in Section 3.1(b) of this Agreement.

“**NOLs**” means, without duplication, the United States federal net operating losses, capital losses, research and development credits, excess Section 163(j) limitation carryforwards and any United States federal tax attributes subject to carryforward under Section 381 of the Code of the Corporate Taxpayer or its Subsidiaries relating to taxable periods ending on or before the IPO Date.

“**Objection Notice**” is defined in Section 2.2(a) of this Agreement.

“**Person**” means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity.

“**Realized Tax Benefit**” means, for a Taxable Year, the excess, if any, of the Hypothetical Tax Liability over the Actual Tax Liability of the Corporate Taxpayer. If all or a portion of the Actual Tax Liability for the Taxable Year arises as a result of an audit by a Taxing Authority of any Taxable Year, such liability shall not be included in determining the Realized Tax Benefit unless and until there has been a Determination.

“**Reconciliation Dispute**” is defined in Section 7.9 of this Agreement.

“**Reconciliation Procedures**” is defined in Section 2.2(a) of this Agreement.

“**Schedule**” means any of: (i) a Tax Benefit Schedule or (ii) the Early Termination Schedule.

“**Senior Obligations**” is defined in Section 5.1 of this Agreement.

“**Subsidiaries**” means, with respect to any Person, as of any date of determination, any other Person as to which such Person, owns, directly or indirectly, or otherwise controls more than 50% of the voting power or other similar interests or the sole general partner interest or managing member or similar interest of such Person.

“**TRA Party**” is defined in the Preamble to this Agreement.

“**TRA Party Representative**” means H&F Copper Holdings VIII, L.P., a Delaware Limited Partnership.

“**Tax Benefits**” means the NOLs, IPO Date Amortization and any tax deductions attributable to (i) payments made under this Agreement or (ii) Imputed Interest.

“**Tax Benefit Payment**” is defined in Section 3.1(b) of this Agreement.

“**Tax Benefit Schedule**” is defined in Section 2.2(a) of this Agreement.

“**Tax Return**” means any return, declaration, report or similar statement required to be filed with respect to Taxes (including any attached schedules), including, without limitation, any information return, claim for refund, amended return and declaration of estimated Tax.



“**Taxable Year**” means a taxable year of the Corporate Taxpayer as defined in Section 441(b) of the Code or comparable section of state or local Tax law, as applicable (and, therefore, for the avoidance of doubt, may include a period of less than 12 months for which a Tax Return is made), ending on or after the IPO Date.

“**Taxes**” means any and all United States federal, state and local taxes, assessments or similar charges that are based on or measured with respect to net income or profits, and any interest related to such Tax.

“**Taxing Authority**” means any domestic, federal, national, state, county or municipal or other local government, any subdivision, agency, commission or authority thereof, or any quasi-governmental body exercising any taxing authority or any other authority exercising Tax regulatory authority.

“**Treasury Regulations**” means the final, temporary and proposed regulations under the Code promulgated from time to time (including corresponding provisions and succeeding provisions) as in effect for the relevant taxable period.

“**Valuation Assumptions**” shall mean, as of an Early Termination Date, the assumptions that in each Taxable Year ending on or after such Early Termination Date, (1) the Corporate Taxpayer will have taxable income sufficient to fully utilize any Tax Benefit (subject to the assumptions in clause (2) below) during the Taxable Year (including, for the avoidance of doubt, tax deductions attributable to future payments made under this Agreement, or Imputed Interest attributable to such future payments, that would be paid in accordance with the Valuation Assumptions) in which such deductions would become available, (2) any NOLs or loss carryovers generated by deductions arising from any Tax Benefit that are available as of the date of such Early Termination Date will be used by the Corporate Taxpayer on a pro rata basis from the date of such Early Termination Date through the earlier of (x) the scheduled expiration date under applicable Tax law of such NOLs or loss carryovers or (y) the fifth (5th) anniversary of the Early Termination Date, (3) the utilization of the Tax Benefits for such Taxable Year or future Taxable Years, as applicable, will be determined based on the Tax laws in effect on the Early Termination Date and (4) the United States federal income tax rates that will be in effect for each such Taxable Year will be those specified for each such Taxable Year by the Code and other law as in effect on the Early Termination Date.

## ARTICLE II

### **DETERMINATION OF CERTAIN REALIZED TAX BENEFIT**

#### **Section 2.1. Tax Benefit Schedule.**

(a) **Tax Benefit Schedule.** Within ninety (90) calendar days after the filing of the United States federal income tax return of the Corporate Taxpayer for any Taxable Year in which there is a Realized Tax Benefit, the Corporate Taxpayer shall provide to the TRA Party Representative a schedule showing, in reasonable detail, the calculation of the Tax Benefit Payments to be made to each TRA Party for such Taxable Year (a “**Tax Benefit Schedule**”). Each Tax Benefit Schedule will become final as provided in Section 2.2(a) and may be amended as provided in Section 2.2(b) (subject to the procedures set forth in Section 2.2(b)).

(b) Applicable Principles. Subject to Section 3.3(a), the Realized Tax Benefit for each Taxable Year is intended to measure the decrease in the actual liability for U.S. federal income Taxes, and to approximate the decrease in the actual liability for U.S. state and local income Taxes, of the Corporate Taxpayer for such Taxable Year attributable to the Tax Benefits, determined using a “with and without” methodology. Carryovers or carrybacks of any Tax item attributable to the Tax Benefits shall be considered to be subject to the rules of the Code and the Treasury Regulations, as applicable, governing the use, limitation and expiration of carryovers or carrybacks of the relevant type. If a carryover or carryback of any Tax item includes a portion that is attributable to the Tax Benefits and another portion that is not, such portions shall be considered to be used in accordance with the “with and without” methodology.

## **Section 2.2. Procedures, Amendments**

(a) Procedure. Every time the Corporate Taxpayer delivers to the TRA Party Representative an applicable Schedule under this Agreement, including any Amended Schedule delivered pursuant to Section 2.2(b), the Corporate Taxpayer shall also (x) deliver to the TRA Party Representative supporting schedules and work papers, as determined by the Corporate Taxpayer or as reasonably requested by the TRA Party Representative, providing reasonable detail regarding data and calculations that were relevant for purposes of preparing the Schedule and (y) allow the TRA Party Representative reasonable access at no cost to the appropriate representatives at the Corporate Taxpayer, as determined by the Corporate Taxpayer or as reasonably requested by the TRA Party Representative, in connection with a review of such Schedule. Without limiting the generality of the preceding sentence, the Corporate Taxpayer shall ensure that any Tax Benefit Schedule that is delivered to the TRA Party Representative, along with any supporting schedules and work papers, provides a reasonably detailed presentation of the calculation of the Actual Tax Liability of the Corporate Taxpayer and the Hypothetical Tax Liability, and identifies any material assumptions or operating procedures or principles that were used for purposes of such calculations. An applicable Schedule or amendment thereto shall become final and binding on all parties thirty (30) calendar days from the date on which the TRA Party Representative is treated as having received the applicable Schedule or amendment thereto under Section 7.1 unless the TRA Party Representative (i) within thirty (30) calendar days from such date provides the Corporate Taxpayer with notice of a material objection to such Schedule (“**Objection Notice**”) made in good faith or (ii) provides a written waiver of such right of any Objection Notice within the period described in clause (i) above, in which case such Schedule or amendment thereto becomes binding on the date the waiver is received by the Corporate Taxpayer. If the Corporate Taxpayer and the TRA Party Representative, for any reason, are unable to successfully resolve the issues raised in the Objection Notice within thirty (30) calendar days after receipt by the Corporate Taxpayer of an Objection Notice, the Corporate Taxpayer and the TRA Party Representative shall employ the reconciliation procedures as described in Section 7.9 of this Agreement (the “**Reconciliation Procedures**”). The TRA Party Representative will fairly represent the interests of each of the TRA Parties and shall use reasonable efforts to timely raise and pursue, in accordance with this Section 2.2(a), any reasonable objection to a Schedule or amendment thereto timely communicated in writing to the TRA Party Representative by a TRA Party.

(b) Amended Schedule. The applicable Schedule for any Taxable Year may be amended from time to time by the Corporate Taxpayer (i) in connection with a Determination affecting such Schedule, (ii) to correct inaccuracies in the Schedule identified as a result of the receipt of additional factual information relating to a Taxable Year after the date the Schedule was provided to the TRA Party Representative, (iii) to comply with the Expert's determination under the Reconciliation Procedures, (iv) to reflect a change in the Realized Tax Benefit for such Taxable Year attributable to a carryback or carryforward of a loss or other tax item to such Taxable Year, or (v) to reflect a change in the Realized Tax Benefit for such Taxable Year attributable to an amended Tax Return filed for such Taxable Year (any such Schedule, an "Amended Schedule"). The Corporate Taxpayer shall provide an Amended Schedule to each TRA Party within ninety (90) calendar days of the occurrence of an event referenced in clauses (i) through (v) of the preceding sentence.

### ARTICLE III

#### TAX BENEFIT PAYMENTS

##### **Section 3.1. Payments.**

(a) Payments. Within five (5) Business Days after a Tax Benefit Schedule delivered to the TRA Party Representative becomes final in accordance with Section 2.1(a), the Corporate Taxpayer shall pay to each TRA Party for such Taxable Year the Tax Benefit Payment in respect of such TRA Party determined pursuant to Section 3.1(b). Each such Tax Benefit Payment shall be made by wire transfer of immediately available funds to the bank account previously designated by such TRA Party to the Corporate Taxpayer or as otherwise agreed by the Corporate Taxpayer and such TRA Party or, in the absence of such designation or agreement, by check mailed to the last mailing address provided by such TRA Party to the Corporate Taxpayer. For the avoidance of doubt, no Tax Benefit Payment shall be made in respect of estimated Tax payments, including, without limitation, federal estimated income Tax payments.

(b) A "Tax Benefit Payment" in respect of a TRA Party for a Taxable Year means an amount, not less than zero, equal to the sum of such TRA Party's Applicable Percentage of the Net Tax Benefit and the Interest Amount with respect thereto. For the avoidance of doubt, for Tax purposes, the Interest Amount shall not be treated as interest but instead shall be treated as additional consideration in the applicable transaction, unless otherwise required by law. The "Net Tax Benefit" for a Taxable Year shall be an amount equal to the excess, if any, of 85% of the Cumulative Realized Tax Benefit as of the end of such Taxable Year, over the total amount of payments previously made under Section 3.1(a) (excluding payments attributable to Interest Amounts); provided, for the avoidance of doubt, that no such recipient shall be required to return any portion of any previously made Tax Benefit Payment. The "Interest Amount" shall equal the interest on the Net Tax Benefit calculated at the Agreed Rate from the due date (without extensions) for filing the Corporate Taxpayer Return with respect to Taxes for such Taxable Year until the payment date under Section 3.1(a).

**Section 3.2. No Duplicative Payments.** It is intended that the provisions of this Agreement will not result in duplicative payment of any amount (including interest) required under this Agreement. The provisions of this Agreement shall be construed in the appropriate manner to ensure such intentions are realized.

**Section 3.3. Pro Rata Payments.**

(a) Notwithstanding anything in Section 3.1 to the contrary, to the extent that the aggregate Tax benefit of the Corporate Taxpayer with respect to the Tax Benefits is limited in a particular Taxable Year because the Corporate Taxpayer does not have sufficient taxable income, the Net Tax Benefit for the Corporate Taxpayer shall be allocated among all parties eligible for a Tax Benefit Payment under this Agreement in proportion to the amounts of Net Tax Benefit that would have been allocated to each party if the Corporate Taxpayer had sufficient taxable income so that there were no such limitation.

(b) If for any reason the Corporate Taxpayer does not fully satisfy its payment obligations to make all Tax Benefit Payments due under this Agreement in respect of a particular Taxable Year, then the Corporate Taxpayer and the TRA Parties agree that (i) Tax Benefit Payments for such Taxable Year shall be allocated to all parties eligible to receive Tax Benefit Payments under this Agreement in such Taxable Year in proportion to the amounts of Tax Benefit Payments, respectively, that would have been made to each TRA Party if the Corporate Taxpayer had sufficient cash available to make such Tax Benefit Payments and (ii) prior to making any Tax Benefit Payments in respect of any Taxable Year, all Tax Benefit Payments to all TRA Parties in respect of all prior Taxable Years shall be made in full; provided, however, that any payments that were previously held by the Corporate Taxpayer on behalf of a TRA Party and have now become due and payable pursuant to Section 3.4 shall be made prior to any other Tax Benefit Payments.

**Section 3.4. Forfeited Escrow Funds Payments.** Within five (5) Business Days of the end of the quarter following the forfeiture of any Forfeited Escrow Funds pursuant to the applicable Exchange Agreement and the Escrow Agreement, such funds shall be promptly distributed by the Escrow Agent (as defined in the Escrow Agreement) to the TRA Parties pro rata (based on their respective Applicable Percentages). Such payments shall be made pursuant to the terms and conditions set forth in the Escrow Agreement. The Corporate Taxpayer and the TRA Party Representative agree to take such action as is necessary under the Escrow Agreement or any other agreement to effectuate the foregoing.

**ARTICLE IV**

**TERMINATION**

**Section 4.1. Early Termination of Agreement; Breach of Agreement.**

(a) The Corporate Taxpayer may terminate this Agreement at any time with respect to all amounts payable to the TRA Parties by paying to each TRA Party the Early Termination Payment in respect of such TRA Party; provided, however, that this Agreement shall only terminate upon the receipt of the Early Termination Payment by all of the TRA Parties, and provided, further, that the Corporate Taxpayer may withdraw any notice to execute its termination rights under this Section 4.1(a) prior to the time at which any Early Termination Payment has been paid. Upon payment of the Early Termination Payment in respect of each TRA Party by the Corporate Taxpayer, the Corporate Taxpayer shall have no further payment obligations under this Agreement, other than for any (i) Tax Benefit Payment due and payable and that remains unpaid as of the date the Early Termination Notice is delivered and (ii) Tax Benefit Payment due for the Taxable Year ending with or including the date of the Early Termination Notice (except to the extent that the amount described in this clause (ii) is included in the Early Termination Payment).

(b) In the event that (1) the Corporate Taxpayer breaches any of its material obligations under this Agreement, whether as a result of failure to make any payment when due, failure to honor any other material obligation required hereunder, or by operation of law as a result of the rejection of this Agreement in a case commenced under the Bankruptcy Code or otherwise or (2) (A) the Corporate Taxpayer shall commence any case, proceeding or other action (i) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts or (ii) seeking an appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or it shall make a general assignment for the benefit of creditors or (B) there shall be commenced against the Corporate Taxpayer any case, proceeding or other action of the nature referred to in clause (A) above that remains undismissed or undischarged for a period of sixty (60) calendar days, all obligations hereunder shall be automatically accelerated and shall be immediately due and payable, and such obligations shall be calculated as if an Early Termination Notice had been delivered on the date of such event and shall include, but not be limited to, (x) the Early Termination Payments calculated as if an Early Termination Notice had been delivered on such date, (y) any Tax Benefit Payment due and payable and that remains unpaid as of such date and (z) any Tax Benefit Payment due for the Taxable Year ending with or including such date; provided that procedures similar to the procedures of Section 4.2 and 4.3 shall apply with respect to the determination of the amount payable by the Corporate Taxpayer pursuant to this sentence *mutatis mutandis*. Notwithstanding the foregoing, (other than as set forth in subsection (2) above), in the event that the Corporate Taxpayer breaches this Agreement, each TRA Party shall be entitled to elect to receive the amounts set forth in clauses (x), (y) and (z) above or to seek specific performance of the terms hereof. The parties agree that the failure to make any payment due pursuant to this Agreement within three (3) months of the date such payment is due shall be deemed to be a breach of a material obligation under this Agreement for all purposes of this Agreement, and that it will not be considered to be a breach of a material obligation under this Agreement to make a payment due pursuant to this Agreement within three months of the date such payment is due. Notwithstanding anything in this Agreement to the contrary, it shall not be a breach of a material obligation of this Agreement if the Corporate Taxpayer fails to make any Tax Benefit Payment when due to the extent that the Corporate Taxpayer has insufficient funds to make such payment; provided that the interest provisions of Section 5.2 shall apply to such late payment (unless the Corporate Taxpayer does not have sufficient cash to make such payment as a result of limitations imposed by any Senior Obligations, in which case Section 5.2 shall apply, but the Default Rate shall be replaced by the Agreed Rate).

(c) In the event of a Change of Control, then all obligations hereunder shall be automatically accelerated and shall be immediately due and payable, and such obligations shall be calculated as if an Early Termination Notice had been delivered on the date of such Change of Control and utilizing the Valuation Assumptions by substituting in each case the terms “the closing date of a Change of Control” in each place where the phrase “Early Termination Date” appears. Such obligations shall include, but not be limited to, (1) the Early Termination Payments calculated as if an Early Termination Notice had been delivered on such date, (2) any Tax Benefit Payment due and payable and that remains unpaid as of such date and (3) any Tax Benefit Payment due for the Taxable Year ending with or including such date; provided that procedures similar to the procedures of Section 4.2 and 4.3 shall apply with respect to a Change of Control, *mutatis mutandis*.

**Section 4.2. Early Termination Notice.** If the Corporate Taxpayer chooses to exercise its right of early termination under Section 4.1(a) above, the Corporate Taxpayer shall deliver to the TRA Party Representative notice of such intention to exercise such right (“**Early Termination Notice**”) and a schedule (“**Early Termination Schedule**”) specifying the Corporate Taxpayer’s intention to exercise such right and showing in reasonable detail the calculation of the Early Termination Payment for each TRA Party. The Early Termination Schedule shall become final and binding on all parties thirty (30) calendar days from the first date on which the TRA Party Representative is treated as having received such Schedule or amendment thereto under Section 7.1 unless the TRA Party Representative (i) within thirty (30) calendar days after such date provides the Corporate Taxpayer with notice of a material objection to such Schedule made in good faith (“**Material Objection Notice**”) or (ii) provides a written waiver of such right of a Material Objection Notice within the period described in clause (i) above, in which case such Schedule becomes binding on the date the waiver is received by the Corporate Taxpayer. If the Corporate Taxpayer and the TRA Party Representative, for any reason, are unable to successfully resolve the issues raised in such notice within thirty (30) calendar days after receipt by the Corporate Taxpayer of the Material Objection Notice, the Corporate Taxpayer and the TRA Party Representative shall employ the Reconciliation Procedures in which case such Schedule becomes binding ten (10) days after the conclusion of the Reconciliation Procedures. The TRA Party Representative will fairly represent the interests of each TRA Party and shall timely raise and pursue, in accordance with this Section 4.2, any reasonable objection to an Early Termination Schedule or amendment thereto timely communicated in writing to the TRA Party Representative by a TRA Party.

**Section 4.3. Payment upon Early Termination.**

(a) Within five (5) Business Days after an Early Termination Effective Date, the Corporate Taxpayer shall pay to each TRA Party an amount equal to the Early Termination Payment in respect of such TRA Party. Such payment shall be made by wire transfer of immediately available funds to a bank account or accounts designated by such TRA Party or as otherwise agreed by the Corporate Taxpayer and such TRA Party or, in the absence of such designation or agreement, by check mailed to the last mailing address provided by such TRA Party to the Corporate Taxpayer.

(b) The “**Early Termination Payment**” in respect of a TRA Party shall equal such TRA Party’s Applicable Percentage of the present value, discounted at the Early Termination Rate as of the applicable Early Termination Effective Date, of the Tax Benefit Payments that would be required to be paid by the Corporate Taxpayer to such TRA Party beginning from the Early Termination Date and assuming that the Valuation Assumptions in respect of such TRA Party are applied and that each Tax Benefit Payment for the relevant Taxable Year would be due and payable on the due date (without extensions) under applicable law as of the Early Termination Effective Date for filing the Corporate Taxpayer Return.

**Section 4.4. Termination.** This Agreement shall be considered terminated on the date on which all Tax Benefit Payments have been made under this Agreement.

**Section 4.5. Effectiveness.** This Agreement shall be effective as of the IPO Date.

## ARTICLE V

### **SUBORDINATION AND LATE PAYMENTS**

**Section 5.1. Subordination.** Notwithstanding any other provision of this Agreement to the contrary, any Tax Benefit Payment or Early Termination Payment required to be made by the Corporate Taxpayer to the TRA Parties under this Agreement shall rank subordinate and junior in right of payment to any principal, interest or other amounts due and payable in respect of any obligations in respect of indebtedness for borrowed money of the Corporate Taxpayer and its Subsidiaries (“**Senior Obligations**”) and shall rank pari passu in right of payment with all current or future unsecured obligations of the Corporate Taxpayer that are not Senior Obligations. To the extent that any payment under this Agreement is not permitted to be made at the time payment is due as a result of this Section 5.1 and the terms of agreements governing Senior Obligations, such payment obligation nevertheless shall accrue for the benefit of the TRA Parties and the Corporate Taxpayer shall make such payments at the first opportunity that such payments are permitted to be made in accordance with the terms of the Senior Obligations. Notwithstanding any other provision of this Agreement to the contrary, to the extent that the Corporate Taxpayer or any of its Affiliates enters into future Tax receivable or other similar agreements (“**Future TRAs**”), the Corporate Taxpayer shall ensure that the terms of any such Future TRA shall provide that the Tax Benefits subject to this Agreement are considered senior in priority to any Tax benefits subject to any such Future TRA for purposes of calculating the amount and timing of payments under any such Future TRA.

**Section 5.2. Late Payments by the Corporate Taxpayer.** The amount of all or any portion of any Tax Benefit Payment or Early Termination Payment not made to the TRA Parties when due under the terms of this Agreement, whether as a result of Section 5.1 or otherwise, shall be payable together with any interest thereon, computed at the Default Rate and commencing from the date on which such Tax Benefit Payment or Early Termination Payment was first due and payable until, but not including, the date of actual payment.

## ARTICLE VI

### **NO DISPUTES; CONSISTENCY; COOPERATION**

**Section 6.1. Participation in the Corporate Taxpayer's Tax Matters.** Except as otherwise provided herein, the Corporate Taxpayer shall have full responsibility for, and sole discretion over, all Tax matters concerning the Corporate Taxpayer, including without limitation the preparation, filing or amending of any Tax Return and defending, contesting or settling any issue pertaining to Taxes. Notwithstanding the foregoing, the Corporate Taxpayer shall notify the TRA Party Representative of, and keep the TRA Party Representative reasonably informed with respect to, the portion of any audit of the Corporate Taxpayer by a Taxing Authority the outcome of which is reasonably expected to materially affect the rights and obligations of any TRA Party under this Agreement, and shall provide to the TRA Party Representative reasonable opportunity to provide information and other input to the Corporate Taxpayer and its advisors concerning the conduct of any such portion of such audit.

**Section 6.2. Consistency.** The Corporate Taxpayer and the TRA Parties agree to report and cause to be reported for all purposes, including federal, state and local Tax purposes and financial reporting purposes, all Tax-related items (including, without limitation, each Tax Benefit Payment) in a manner consistent with that contemplated by this Agreement or specified by the Corporate Taxpayer in any Schedule required to be provided by or on behalf of the Corporate Taxpayer under this Agreement unless otherwise required by law. The Corporate Taxpayer shall (and shall cause its Subsidiaries to) use reasonable efforts (for the avoidance of doubt, taking into account the interests and entitlements of all of the TRA Parties under this Agreement) to defend the Tax treatment contemplated by this Agreement and any Schedule in any audit, contest or similar proceeding with any Taxing Authority.

**Section 6.3. Cooperation.** The TRA Party Representative, on behalf of each TRA Party, agrees to (a) furnish to the Corporate Taxpayer in a timely manner such information, documents and other materials as the Corporate Taxpayer may reasonably request for purposes of making any determination or computation necessary or appropriate under this Agreement, preparing any Tax Return or contesting or defending any audit, examination or controversy with any Taxing Authority, (b) make itself available to the Corporate Taxpayer and its representatives to provide explanations of documents and materials and such other information as the Corporate Taxpayer or its representatives may reasonably request in connection with any of the matters described in clause (a) above and (c) reasonably cooperate in connection with any such matter, and the Corporate Taxpayer shall reimburse the TRA Party Representative for any reasonable and documented out-of-pocket costs and expenses incurred pursuant to this Section. Upon the request of the TRA Party Representative, the Corporate Taxpayer shall cooperate in taking any action reasonably requested by the TRA Party Representative in connection with any TRA Party's tax or financial reporting and/or the consummation of any assignment or transfer of any TRA Party's rights and/or obligations under this Agreement, including without limitation, providing any information or executing any documentation.



## ARTICLE VII

### MISCELLANEOUS

**Section 7.1. Notices.** All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be deemed duly given and received (a) on the date of delivery if delivered personally, or by facsimile or email with confirmation of transmission by the transmitting equipment or (b) on the first Business Day following the date of dispatch if delivered by a recognized next-day courier service. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

If to the Corporate Taxpayer to:

Snap One Holdings Corp.  
1800 Continental Blvd, Suite 300  
Charlotte, North Carolina 28273  
E-mail: [     ]  
Attention: [     ]  
Telecopy: [     ]

with a copy (which shall not constitute actual or constructive notice) to:

Simpson Thacher & Bartlett LLP  
2475 Hanover Street  
Palo Alto, California 94304  
Attention: [     ]  
E-mail: [     ]

If to the TRA Party Representative, to:

H&F Copper Holdings VIII, L.P.  
c/o Hellman & Friedman LLC  
415 Mission Street, Suite 5700  
San Francisco, California 94105  
Attention: [     ]  
E-mail: [     ]

with a copy (which shall not constitute actual or constructive notice) to:

Simpson Thacher & Bartlett LLP  
2475 Hanover Street  
Palo Alto, California 94304  
Attention: [     ]  
E-mail: [     ]

Any party may change its address, fax number or email by giving the other party written notice of its new address, fax number or email in the manner set forth above. Notice to any TRA Party shall be delivered to the last mailing address provided by such TRA Party to the Corporate Taxpayer.

**Section 7.2. Counterparts.** This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Agreement.

**Section 7.3. Entire Agreement; Third Party Beneficiaries.** This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their respective successors and permitted assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

**Section 7.4. Governing Law.** This Agreement shall be governed by, and construed in accordance with, the law of the State of Delaware.

**Section 7.5. Severability.** If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

**Section 7.6. Successors; Assignment; Amendments; Waivers.**

(a) Each TRA Party may assign any of its rights under this Agreement to any Person so long as such transferee has executed and delivered, or, in connection with such transfer, executes and delivers, a joinder to this Agreement, substantially similar in form and substance to Exhibit A hereto, agreeing to become a TRA Party for all purposes of this Agreement, except as otherwise provided in such joinder; provided, that, if any H&F Party (an “**Assigning H&F Party**”) proposes to transfer and/or assign any of its rights under this Agreement to any Person (other than another H&F Party or Permitted Assignee thereof), then (i) such Assigning H&F Party shall have the right to require each TRA Party (other than the H&F Parties) to transfer and/or assign to such Person an equivalent proportion of such TRA Party’s rights under this Agreement on the same economic terms and conditions as such Assigning H&F Party, following reasonable advance notice delivered by such Assigning H&F Party to each such TRA Party containing the material terms and conditions (to the extent reasonably determinable) with respect to such transfer and/or assignment and (ii) in the event that such H&F Assigning Party does not exercise its rights pursuant to the foregoing clause (i), such H&F Assigning Party shall provide each TRA Party (other than the H&F Parties) with the right to transfer or assign to such Person an equivalent proportion of such TRA Party’s rights under this Agreement on the same economic terms and conditions as the Assigning Party, exercisable by such TRA Party within five (5) Business Days following reasonable advance notice delivered by such Assigning H&F Party to each such TRA Party containing the material terms and conditions (to the extent reasonably determinable) with respect to such transfer and/or assignment, in each case of the foregoing clauses (i) and (ii), (x) with such transfer and/or assignment being effectuated pursuant to such procedures and documentation as the TRA Party Representative shall reasonably determine and (y) each TRA Party shall cooperate with the TRA Party Representative and the applicable Assigning H&F Party in connection therewith (including taking or causing to be taken all such actions as the TRA Party Representative or such H&F Assigning Party deems to be reasonably necessary or appropriate in order to consummate expeditiously such transfer and/or assignment). In connection with any such assignment, the Corporate Taxpayer shall update Schedule I to reflect the Applicable Percentage of the assignor and assignee.

(b) No provision of this Agreement may be amended unless such amendment is approved in writing by each of the Corporate Taxpayer and by the TRA Parties who would be entitled to receive at least two-thirds of the total amount of the Early Termination Payments payable to all TRA Parties hereunder if the Corporate Taxpayer had exercised its right of early termination, including the TRA Party Representative; provided, that no such amendment shall be effective if such amendment will have a disproportionate effect on the payments one or more TRA Parties receive under this Agreement unless such amendment is consented in writing by such TRA Parties disproportionately affected who would be entitled to receive at least two-thirds of the total amount of the Early Termination Payments payable to all TRA Parties disproportionately affected hereunder if the Corporate Taxpayer had exercised its right of early termination. No provision of this Agreement may be waived unless such waiver is in writing and signed by the party against whom the waiver is to be effective. For clarity, updates to Schedule I contemplated by Section 7.6(a) shall not be considered an amendment for purposes of this Section 7.6(b).

(c) All of the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the parties hereto and their respective successors, assigns, heirs, executors, administrators and legal representatives. The Corporate Taxpayer shall require and cause any direct or indirect successor (whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporate Taxpayer by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporate Taxpayer would be required to perform if no such succession had taken place.

**Section 7.7. Titles and Subtitles.** The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

**Section 7.8. Resolution of Disputes.**

(a) Any and all disputes which are not governed by Section 7.9 and cannot be settled amicably, including any ancillary claims of any party, arising out of, relating to or in connection with the validity, negotiation, execution, interpretation, performance or nonperformance of this Agreement (including the validity, scope and enforceability of this arbitration provision) (each, a “**Dispute**”) shall be finally settled by arbitration conducted by a single arbitrator in Delaware in accordance with the then-existing Rules of Arbitration of the International Chamber of Commerce. If the parties to the Dispute fail to agree on the selection of an arbitrator within thirty (30) calendar days of the receipt of the request for arbitration, the International Chamber of Commerce shall make the appointment. The arbitrator shall be a lawyer admitted to the practice of law in the State of Delaware and shall conduct the proceedings in the English language. Performance under this Agreement shall continue if reasonably possible during any arbitration proceedings.

(b) Notwithstanding the provisions of paragraph (a), the Corporate Taxpayer may bring an action or special proceeding in any court of competent jurisdiction for the purpose of compelling a party to arbitrate, seeking temporary or preliminary relief in aid of an arbitration hereunder, and/or enforcing an arbitration award and, for the purposes of this paragraph (b), each TRA Party (i) expressly consents to the application of paragraph (c) of this Section 7.8 to any such action or proceeding, (ii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate and (iii) irrevocably appoints the Corporate Taxpayer as agent of such TRA Party for service of process in connection with any such action or proceeding and agrees that service of process upon such agent, who shall promptly advise the TRA Party of any such service of process, shall be deemed in every respect effective service of process upon the TRA Party in any such action or proceeding.

(c) (i) EACH PARTY HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF COURTS LOCATED IN THE STATE OF DELAWARE FOR THE PURPOSE OF ANY JUDICIAL PROCEEDING BROUGHT IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION 7.8, OR ANY JUDICIAL PROCEEDING ANCILLARY TO AN ARBITRATION OR CONTEMPLATED ARBITRATION ARISING OUT OF OR RELATING TO OR CONCERNING THIS AGREEMENT. Such ancillary judicial proceedings include any suit, action or proceeding to compel arbitration, to obtain temporary or preliminary judicial relief in aid of arbitration, or to confirm an arbitration award. The parties acknowledge that the fora designated by this paragraph (c) have a reasonable relation to this Agreement, and to the parties' relationship with one another; and

(ii) The parties hereby waive, to the fullest extent permitted by applicable law, any objection which they now or hereafter may have to personal jurisdiction or to the laying of venue of any such ancillary suit, action or proceeding brought in any court referred to in the preceding paragraph of this Section 7.8 and such parties agree not to plead or claim the same.

**Section 7.9. Reconciliation.** In the event that the Corporate Taxpayer and the TRA Party Representative are unable to resolve a disagreement with respect to the matters governed by Sections 2.2 and 4.2 within the relevant period designated in this Agreement ("**Reconciliation Dispute**"), the Reconciliation Dispute shall be submitted for determination to a nationally recognized expert (the "**Expert**") in the particular area of disagreement mutually acceptable to both parties. The Expert shall be a partner or principal in a nationally recognized accounting or law firm, and unless the Corporate Taxpayer and the TRA Party Representative agree otherwise, the Expert shall not, and the firm that employs the Expert shall not, have any material relationship with the Corporate Taxpayer or the TRA Party Representative or other actual or potential conflict of interest. If the Corporate Taxpayer and the TRA Party Representative are unable to agree on an Expert within fifteen (15) calendar days of receipt by the respondent(s) of written notice of a Reconciliation Dispute, the Expert shall be appointed by the International Chamber of Commerce Centre for Expertise. The Expert shall resolve any matter relating to the Early Termination Schedule or an amendment thereto within thirty (30) calendar days and shall resolve any matter relating to a Tax Benefit Schedule or an amendment thereto within fifteen (15) calendar days or as soon thereafter as is reasonably practicable, in each case after the matter has been submitted to the Expert for resolution. Notwithstanding the preceding sentence, if the matter is not resolved before any payment that is the subject of a disagreement would be due (in the absence of such disagreement) or any Tax Return reflecting the subject of a disagreement is due, the undisputed amount shall be paid on the date prescribed by this Agreement and such Tax Return may be filed as prepared by the Corporate Taxpayer, subject to adjustment or amendment upon resolution. The costs and expenses relating to the engagement of such Expert or amending any Tax Return shall be borne by the Corporate Taxpayer except as provided in the next sentence. The Corporate Taxpayer and the TRA Party Representative shall bear their own costs and expenses of such proceeding, unless (i) the Expert adopts the TRA Party Representative's position, in which case the Corporate Taxpayer shall reimburse the TRA Party Representative for any reasonable out-of-pocket costs and expenses in such proceeding, or (ii) the Expert adopts the Corporate Taxpayer's position, in which case the TRA Party Representative shall reimburse the Corporate Taxpayer for any reasonable out-of-pocket costs and expenses in such proceeding. Any dispute as to whether a dispute is a Reconciliation Dispute within the meaning of this Section 7.9 shall be decided by the Expert. The Expert shall finally determine any Reconciliation Dispute and the determinations of the Expert pursuant to this Section 7.9 shall be binding on the Corporate Taxpayer and each of the TRA Parties and may be entered and enforced in any court having jurisdiction.

**Section 7.10. Withholding** The Corporate Taxpayer shall be entitled to deduct and withhold from any payment payable pursuant to this Agreement such amounts as the Corporate Taxpayer is required to deduct and withhold with respect to the making of such payment under the Code or any provision of state, local or foreign Tax law. To the extent that amounts are so withheld and paid over to the appropriate Taxing Authority by the Corporate Taxpayer, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of whom such withholding was made.

**Section 7.11. Admission of the Corporate Taxpayer into a Consolidated Group; Transfers of Corporate Assets.**

(a) If the Corporate Taxpayer is or becomes a member of an affiliated or consolidated group of corporations that files a consolidated income tax return pursuant to Sections 1501 et seq. of the Code or any corresponding provisions of state or local law, then: (i) the provisions of this Agreement shall be applied with respect to the group as a whole and (ii) Tax Benefit Payments, Early Termination Payments and other applicable items hereunder shall be computed with reference to the consolidated taxable income of the group as a whole.

(b) If any entity that is obligated to make a Tax Benefit Payment or Early Termination Payment hereunder transfers one or more assets to a corporation (or a Person classified as a corporation for United States federal income tax purposes) with which such entity does not file a consolidated tax return pursuant to Section 1501 of the Code or any corresponding provisions of state, local or foreign law (including as a result of any series of transactions or acts), such entity, for purposes of calculating the amount of any Tax Benefit Payment or Early Termination Payment (e.g., calculating the gross income of the entity and determining the Realized Tax Benefit of such entity) due hereunder, shall be treated as having disposed of such asset in a fully taxable transaction on the date of such transfer. The consideration deemed to be received by such entity shall be equal to the gross fair market value of the transferred asset. For purposes of this Section 7.11(b), a transfer of a partnership interest shall be treated as a transfer of the transferring partner's share of each of the assets and liabilities of that partnership. If any member of a group described in Section 7.11(a) that is obligated to make a Tax Benefit Payment or Early Termination Payment hereunder deconsolidates from the group (or the Corporate Taxpayer deconsolidates from the group), then the Corporate Taxpayer shall cause such member (or the parent of the consolidated group in a case where the Corporate Taxpayer deconsolidates from the group) to assume the obligation to make Tax Benefit Payments in a manner consistent with the terms of this Agreement as the member actually realizes such Tax Benefits. If a member of a group described in Section 7.11(a) assumes an obligation to make Tax Benefit Payments hereunder, then the initial obligor is relieved of the obligation assumed.

**Section 7.12. Confidentiality.**

(a) Each TRA Party and each of their assignees acknowledge and agree that the information of the Corporate Taxpayer is confidential and, except in the course of performing any duties as necessary for the Corporate Taxpayer and its Affiliates, as required by law or legal process or to enforce the terms of this Agreement, such person shall keep and retain in the strictest confidence and not disclose to any Person any confidential matters, acquired pursuant to this Agreement, of the Corporate Taxpayer and its Affiliates and successors learned by the TRA Party heretofore or hereafter. This Section 7.12 shall not apply to (i) any information that has been made publicly available by the Corporate Taxpayer or any of its Affiliates, becomes public knowledge (except as a result of an act of any TRA Party in violation of this Agreement) or is generally known to the business community, (ii) the disclosure of information to the extent necessary for the TRA Parties to prepare and file their Tax Returns, to respond to any inquiries regarding the same from any Taxing Authority or to prosecute or defend any action, proceeding or audit by any Taxing Authority with respect to such returns and (iii) any information a TRA Party discloses to a potential transferee pursuant to Section 7.6 under the terms of a confidentiality agreement to the extent that that such potential transferee agrees to be bound by customary confidentiality provisions with respect to any confidential information of the Corporate Taxpayer. Notwithstanding anything to the contrary herein, (A) neither the TRA Party Representative nor the Corporate Taxpayer shall be required to disclose to any TRA Party any information that it reasonably deems to be confidential pursuant to the terms hereof unless such TRA Party has executed an agreement pursuant to which such TRA Party agrees to be bound by the terms of this Section 7.12 and (B) each TRA Party and each of its assignees (and each employee, representative or other agent of the TRA Party or its assignees, as applicable) may disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure of the Corporate Taxpayer and its Affiliates, and any of their transactions, and all materials of any kind (including opinions or other tax analyses) that are provided to the TRA Party relating to such tax treatment and tax structure.

(b) If any of the TRA Party Representative or any TRA Party or an assignee commits a breach, or threatens to commit a breach, of any of the provisions of this Section 7.12, the Corporate Taxpayer shall have the right and remedy to have the provisions of this Section 7.12 specifically enforced by injunctive relief or otherwise by any court of competent jurisdiction without the need to post any bond or other security, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to the Corporate Taxpayer or any of its Subsidiaries or the TRA Parties and the accounts and funds managed by the Corporate Taxpayer and that money damages alone shall not provide an adequate remedy to such Persons. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available at law or in equity.

**Section 7.13. TRA Party Representative.**

(a) Appointment. By executing this Agreement, each of the TRA Parties shall be deemed to have irrevocably constituted the TRA Party Representative as his, her or its agent and attorney in fact with full power of substitution to act from and after the date hereof and to do any and all things and execute any and all documents on behalf of such TRA Parties which may be necessary, convenient or appropriate to facilitate any matters under this Agreement, including but not limited to: (i) execution of the documents and certificates required pursuant to this Agreement; (ii) except to the extent specifically provided in this Agreement receipt and forwarding of notices and communications pursuant to this Agreement; (iii) administration of the provisions of this Agreement; (iv) any and all consents, waivers, amendments or modifications deemed by the TRA Party Representative, in its sole and absolute discretion, to be necessary or appropriate under this Agreement and the execution or delivery of any documents that may be necessary or appropriate in connection therewith; (v) amending this Agreement or any of the instruments to be delivered to the Corporate Taxpayer pursuant to this Agreement; (vi) taking actions the TRA Party Representative is expressly authorized to take pursuant to the other provisions of this Agreement; (vii) negotiating and compromising, on behalf of such TRA Parties, any dispute that may arise under, and exercising or refraining from exercising any remedies available under, this Agreement or any other agreement contemplated hereby and executing, on behalf of such TRA Parties, any settlement agreement, release or other document with respect to such dispute or remedy; and (viii) engaging attorneys, accountants, agents or consultants on behalf of such TRA Parties in connection with this Agreement or any other agreement contemplated hereby and paying any fees related thereto.

(b) Expenses. If at any time the TRA Party Representative shall incur out of pocket expenses in connection with the exercise of its duties hereunder, upon written notice to the Corporate Taxpayer from the TRA Party Representative of documented costs and expenses (including fees and disbursements of counsel and accountants) incurred by the TRA Party Representative in connection with the performance of its rights or obligations under this Agreement and the taking of any and all actions in connection therewith, the Corporate Taxpayer shall reduce any future payments (if any) due to the TRA Parties hereunder pro rata (based on their respective Applicable Percentages) by the amount of such expenses which it shall instead remit directly to the TRA Party Representative. In connection with the performance of its rights and obligations under this Agreement and the taking of any and all actions in connection therewith, the TRA Party Representative shall not be required to expend any of its own funds (though, for the avoidance of doubt but without limiting the provisions of this Section 7.13(b), it may do so at any time and from time to time in its sole discretion).

(c) Limitation on Liability. The TRA Party Representative shall not be liable to any TRA Party for any act of the TRA Party Representative arising out of or in connection with the acceptance or administration of its duties under this Agreement, except to the extent any liability, loss, damage, penalty, fine, cost or expense is actually incurred by such TRA Party as a proximate result of the gross negligence, bad faith or willful misconduct of the TRA Party Representative (it being understood that any act done or omitted pursuant to the advice of legal counsel shall be conclusive evidence of good faith and reasonable judgment). The TRA Party Representative shall not be liable for, and shall be indemnified by the TRA Parties (on a several but not joint basis) for, any liability, loss, damage, penalty or fine incurred by the TRA Party Representative (and any cost or expense incurred by the TRA Party Representative in connection therewith and herewith and not previously reimbursed pursuant to subsection (b) above) arising out of or in connection with the acceptance or administration of its duties under this Agreement, and such liability, loss, damage, penalty, fine, cost or expense shall be treated as an expense subject to reimbursement pursuant to the provisions of subsection (b) above, except to the extent that any such liability, loss, damage, penalty, fine, cost or expense is the proximate result of the gross negligence, bad faith or willful misconduct of the TRA Party Representative (it being understood that any act done or omitted pursuant to the advice of legal counsel shall be conclusive evidence of good faith and reasonable judgment).

(d) Actions of the TRA Party Representative. A decision, act, consent or instruction of the TRA Party Representative shall constitute a decision of all TRA Parties and shall be final, binding and conclusive upon each TRA Party, and the Corporate Taxpayer may rely upon any decision, act, consent or instruction of the TRA Party Representative as being the decision, act, consent or instruction of each TRA Party. The Corporate Taxpayer is hereby relieved from any liability to any person for any acts done by the Corporate Taxpayer in accordance with any such decision, act, consent or instruction of the TRA Party Representative.

*[The remainder of this page is intentionally blank]*



IN WITNESS WHEREOF, each of the undersigned parties has duly executed this Agreement as of the date first written above.

**Corporate Taxpayer:**

Snap One Holdings Corp.

By: \_\_\_\_\_  
Name:  
Title:

**TRA Party Representative:**

H&F Copper Holdings VIII, L.P.

By: \_\_\_\_\_  
Name:  
Title:

**Initial TRA Party:**

Crackle Holdings, L.P.

By: \_\_\_\_\_  
Name:  
Title:

[Signature Page to Tax Receivable Agreement]

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TRA Party	Applicable Percentage
[ ]	[ ]
[ ]	[ ]

**Exhibit A**  
**Form of Joinder**

This JOINDER (this “Joinder”) to the Tax Receivable Agreement (as defined below), is by and among Snap One Holdings Corp. a Delaware corporation (including any successor corporation, the “Corporate Taxpayer”), \_\_\_\_\_ (“Transferor”) and \_\_\_\_\_ (“Transferee”).

WHEREAS, on \_\_\_\_\_, Transferee shall acquire \_\_\_\_\_ percent of the Transferor’s right to receive payments that may become due and payable under the Tax Receivable Agreement (as defined below) (the “Acquired Interests”) from Transferor (the “Acquisition”); and

WHEREAS, Transferor, in connection with the Acquisition, has required Transferee to execute and deliver this Joinder pursuant to Section 7.6(a) of the Tax Receivable Agreement, dated as of \_\_\_\_\_, 2021, between the Corporate Taxpayer and the TRA Parties (as defined therein) (the “Tax Receivable Agreement”).

NOW, THEREFORE, in consideration of the foregoing and the respective covenants and agreements set forth herein, and intending to be legally bound hereby, the parties hereto agree as follows:

Section 1.1 Definitions. To the extent capitalized words used in this Joinder are not defined in this Joinder, such words shall have the respective meanings set forth in the Tax Receivable Agreement.

Section 1.2 Acquisition. For good and valuable consideration, the sufficiency of which is hereby acknowledged by the Transferor and the Transferee, the Transferor hereby transfers and assigns absolutely to the Transferee all of the Acquired Interests.

Section 1.3 Joinder. Transferee hereby acknowledges and agrees (i) that it has received and read the Tax Receivable Agreement, (ii) that the Transferee is acquiring the Acquired Interests in accordance with and subject to the terms and conditions of the Tax Receivable Agreement and (iii) to become a “TRA Party” (as defined in the Tax Receivable Agreement) for all purposes of the Tax Receivable Agreement.

Section 1.4 Notice. Any notice, request, consent, claim, demand, approval, waiver or other communication hereunder to Transferee shall be delivered or sent to Transferee at the address set forth on the signature page hereto in accordance with Section 7.1 of the Tax Receivable Agreement.

Section 1.5 Governing Law. This Joinder shall be governed by and construed in accordance with the law of the State of Delaware.

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IN WITNESS WHEREOF, this Joinder has been duly executed and delivered by Transferee as of the date first above written.

Snap One Holdings Corp.

By: \_\_\_\_\_  
Name:  
Title:

[TRANSFEROR]

By: \_\_\_\_\_  
Name:  
Title:

[TRANSFeree]

By: \_\_\_\_\_  
Name:  
Title:

Address for notices:

\_\_\_\_\_

## Crackle Holdings, L.P.

## Treatment of Unvested Class B Units

, 2021

As you may know, Crackle Holdings GP LLC (the “General Partner”), being the general partner of Crackle Holdings, L.P. (the “Partnership”), has begun the process of an initial public offering (if consummated, the “IPO”) and, in connection therewith, has selected Snap One Holdings Corp. (f/k/a Crackle Corp.), a direct wholly-owned subsidiary of the Partnership (the “Company”), for purposes of undertaking the IPO. In connection with the IPO, and pursuant to the terms of the Partnership Agreement (as defined below) to which you are party, the General Partner will cause the Partnership to exchange your unvested Class B Units (the “Unvested Units”) granted under the Partnership’s 2017 Class B Unit Incentive Plan (as amended from time to time, the “2017 Plan”), if any, for unvested shares of common stock of the Company (“shares of Restricted Stock”), if and when the IPO occurs (the “Exchange”). Terms used but not otherwise defined herein shall have the meanings ascribed to them in the Amended and Restated Limited Partnership Agreement of the Partnership, dated as of August 4, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the “Partnership Agreement”).

**What will you receive?** You will receive shares of Restricted Stock in exchange for your Unvested Units. These shares of Restricted Stock will be stock of the same class of shares that will become publicly traded following the IPO and will be subject to restrictions on transfer and vesting as described below. As is the case with your Class B Units, the shares of Restricted Stock will not be registered under the Securities Act of 1933, as amended (the “Securities Act”), and accordingly, even once the shares of Restricted Stock have vested, they may not be sold or transferred except pursuant to an effective registration statement under the Securities Act or pursuant to an applicable exemption therefrom.

The number of shares of Restricted Stock you will receive will be determined taking into account the aggregate value of your Unvested Units immediately prior to the Exchange, based on the distribution priorities and terms applicable to the various classes of units of the Partnership, in each case, calculated by the General Partner pursuant to and in accordance with the Partnership Agreement, and the price at which shares of Common Stock of the Company are initially offered to the public in connection with the IPO (the “IPO Price”). The number of shares of Restricted Stock you receive in exchange for your Unvested Units will each be rounded up or down to the nearest whole Share, and any fractional Shares will be settled in cash by the Company at a later date. Your shares will be held at an account in your name with the transfer agent in book-entry form.

You will also receive cash equal to \$ \_\_\_\_\_ per Unvested Unit in lieu of participation in the tax receivables agreement that will be entered into between the Company and certain Partnership unitholders in connection with the IPO (the “Additional Payment”).

If your position with the Company is below the Executive Vice President-level (a “Non-Executive”), you will receive the Additional Payments payable with respect to your Unvested Units at the same time as the Exchange.

If your position with the Company is at or above the Executive Vice President-level (an “Executive”), then only Additional Payments payable with respect to Class B-1 Units of the Partnership (“Class B-1 Units”) that are scheduled to vest by October 31, 2022 pursuant to the time-vesting schedule applicable to such Class B-1 Units as of immediately prior to the Exchange will be paid to you at the same time as the Exchange. All other Additional Payments with respect to Class B-1 Units will be held in escrow, subject to the same vesting conditions as the Restricted Stock received in exchange for the Class B-1 Units; provided that such vesting schedule shall be accelerated by a certain number of days equal to number of days following the Exchange to October 31, 2022. Additional Payments with respect to any Class B-2 units of the Partnership (“Class B-2 Units”) will be held in escrow subject to the vesting conditions of the Restricted Stock received in exchange for such B-2 Units, as described in Appendix A. Notwithstanding the foregoing, in the event your employment is terminated as a result of your death or Disability (as defined in the Company’s 2021 Stock Incentive Plan), any remaining Additional Payments payable to you with respect to your Class B-1 and Class B-2 Units shall immediately vest.

**When can you sell your Shares of Restricted Stock?** The shares of Restricted Stock generally cannot be sold until the date that is the later of (i) the date on which such shares of Restricted Stock vest and (ii) twelve (12) months if you are a Specified Stockholder (as listed below) or one hundred and eighty (180) days if you are not a Specified Stockholder following the closing date of the IPO, subject to the Company's then effective insider trading policy. The following individuals are "Specified Stockholders": David Moore, Galen Paul Hess Jr., Jeff Dungan, Jeff Hindman, John Heyman, Joshua Ellis, Michael Carlet, and Ryan Marsh.

**What vesting conditions will apply to the Shares of Restricted Stock?**

The shares of Restricted Stock you receive in exchange for your Unvested Units will be subject to the vesting terms that apply to such Unvested Units, as further described in (and, solely as to Class B-2 Units, as modified by) the attached Exchange Acknowledgement and Agreement.

**Will my restrictive covenants continue to apply?** Yes, your obligations under the Non-Interference Agreement referenced and defined in your Class B Unit Award Agreement(s) will continue to apply following the Exchange, and may be enforced by the Company following the Exchange.

**What must you do now?** To facilitate the IPO process and the Exchange of your Unvested Units, you must execute the attached Exchange Acknowledgement and Agreement. **We strongly encourage you to read these documents, and, if you have questions, consult with your own legal, financial, and tax advisors about the consequences of the Exchange.**

After you execute the Exchange Acknowledgement and Agreement, please send signed copies of the agreement(s) to \_\_\_\_\_ no later than \_\_\_\_\_, 2021.

**U.S. Federal Income Tax Treatment of the Exchange.** The Company intends to take the position that the Exchange should not result in taxable income to you for U.S. federal income tax purposes, except with respect to any cash received in connection with the Exchange, as described below. The Exchange is expected to be treated, for U.S. federal income tax purposes, as a distribution to you of shares of Common Stock of the Company by the Partnership in redemption of your Unvested Units. Accordingly, your tax basis and holding period, if any, in your Unvested Units should carry over to your shares of Restricted Stock, except that your basis will be reduced by the amount of cash received at the time of the Exchange or with respect to which a section 83(b) election is made, as described below, and your subsequent disposition of such shares (after vesting) should generally result in a capital gain (or loss) in an amount equal to the difference between the amount you realize on the disposition and your tax basis in the shares of Restricted Stock that are disposed of. Long-term capital gains recognized by individuals are generally eligible for reduced rates of taxation. Furthermore, the deductibility of capital losses is subject to limitations. The foregoing assumes you will make an election as required in the Exchange Acknowledgement and Agreement under section 83(b) of the Internal Revenue Code with respect to the shares of Restricted Stock and that the shares of Restricted Stock you receive in the Exchange are of equivalent value to your Unvested Units.

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**U.S. Federal Income Tax Treatment of the Additional Payments.** Any cash you receive at the time of the Exchange pursuant to this agreement is expected to be taxable income to you as capital gain to the extent the cash received exceeds your outside basis in your Partnership interest. Your basis in the shares of Restricted Stock you receive in the Exchange will be reduced by the amount of such cash. If you are an Executive, the portion of the cash payment that is placed in escrow is not expected to be treated as currently received and therefore would not be subject to tax on a current basis and will not reduce your basis in your shares of Restricted Stock. When you actually receive the cash in escrow, the cash will be taxed as ordinary income to you. The Company intends to take the position that you may make a section 83(b) election with respect to all or a portion of the amount of cash held in escrow. If you choose to make a section 83(b) election on the escrowed cash, you would be subject to current taxation as capital gain to the extent the cash exceeds your outside basis in your Partnership interest and your basis in your shares of Restricted Stock would be reduced by the amount of such cash. You would not be subject to tax on the cash when it is actually received, but you would not be able to claim a tax loss if such cash is forfeited. **You should consult your tax advisors regarding the application of the U.S. federal income tax laws to your particular situation, including the impact of the section 83(b) election as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.**

**The shares of Restricted Stock you receive in the Exchange will be in exchange for, and will supersede in all respects, the Unvested Units, which will be cancelled and cease to exist immediately upon the Exchange. Except as expressly set forth in the Exchange Acknowledgement and Agreement, your rights and obligations under the 2017 Plan, your Class B Unit Award Agreement(s), the Partnership Agreement and any other documents or agreements with respect to the Unvested Units or the Partnership will terminate immediately following the Exchange.**

We look forward to beginning this new, exciting chapter as a public company.

Sincerely,

John Heyman

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## EXCHANGE ACKNOWLEDGEMENT AND AGREEMENT

This Exchange Acknowledgement and Agreement (this “Agreement”) is made effective as of \_\_\_\_\_, 2021 (the “Effective Date”), by and among Crackle Holdings, L.P., a Delaware limited partnership (the “Partnership”), Crackle Holdings GP LLC, a Delaware limited liability company and the general partner of the Partnership (the “General Partner”), Snap One Holdings Corp. (f/k/a Crackle Corp.), a Delaware corporation and direct wholly-owned subsidiary of the Partnership (the “Company”), and the management unitholder identified on the signature page attached hereto (“Management Unitholder”). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Partnership Agreement (as defined below).

WHEREAS, Management Unitholder holds a number of unvested Class B Units of the Partnership (the “Exchanged Units”), in each case as specified in the Equity Schedule set forth on the signature page hereto, which Exchanged Units are subject to the Amended and Restated Limited Partnership Agreement of the Partnership, dated as of August 4, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the “Partnership Agreement”), the Partnership’s 2017 Class B Unit Incentive Plan (as amended from time to time, the “2017 Plan”) and one or more Class B Unit Award Agreements, including any exhibits attached thereto (collectively, the “Unit Equity Agreements”);

WHEREAS, in connection with the initial public offering of the Company (the “IPO”), the General Partner will cause all of the Exchanged Units to be exchanged for unvested shares of common stock, par value \$0.01, of the Company (the “shares of Restricted Stock”), effective immediately after the execution and delivery by the Company of the underwriting agreement relating to the IPO (the “Exchange” and, the date of such Exchange, the “Exchange Time”), upon the terms and subject to the conditions set forth herein and as otherwise determined by the General Partner;

WHEREAS, prior to the IPO, the Company and the Partnership will enter into a tax receivable agreement (the “Tax Receivable Agreement”) whereby the Company will agree to make payments with respect a portion of the tax savings of the Company as a result of certain pre-IPO tax attributes;

WHEREAS, the Partnership will distribute its rights under the Tax Receivable Agreement to certain unitholders, and a cash payment to other holders, including the Management Unitholder, equal to the fair market value of the Management Unitholder’s pro rata interest in the Tax Receivable Agreement in lieu of rights under the Tax Receivable Agreement; and

WHEREAS, at the Exchange Time, pursuant to the Exchange, the Exchanged Units will be redeemed and will be cancelled and cease to exist and, in exchange therefor, Management Unitholder shall receive a number of shares of Restricted Stock determined by the General Partner, based on the price at which Shares are initially offered to the public in connection with the IPO (the “IPO Price”), as described herein and subject to the terms and conditions hereof, including, Appendix A attached hereto.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto acknowledge and agree as follows:

**1. Exchange of Exchanged Units.**

(a) Subject to the terms and conditions set forth herein and effective as of the Exchange Time, the General Partner will cause the Exchanged Units to be redeemed and cancelled in exchange for a number of shares of Restricted Stock, as determined in accordance with the Partnership Agreement. Once the IPO Price is conclusively determined, the actual number of shares of Restricted Stock to be received will be determined and the Company will communicate such final number to the Management Unitholder.

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(b) Management Unitholder shall receive cash equal to \$ per Exchanged Unit (the “Additional Payment”). Additional Payments shall be distributed to the Management Unitholder as follows:

(i) If the Management Unitholder’s position with the Company (or applicable affiliate thereof) is below the Executive Vice-President level (a “Non-Executive Management Unitholder”), the entire Additional Payment shall be distributed by the Partnership to the Management Unitholder on or prior to the closing date of the IPO.

(ii) If the Management Unitholder’s position with the Company (or applicable affiliate thereof) is at or above the Executive Vice-President level (an “Executive Management Unitholder”), the portion of the Additional Payment with respect to Class B-1 Units of the Partnership (“Class B-1 Units”) held by the Management Unitholder that are scheduled to vest by October 31, 2022 (the “Acceleration Date”) pursuant to the time-vesting schedule applicable to such Class B-1 Units as of immediately prior to the Exchange Time, shall be distributed by the Partnership to the Executive Management Unitholder on or prior to the closing date of the IPO. Any remaining portion of the Additional Payment to an Executive Management Unitholder with respect to the Class B-1 Units or Class B-2 Units shall be held in escrow subject to the same vesting conditions set forth in Appendix A attached hereto for the shares of Restricted Stock with which such Additional Payment is associated, except that (a) in the event the Management Unitholder’s employment is terminated as a result of the Management Unitholder’s death or Disability (as defined in the Company’s 2021 Stock Incentive Plan), any then-unvested and outstanding portion of the Additional Payment shall immediately vest upon such termination, (b) the vesting conditions applicable to the portion of the Additional Payment received with respect to the Class B-1 Units shall be accelerated by a certain number of days, with such number of days equal to the number of days following the closing date of the IPO to the Acceleration Date, and (c) in the event that any unvested shares of Restricted Stock are forfeited, any remaining portion of the Additional Payment with respect to such shares shall be forfeited to the TRA Parties (as defined in the Tax Receivable Agreement). With respect to each vested portion of the Additional Payment, within five business days following the end of the quarter in which the applicable portion of the Additional Payment vested, such vested portion of the Additional Payment shall be distributed from escrow to the Executive Management Unitholder pursuant to the terms and conditions set forth in the escrow agreement to be entered into by the Company and an escrow agent prior to the Additional Payment.

(c) Effective as of the Exchange, the shares of Restricted Stock shall be subject to the terms of Appendix A attached hereto.

(d) Management Unitholder shall provide the Company with a copy of a completed election under Section 83(b) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder in the form of Exhibit A attached hereto, with respect to the shares of Restricted Stock and may, but is not required to, provide the Company with a copy of such election in the form of Exhibit B attached hereto with respect to all or a portion of the Additional Payment that is held in escrow pursuant to clause (b) of this section. Management Unitholder shall timely (within 30 days of the Exchange Time) file (via certified mail, return receipt requested) such election(s) with the Internal Revenue Service, and thereafter shall certify to the Company that Management Unitholder has made such timely filing(s) and furnish a copy of such filing(s) to the Company. Management Unitholder should consult his or her tax advisor regarding the consequences of a Section 83(b) election, as well as the receipt, vesting, holding and sale of the shares of Restricted Stock.

(e) Management Unitholder acknowledges that the shares of Restricted Stock have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), and accordingly, may not be sold or transferred except pursuant to an effective registration statement under the Securities Act or pursuant to an applicable exemption therefrom, and subject to the Company’s then effective insider trading policy.

2. **Non-Interference Agreement.** For purposes of the Non-Interference Agreement Management Unitholder is a party to as a result of the Unit Equity Agreements, it is acknowledged and agreed that, from and after the Exchange, references to the “Partnership” will instead refer to the Company and references to the “Partnership Group” will refer to the Company and its subsidiaries.

3. **Book Entry.** The Company shall recognize Management Unitholder’s ownership of shares of Restricted Stock through uncertificated book entry.

4. **Rights as a Stockholder.** Management Unitholder shall be the record owner of the shares of Restricted Stock until or unless such shares of Restricted Stock are forfeited pursuant to the terms of this Agreement, and as record owner shall be entitled to all rights of a common stockholder of the Company, including, without limitation, voting rights with respect to the shares of Restricted Stock and rights to dividends or other distributions, subject to Section 6 below.

5. **Book Entry Notations.** To the extent applicable, all book entries representing the shares of Restricted Stock delivered to Management Unitholder as contemplated by Section 3 above shall be subject to the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares are listed, and any applicable Federal or state laws, and the Company may cause notations to be made next to the book entry to make appropriate reference to such restrictions. Any such book entry notations may include a description of the restrictions set forth in Appendix A attached hereto and herein, including Sections 1 and 6 hereof.

6. **Transfer Restrictions.** The shares of Restricted Stock are subject to the restrictions and obligations set forth in the Snap One Holdings Corp. Stockholders Agreement to be entered into by the Company and the other parties thereto on the date of the Exchange (the “Stockholders Agreement”) and Appendix A attached hereto.

7. **No Right to Continued Employment.** Neither this Agreement nor Management Unitholder’s receipt of the Shares hereunder shall impose any obligation on the Company or any of its affiliates to continue the employment or engagement of Management Unitholder. Further, the Company or any of its affiliates (as applicable) may at any time terminate the employment or engagement of Management Unitholder, free from any liability or claim under the 2017 Plan or this Agreement, except as otherwise expressly provided herein.

8. **Cooperation.** Management Unitholder acknowledges that the IPO constitutes an Initial Public Offering, the Company constitutes the IPO Corporation and the Exchange constitutes an IPO Conversion, in each case, pursuant to the Partnership Agreement and acknowledges that Management Unitholder has obligations to cooperate with the General Partner and take all actions required or reasonably requested by the General Partner in connection with the consummation of the IPO Conversion under the Partnership Agreement. Without limiting the foregoing, Management Unitholder further agrees to cooperate with the General Partner, the Partnership, the Company and their respective affiliates in taking any actions reasonably requested, necessary or advisable to consummate the transactions contemplated by this Agreement.

9. **Notices.** Any notice necessary under this Agreement shall be addressed to the General Partner, the Partnership or the Company in care of its Secretary at its principal executive office and to Management Unitholder at the address appearing in the personnel records of the Company for such Management Unitholder or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

10. **Choice of Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and performed wholly within the State of Delaware, without giving effect to the conflict of laws provisions thereof.

11. **Amendment.** Prior to the consummation of the IPO, the General Partner and, after consummation of the IPO, the Company, may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate this Agreement, but no such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination shall materially adversely affect the rights of Management Unitholder hereunder without the consent of Management Unitholder.

12. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to the shares of Restricted Stock by electronic means. The Management Unitholder hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

13. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties hereto in respect of the subject matter contained herein and supersede all prior agreements and understandings of the parties, oral and written, with respect to such subject matter.

14. **Binding Effect.** This Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

15. **Other Rights.** Management Unitholder acknowledges that, upon consummation of the Exchange, Management Unitholder will no longer hold any unvested Class B Units of the Partnership and will have no surviving rights under the Partnership Agreement or any other governing documents of the Partnership or any other agreements related to ownership of any such unvested Class B Units of the Partnership, other than as expressly set forth herein.

[Signatures on next page.]

IN WITNESS WHEREOF, Management Unitholder acknowledges and accepts the terms of this Agreement.

Management Unitholder

Name: \_\_\_\_\_

Equity Schedule:

Class of Units	Number of Unvested Units at IPO
Class B-1 Units	
Class B-2 Units	

\_\_\_\_\_

Agreement acknowledged and confirmed:

**Crackle Holdings, L.P.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its \_\_\_\_\_

**Crackle Holdings GP LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its \_\_\_\_\_

**Snap One Holdings Corp.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its \_\_\_\_\_

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APPENDIX A  
to the  
Exchange Acknowledgement and Agreement

**TERMS AND CONDITIONS**

1. **General.** Capitalized terms not otherwise defined herein shall have the meaning set forth in the Company's 2021 Stock Incentive Plan. However, the term "Company" as used in this Appendix A with reference to employment shall include the Company and its Subsidiaries.

2. **Vesting Conditions.** Upon receipt, shares of Restricted Stock shall initially be unvested and shall vest as follows:

(a) Shares of Restricted Stock received in exchange for Class B-1 Units (the "Time-Based Restricted Stock") will continue to vest based upon the same vesting conditions as were applicable to the Class B-1 Units to which the Time-Based Restricted Stock relates.

(b) Shares of Restricted Stock received in exchange for Class B-2 Units (the "Performance-Based Restricted Stock") will vest upon achievement of one or more of (A) the Total Return Hurdle, (B) the Average Return Hurdle and/or (C) the VWAP Hurdle (in each case as defined and described below) (which shall replace, in its entirety, the vesting conditions applicable to the Class B-2 Units in place immediately prior to the Exchange):

(i) Total Return Hurdle. Subject to the Management Unitholder not having undergone a Termination (as defined in the 2017 Plan) prior to the applicable vesting date, 100% of the Performance-Based Restricted Stock will vest upon the receipt of Proceeds (as defined in the 2017 Plan) by the H&F Investors (as defined in the 2017 Plan and collectively referred to herein as the "Sponsor"), whether prior to, in connection with or following the IPO (as defined in the Exchange Agreement), equal to \$1,399,409,115, which is the product of (a) \$2.50 *multiplied by* (b) the number of Class A Units held by the Sponsor as of immediately prior to the closing of the IPO (as may be equitably adjusted for any units splits, recapitalizations or other similar events) (the "Total Return Hurdle"). If the Total Return Hurdle is not achieved prior to or in connection with a Change in Control, all Performance-Based Restricted Stock will be forfeited for no consideration.

(ii) Average Return Hurdle. Subject to the Management Unitholder not having undergone a Termination prior to the applicable vesting date, upon any trade or other sale of shares of common stock, par value \$0.01, of the Company ("Common Stock") issued to the Sponsor in connection with the IPO in respect of Class A Units of the Partnership held directly or indirectly by the Sponsor as of immediately prior to the Exchange (each, a "Sponsor Share"), and the aggregate Sponsor Shares so received by the Sponsor, the "Initial Sponsor Shares") following which the Sponsor holds 10% or less of the Initial Sponsor Shares (such trade or other sale, an "Exit Trade"), 100% of the Performance-Based Restricted Stock will vest if the Proceeds received in respect of the Sponsor Shares sold prior to and inclusive of the Exit Trade exceeds (a) the Price Target *multiplied by* (b) the number of Sponsor Shares sold prior to and inclusive of the Exit Trade (the "Average Return Hurdle"). In addition, upon each trade or other sale of Sponsor Shares following the Exit Trade, but prior to the time in which the Sponsor ceases to hold any of the Initial Sponsor Shares, if the Average Return Hurdle is satisfied, 100% of the Performance-Based Restricted Stock will vest. For purposes hereof, the "Price Target" is the amount per share of Common Stock that is equivalent to a price per Class A Unit of the Partnership equal to \$2.50, which is calculated as follows: (a) the product of (i) \$2.50 *multiplied by* (ii) the number of Class A Units held by the Sponsor immediately prior to the closing of the IPO (each as may be equitably adjusted for any units splits, recapitalizations or other similar events) *divided by* (b) the number of Initial Sponsor Shares. For example, if the Sponsor held 500,000,000 Class A Units immediately prior to the closing of the IPO and the number of Initial Sponsor Shares was 100,000,000 (i.e. 0.20 shares of Company Common Stock per Class A Unit), the Price Target would be equal to \$12.50. The Price Target shall be appropriately reduced based on any Proceeds paid to the holders of Class A Units of the Partnership prior to the IPO (for example, a pro rata cash distribution).

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(iii) VWAP Hurdle. Prior to an Exit Trade, or following an Exit Trade to the extent such trade does not result in satisfaction of the Average Return Hurdle, if, during the period commencing on the earlier to occur of (a) the first anniversary of the IPO or (b) the first Exit Trade, and ending on February 4, 2024 (such period, the “VWAP Period”), the price per share of Common Stock, measured using a 30-day volume-weighted average price (the “VWAP Price”), is at least equal to the Price Target (the “VWAP Hurdle”), then:

- (A) 42% of the Performance-Based Restricted Stock will vest on August 4, 2022 (or such later date on which the VWAP Hurdle is achieved);
- (B) 42% of the Performance-Based Restricted Stock will vest on August 4, 2023 (or such later date on which the VWAP Hurdle is achieved); and
- (C) 16% of the Performance-Based Restricted Stock will vest on February 4, 2024.

For the avoidance of doubt, no Performance-Based Restricted Stock will vest as a result of achieving the VWAP Hurdle prior to or following the VWAP Period.

(iv) Final Forfeiture. Notwithstanding anything contained in this Section 2(b) to the contrary, Performance-Based Restricted Stock that has not vested on or prior to February 4, 2024 shall be forfeited on such date for no consideration.

(c) The vesting conditions applicable to the Performance-Based Restricted Stock as set forth in Section 2(b) of this Appendix A constitute an amendment to the original vesting terms applicable to the Class B-2 Units for which such shares of Restricted Stock are exchanged. Management Unitholder hereby consents to such amended vesting terms in accordance with the 2017 Plan.

3. **Treatment of Shares of Restricted Stock Upon Termination.** Except as set forth in Section 2 of this Appendix A, in the event of the Management Unitholder’s Termination for any reason prior to the time that all of the shares of Restricted Stock have vested, (A) all vesting with respect to such shares of Restricted Stock shall cease and (B) unvested shares of Restricted Stock shall be forfeited to the Company by the Management Unitholder for no consideration as of the date of such Termination.

4. **Non-Transferability.** The shares of Restricted Stock are not transferable by the Unitholder while the shares of Restricted Stock are unvested (such period, the “Restricted Period”), unless such transfer is specifically required pursuant to a domestic relations order or by Applicable Law or if otherwise permitted by the board of directors of Snap One Holdings Corp. During the Restricted Period, no impermissible assignment or transfer of the shares of Restricted Stock, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the shares of Restricted Stock shall be forfeited to the Company.

5. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on the shares of Restricted Stock, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Management Unitholder to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

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SECTION 83(b) ELECTION FORM

, 2021

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Internal Revenue Service Center

Re: Election Under §83(b) of the Internal Revenue Code

Dear Sir or Madam:

The undersigned hereby elects under Section 83(b) of the Internal Revenue Code to include in the taxpayer's gross income for the taxable year in which the property described below was transferred, the excess (if any), of the fair market value of such property at the time of its transfer, over the amount (if any) paid for such property. Pursuant to Treas. Reg. § 1.83-2(e), the following information is submitted:

1. Name of taxpayer: \_\_\_\_\_
2. Address of taxpayer: \_\_\_\_\_
3. Social Security Number: \_\_\_\_\_
4. Property with respect to which the election is being made:      shares of Common Stock of Snap One Holdings Corp.
5. Date Interest Acquired:      , 2021
6. Taxable Year for which election is being made: calendar year 2021
7. Nature of the restriction or restrictions to which the property is subject: While the shares of Common Stock described in Paragraph 4 are held by the undersigned, such shares remain subject to vesting based upon the continued performance of substantial services and/or applicable performance conditions.
8. Fair Market Value of the property at the time of transfer/acquisition, determined without regard to any lapse restrictions and in accordance with Revenue Procedure 93-27: \$
9. Amount paid for the property: \$

Pursuant to Treas. Reg. § 1.83-2(e), a copy of this election has been furnished to the person for whom the undersigned's services are performed.

Very truly yours,

\_\_\_\_\_  
[Name]

\_\_\_\_\_



SECTION 83(b) ELECTION FORM

, 2021

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Internal Revenue Service Center

Re: Election Under §83(b) of the Internal Revenue Code

Dear Sir or Madam:

The undersigned hereby elects under Section 83(b) of the Internal Revenue Code to include in the taxpayer's gross income for the taxable year in which the property described below was transferred, the excess (if any), of the fair market value of such property at the time of its transfer, over the amount (if any) paid for such property. Pursuant to Treas. Reg. § 1.83-2(e), the following information is submitted:

1. Name of taxpayer: \_\_\_\_\_
2. Address of taxpayer: \_\_\_\_\_
3. Social Security Number: \_\_\_\_\_
4. Property with respect to which the election is being made: \$ \_\_\_\_\_ which is held in escrow by Snap One Holdings Corp.
5. Date Interest Acquired: , 2021
6. Taxable Year for which election is being made: calendar year 2021
7. Nature of the restriction or restrictions to which the property is subject: While cash described in Paragraph 4 is held for the benefit of the undersigned, such cash remains subject to vesting based upon the continued performance of substantial services and/or applicable performance conditions.
8. Fair Market Value of the property at the time of transfer/acquisition, determined without regard to any lapse restrictions and in accordance with Revenue Procedure 93-27: \$ \_\_\_\_\_
9. Amount paid for the property: \$ \_\_\_\_\_

Pursuant to Treas. Reg. § 1.83-2(e), a copy of this election has been furnished to the person for whom the undersigned's services are performed.

Very truly yours,

\_\_\_\_\_  
[Name]

\_\_\_\_\_

## Crackle Holdings, L.P.

## Treatment of Unvested Class A Nonvoting Units

, 2021

As you know, Crackle Holdings GP LLC (the “General Partner”), being the general partner of Crackle Holdings, L.P. (the “Partnership”), has begun the process of an initial public offering (if consummated, the “IPO”) and, in connection therewith, has selected Snap One Holdings Corp. (f/k/a Crackle Corp.), a direct wholly-owned subsidiary of the Partnership (the “Company”), for purposes of undertaking the IPO. In connection with the IPO, and pursuant to the terms of the Partnership Agreement (as defined below) to which you are party, the General Partner will cause the Partnership to exchange your unvested Class A Nonvoting Units (the “Unvested Units”) for unvested shares of common stock of the Company (“shares of Restricted Stock”) if and when the IPO occurs (the “Exchange”). Terms used but not otherwise defined herein shall have the meanings ascribed to them in the Amended and Restated Limited Partnership Agreement of the Partnership, dated as of August 4, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the “Partnership Agreement”).

**What will you receive?** You will receive shares of Restricted Stock in exchange for your Unvested Units. These shares of Restricted Stock will be stock of the same class of shares that will become publicly traded following the IPO and will be subject to restrictions on transfer and vesting as described below. As is the case with your Class A Nonvoting Units of the Partnership (the “Restricted Units”), the shares of Restricted Stock will not be registered under the Securities Act of 1933, as amended (the “Securities Act”), and accordingly, even once the shares of Restricted Stock have vested, they may not be sold or transferred except pursuant to an effective registration statement under the Securities Act or pursuant to an applicable exemption therefrom (such as Rule 144 under the Securities Act, for example).

The number of shares of Restricted Stock you will receive will be determined taking into account the aggregate value of your Unvested Units immediately prior to the Exchange, based on the distribution priorities and terms applicable to the various classes of units of the Partnership, in each case, calculated by the General Partner pursuant to and in accordance with the Partnership Agreement, and the price at which shares of Common Stock of the Company are initially offered to the public in connection with the IPO (the “IPO Price”). The number of shares of Restricted Stock you receive in exchange for your Unvested Units will each be rounded up or down to the nearest whole Share, and any fractional Shares will be settled in cash by the Company at a later date. Your shares will be held at an account in your name with the transfer agent in book-entry form.

You will also receive cash equal to \$ per Unvested Unit in lieu of participation in the tax receivables agreement that will be entered into between the Company and certain Partnership unitholders in connection with the IPO (the “Additional Payment”). You will receive the Additional Payments payable with respect to your Unvested Units at the same time as the Exchange.

**When can you sell your Shares of Restricted Stock?** The shares of Restricted Stock generally cannot be sold until the date that is the later of (i) the date on which such shares of Restricted Stock vest and (ii) one hundred and eighty (180) days following the closing date of the IPO, subject to the Company’s then effective insider trading policy.

**What vesting conditions will apply to the Shares of Restricted Stock?**

The shares of Restricted Stock you receive in exchange for your Unvested Units will be subject to the vesting terms that apply to such Unvested Units, as further described in the attached Exchange Acknowledgement and Agreement.

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**What must you do now?** To facilitate the IPO process and the Exchange of your Unvested Units, you must execute the attached Exchange Acknowledgement and Agreement. **We strongly encourage you to read these documents, and, if you have questions, consult with your own legal, financial, and tax advisors about the consequences of the Exchange.**

After you execute the Exchange Acknowledgement and Agreement, please send signed copies of the agreement(s) to \_\_\_\_\_ no later than \_\_\_\_\_, 2021.

**U.S. Federal Income Tax Treatment of the Exchange.** The Company intends to take the position that the Exchange should not result in taxable income to you for U.S. federal income tax purposes, except with respect to any cash received in connection with the Exchange, as described below. The Exchange is expected to be treated, for U.S. federal income tax purposes, as a distribution to you of shares of Common Stock of the Company by the Partnership in redemption of your Unvested Units. Accordingly, your tax basis and holding period, if any, in your Unvested Units should carry over to your shares of Restricted Stock, except that your basis will be reduced by the amount of cash received at the time of the Exchange or with respect to which a section 83(b) election is made, as described below, and your subsequent disposition of such shares (after vesting) should generally result in a capital gain (or loss) in an amount equal to the difference between the amount you realize on the disposition and your tax basis in the shares of Restricted Stock that are disposed of. Long-term capital gains recognized by individuals are generally eligible for reduced rates of taxation. Furthermore, the deductibility of capital losses is subject to limitations. The foregoing assumes you will make an election as required in the Exchange Acknowledgement and Agreement under section 83(b) of the Internal Revenue Code with respect to the shares of Restricted Stock and that the shares of Restricted Stock you receive in the Exchange are of equivalent value to your Unvested Units.

**U.S. Federal Income Tax Treatment of the Additional Payments.** Any cash you receive at the time of the Exchange pursuant to this agreement is expected to be taxable income to you as capital gain to the extent the cash received exceeds your outside basis in your Partnership interest. Your basis in the shares of Restricted Stock you receive in the Exchange will be reduced by the amount of such cash.

**The shares of Restricted Stock you receive in the Exchange will be in exchange for, and will supersede in all respects, the Unvested Units, which will be cancelled and cease to exist immediately upon the Exchange. Except as expressly set forth in the Exchange Acknowledgement and Agreement, your rights and obligations under your Award Agreement(s), the Partnership Agreement and any other documents or agreements with respect to the Unvested Units or the Partnership will terminate immediately following the Exchange.**

We look forward to beginning this new, exciting chapter as a public company.

Sincerely,

John Heyman

## EXCHANGE ACKNOWLEDGEMENT AND AGREEMENT

This Exchange Acknowledgement and Agreement (this “Agreement”) is made effective as of \_\_\_\_\_, 2021 (the “Effective Date”), by and among Crackle Holdings, L.P., a Delaware limited partnership (the “Partnership”), Crackle Holdings GP LLC, a Delaware limited liability company and the general partner of the Partnership (the “General Partner”), Snap One Holdings Corp. (f/k/a Crackle Corp.), a Delaware corporation and direct wholly-owned subsidiary of the Partnership (the “Company”), and the unitholder identified on the signature page attached hereto (“Unitholder”). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Partnership Agreement (as defined below).

WHEREAS, Unitholder holds a number of unvested Class A Nonvoting Units of the Partnership (the “Exchanged Units”), in each case as specified in the Equity Schedule set forth on the signature page hereto, which Exchanged Units are subject to the Amended and Restated Limited Partnership Agreement of the Partnership, dated as of August 4, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the “Partnership Agreement”), and one or more Restricted Class A Nonvoting Unit Award Agreements, including any exhibits attached thereto (collectively, the “Award Agreements”);

WHEREAS, in connection with the initial public offering of the Company (the “IPO”), the General Partner will cause all of the Exchanged Units to be exchanged for unvested shares of common stock, par value \$0.01, of the Company (the “shares of Restricted Stock”), effective immediately after the execution and delivery by the Company of the underwriting agreement relating to the IPO (the “Exchange” and, the date of such Exchange, the “Exchange Time”), upon the terms and subject to the conditions set forth herein and as otherwise determined by the General Partner;

WHEREAS, prior to the IPO, the Company and the Partnership will enter into a tax receivable agreement (the “Tax Receivable Agreement”) whereby the Company will agree to make payments with respect a portion of the tax savings of the Company as a result of certain pre-IPO tax attributes;

WHEREAS, the Partnership will distribute its rights under the Tax Receivable Agreement to certain unitholders, and a cash payment to other holders, including the Unitholder, equal to the fair market value of the Unitholder’s pro rata interest in the Tax Receivable Agreement in lieu of rights under the Tax Receivable Agreement; and

WHEREAS, at the Exchange Time, pursuant to the Exchange, the Exchanged Units will be redeemed and will be cancelled and cease to exist and, in exchange therefor, Unitholder shall receive a number of shares of Restricted Stock determined by the General Partner, based on the price at which Shares are initially offered to the public in connection with the IPO (the “IPO Price”), as described herein and subject to the terms and conditions hereof, including, Appendix A attached hereto.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto acknowledge and agree as follows:

**1. Exchange of Exchanged Units.**

(a) Subject to the terms and conditions set forth herein and effective as of the Exchange Time, the General Partner will cause the Exchanged Units to be redeemed and cancelled in exchange for a number of shares of Restricted Stock, as determined in accordance with the Partnership Agreement. Once the IPO Price is conclusively determined, the actual number of shares of Restricted Stock to be received will be determined and the Company will communicate such final number to the Unitholder.

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(b) Unitholder shall receive cash equal to \$ \_\_\_\_\_ per Exchanged Unit (the “Additional Payment”). Additional Payments shall be distributed to the Unitholder by the Partnership to the Unitholder on or prior to the closing date of the IPO.

(c) Effective as of the Exchange, the shares of Restricted Stock shall be subject to the terms of Appendix A attached hereto.

(d) Unitholder shall provide the Company with a copy of a completed election under Section 83(b) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder in the form of Exhibit A attached hereto, with respect to the shares of Restricted Stock. Unitholder shall timely (within 30 days of the Exchange Time) file (via certified mail, return receipt requested) such election(s) with the Internal Revenue Service, and thereafter shall certify to the Company that Unitholder has made such timely filing(s) and furnish a copy of such filing(s) to the Company. Unitholder should consult his or her tax advisor regarding the consequences of a Section 83(b) election, as well as the receipt, vesting, holding and sale of the shares of Restricted Stock.

(e) Unitholder acknowledges that the shares of Restricted Stock have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), and accordingly, may not be sold or transferred except pursuant to an effective registration statement under the Securities Act or pursuant to an applicable exemption therefrom, and subject to the Company’s then effective insider trading policy.

3. **Book Entry.** The Company shall recognize Unitholder’s ownership of shares of Restricted Stock through uncertificated book entry.

4. **Rights as a Stockholder.** Unitholder shall be the record owner of the shares of Restricted Stock until or unless such shares of Restricted Stock are forfeited pursuant to the terms of this Agreement, and as record owner shall be entitled to all rights of a common stockholder of the Company, including, without limitation, voting rights with respect to the shares of Restricted Stock and rights to dividends or other distributions, subject to Section 6 below.

5. **Book Entry Notations.** To the extent applicable, all book entries representing the shares of Restricted Stock delivered to Unitholder as contemplated by Section 3 above shall be subject to the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares are listed, and any applicable Federal or state laws, and the Company may cause notations to be made next to the book entry to make appropriate reference to such restrictions. Any such book entry notations may include a description of the restrictions set forth in Appendix A attached hereto and herein, including Sections 1 and 6 hereof.

6. **Transfer Restrictions.** The shares of Restricted Stock are subject to the restrictions and obligations set forth in the Snap One Holdings Corp. Stockholders Agreement to be entered into by the Company and the other parties thereto on the date of the Exchange (the “Stockholders Agreement”) and Appendix A attached hereto.

7. **No Right to Continued Service.** Neither this Agreement nor Unitholder’s receipt of the Shares hereunder shall be construed as giving the Unitholder the right to be retained as member of the board of directors of the Company or any affiliate thereof.

8. **Cooperation.** Unitholder acknowledges that the IPO constitutes an Initial Public Offering, the Company constitutes the IPO Corporation and the Exchange constitutes an IPO Conversion, in each case, pursuant to the Partnership Agreement and acknowledges that Unitholder has obligations to cooperate with the General Partner and take all actions required or reasonably requested by the General Partner in connection with the consummation of the IPO Conversion under the Partnership Agreement. Without limiting the foregoing, Unitholder further agrees to cooperate with the General Partner, the Partnership, the Company and their respective affiliates in taking any actions reasonably requested, necessary or advisable to consummate the transactions contemplated by this Agreement.

9. **Notices.** Any notice necessary under this Agreement shall be addressed to the General Partner, the Partnership or the Company in care of its Secretary at its principal executive office and to Unitholder at the address appearing in the personnel records of the Company for such Unitholder or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

10. **Choice of Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and performed wholly within the State of Delaware, without giving effect to the conflict of laws provisions thereof.

11. **Amendment.** Prior to the consummation of the IPO, the General Partner and, after consummation of the IPO, the Company, may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate this Agreement, but no such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination shall materially adversely affect the rights of Unitholder hereunder without the consent of Unitholder.

12. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to the shares of Restricted Stock by electronic means. The Unitholder hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

13. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties hereto in respect of the subject matter contained herein and supersede all prior agreements and understandings of the parties, oral and written, with respect to such subject matter.

14. **Binding Effect.** This Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

15. **Other Rights.** Unitholder acknowledges that, upon consummation of the Exchange, Unitholder will no longer hold any unvested Restricted Units of the Partnership and will have no surviving rights under the Partnership Agreement or any other governing documents of the Partnership or any other agreements related to ownership of any such unvested Restricted Units, other than as expressly set forth herein.

*[Signature page follows]*

IN WITNESS WHEREOF, Unitholder acknowledges and accepts the terms of this Agreement.

**Unitholder**

\_\_\_\_\_  
Name:

**Equity Schedule:**

Class of Units	Number of Unvested Units at IPO
Class A Nonvoting Units	

\_\_\_\_\_

Agreement acknowledged and confirmed:

**Crackle Holdings, L.P.**

\_\_\_\_\_  
By:  
Name:  
Its

**Crackle Holdings GP LLC**

\_\_\_\_\_  
By:  
Name:  
Its

**Snap One Holdings Corp.**

\_\_\_\_\_  
By:  
Name:  
Its



**APPENDIX A**  
**to the**  
**Exchange Acknowledgement and Agreement**

**TERMS AND CONDITIONS**

1. **General.** Capitalized terms not otherwise defined herein shall have the meaning set forth in the Company's 2021 Stock Incentive Plan. However, the term "Company" as used in this Appendix A with reference to service shall include the Company and its Subsidiaries.
  2. **Vesting.** Upon receipt, shares of Restricted Stock shall initially be unvested and shall continue to vest pursuant to the same time-vesting conditions as were applicable to the Unvested Units to which the shares of Restricted Stock relate. However, for purposes of such vesting conditions, "Sponsor Exit" shall mean the first to occur of (x) the date on which the H&F Stockholders (as defined in the Stockholders Agreement) or any of their investment fund Affiliates hold (collectively) less than 20% of the outstanding shares of Common Stock of the Company on a fully diluted basis or (y) a Change in Control.
  3. **Treatment of Shares of Restricted Stock Upon Termination.** In the event of the Unitholder's termination of service with the Company ("Termination") (i) by reason of Unitholder's death or Disability or (ii) by the Company without Cause (each, a "Good Leaver Termination"), any then-unvested shares of Restricted Stock shall immediately vest upon such Termination; provided that if the Unitholder is terminated by the Company without Cause prior to the first anniversary of the date of grant of the Unvested Units to which the shares of Restricted Stock relate (such grant date, the "Original Grant Date"), a pro-rata portion of such shares Restricted Stock shall vest, with such portion equal to the total number of such shares of Restricted Stock, multiplied by a fraction, the numerator of which is the number of days that have elapsed since the Original Grant Date and the denominator of which is 1,096 and any remaining unvested shares of Restricted Stock shall be forfeited. In the event of the Unitholder's Termination for any reason other than a Good Leaver Termination, any then-unvested shares of Restricted Stock shall be immediately forfeited, and, in addition, in the event of a Termination for Cause any vested (and unvested) shares of Restricted Stock shall be immediately forfeited for no consideration.
  4. **Non-Transferability.** The shares of Restricted Stock are not transferable by the Unitholder while the shares of Restricted Stock are unvested (such period, the "Restricted Period"), unless such transfer is specifically required pursuant to a domestic relations order or by Applicable Law or if otherwise permitted by the board of directors of the Company. During the Restricted Period, no impermissible assignment or transfer of the shares of Restricted Stock, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the shares of Restricted Stock shall be forfeited to the Company.
  5. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on the shares of Restricted Stock, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Unitholder to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
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SECTION 83(b) ELECTION FORM

, 2021

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Internal Revenue Service Center

Re: Election Under §83(b) of the Internal Revenue Code

Dear Sir or Madam:

The undersigned hereby elects under Section 83(b) of the Internal Revenue Code to include in the taxpayer's gross income for the taxable year in which the property described below was transferred, the excess (if any), of the fair market value of such property at the time of its transfer, over the amount (if any) paid for such property. Pursuant to Treas. Reg. § 1.83-2(e), the following information is submitted:

1. Name of taxpayer: \_\_\_\_\_
2. Address of taxpayer: \_\_\_\_\_
3. Social Security Number: \_\_\_\_\_
4. Property with respect to which the election is being made: \_\_\_\_\_ shares of Common Stock of Snap One Holdings Corp.
5. Date Interest Acquired: \_\_\_\_\_, 2021
6. Taxable Year for which election is being made: calendar year 2021
7. Nature of the restriction or restrictions to which the property is subject: While the shares of Common Stock described in Paragraph 4 are held by the undersigned, such shares remain subject to vesting based upon the continued performance of substantial services and/or applicable performance conditions.
8. Fair Market Value of the property at the time of transfer/acquisition, determined without regard to any lapse restrictions and in accordance with Revenue Procedure 93-27: \$ \_\_\_\_\_
9. Amount paid for the property: \$ \_\_\_\_\_

Pursuant to Treas. Reg. § 1.83-2(e), a copy of this election has been furnished to the person for whom the undersigned's services are performed.

Very truly yours,

\_\_\_\_\_  
[Name]

\_\_\_\_\_

## ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this “Agreement”) is made as of \_\_\_\_\_, 2021, by and among Snap One Holdings Corp., a Delaware corporation (the “Company”), H&F Copper Holdings VIII, L.P., a Delaware limited partnership (the “TRA Party Representative”), and Wilmington Trust, National Association, as escrow agent (the “Escrow Agent”). Capitalized terms used but not defined herein shall have the meanings set forth in the Tax Receivable Agreement (as defined below).

WHEREAS, the Company is party to (i) that certain Tax Receivable Agreement, dated as of \_\_\_\_\_, 2021, by and among the Company, Crackle Holdings, L.P., a Delaware limited partnership and the direct parent of the Company (the “Partnership”), and the TRA Party Representative (as amended, restated, modified or supplemented from time to time, the “Tax Receivable Agreement”), and (ii) those certain Exchange Acknowledgement and Agreements, each dated as of \_\_\_\_\_, 2021, by and among the Company, the Partnership, Crackle Holdings GP LLC, a Delaware limited liability company and the general partner of the Partnership, and certain management unitholders (as amended, restated, modified or supplemented from time to time, collectively, the “Exchange Agreements”);

WHEREAS, pursuant to the terms of the Exchange Agreements, among other things, certain Additional Payments (as defined therein) payable by or on behalf of the Company to certain management holders thereunder are required to be held in escrow, subject to vesting conditions that are based on the vesting conditions of the shares of restricted stock as described in the Exchange Agreements for the shares of restricted stock with which such Additional Payments are associated;

WHEREAS, the board of directors of the Company (the “Board”) has resolved to deposit or cause to be deposited, by wire transfer of immediately available funds, with the Escrow Agent into an account (the “Escrow Account”) an aggregate amount of cash equal to the Escrow Amount (as defined below);

WHEREAS, the Escrow Account is established by the Escrow Agent pursuant to the terms of this Agreement for payment of the Additional Payments, subject in each case to the vesting of such Additional Payment in accordance with the terms of the applicable Exchange Agreement; and

WHEREAS, this Agreement is the Escrow Agreement referred to in the Exchange Agreements.

NOW, THEREFORE, in consideration of the agreements and understandings contemplated in the Tax Receivable Agreement, the Exchange Agreements and herein, the parties hereto agree as follows.

1. Appointment of Escrow Agent; Escrow Deposit.

(a) The Company and the TRA Party Representative hereby appoint the Escrow Agent as escrow agent to perform the duties of the Escrow Agent set forth in this Agreement, and the Escrow Agent hereby accepts such appointment under the terms and conditions set forth in this Agreement.

(b) On the date hereof, the Company shall deposit, or cause to be deposited, in a non-interest bearing account with the Escrow Agent, \$2,754,210.87 in immediately available funds (the “Escrow Amount”), and upon receipt of the Escrow Amount, the Escrow Agent will acknowledge in writing to the TRA Party Representative and the Company receipt of the Escrow Amount on the same day of receipt. For purposes of this Agreement, the term “Escrow Funds” will mean the Escrow Amount, less any distributions thereof in accordance with this Agreement. The Escrow Agent will accept the Escrow Amount and hereby agrees to record and hold the Escrow Funds in the Escrow Account and in accordance with the provisions of this Agreement and will not distribute the Escrow Funds except in accordance with the express terms and conditions of this Agreement.

2. Release of Escrow Account Assets. The Escrow Agent shall release the Escrow Funds only as provided in this Section 2. Within two (2) Business Days after the Escrow Agent's receipt of a joint written direction of the Company and the TRA Party Representative (each, a "Written Instruction"), the Escrow Agent shall release the Escrow Funds as directed in such Written Instructions. The Written Instructions shall provide as follows:

(a) to the extent any Additional Payments come due in accordance with the applicable Exchange Agreements and are not treated as compensation, such portion of the Escrow Funds shall be disbursed to the applicable Management Unitholders (as defined in the applicable Exchange Agreement);

(b) to the extent any Additional Payments come due in accordance with the applicable Exchange Agreements and are treated as compensation, such portion of the Escrow Funds shall be disbursed to the Company, which shall distribute such funds to the applicable Management Unitholder, less any applicable withholding taxes; and/or

(c) with respect to any Additional Payments that are forfeited in accordance with the applicable Exchange Agreements and the Tax Receivable Agreement, such portion of the Escrow Funds shall be disbursed to the TRA Parties (as defined in the Tax Receivable Agreement).

For the avoidance of doubt, any Written Instruction may be delivered by the Company and the TRA Party Representative only upon the vesting of the applicable portion of the Escrow Funds to be released in accordance with the terms of the applicable Exchange Agreements and/or upon the forfeiture of the applicable portion of the Escrow Funds to be released in accordance with the terms of the applicable Exchange Agreements and the Tax Receivable Agreement.

3. Tax Compliance. The Escrow Agent shall have the right to request from any party to this Agreement, or any other person or entity entitled to payment hereunder, any additional forms, documentation or other information as may be reasonably necessary for the Escrow Agent to satisfy its reporting and withholding obligations under applicable law, including IRS Form W-9 or the appropriate series of IRS Form W-8, as applicable. The Company and the TRA Party Representative understand that the Escrow Agent may be required to withhold a portion of any payment hereunder if they have not supplied the correct Taxpayer Identification Number or required certification and that the Escrow Agent will deliver any such withheld amount to the IRS or other tax authority. The Escrow Agent shall have no responsibility to report for tax purposes any payments made in connection with this Escrow Agreement.

4. No Duty to Verify. The Escrow Agent will have neither the duty nor the authority to verify the accuracy of the information contained in any instruction, notice or certificate, nor the genuineness of any signature thereon or the authority of any such signatory to execute such instruction, notice or certificate, delivered by the Company or the TRA Party Representative hereunder. Upon distribution of all of the Escrow Funds in accordance with Section 2, Section 3, Section 5 or Section 6 hereof, the Escrow Agent will be deemed to have fully discharged its duties and obligations hereunder, and will have no further liability or obligation to any party with respect hereto. Concurrent with the execution of this Escrow Agreement, each of the Company and the TRA Party Representative shall provide the Escrow Agent with a copy of an authorized signor form in the form of Exhibit A-1 and Exhibit A-2, respectively, to this Escrow Agreement.

5. Escrow Funds. The Escrow Agent is authorized and directed to deposit, transfer and hold the Escrow Funds in a Wilmington Trust non-interest bearing or other account fully insured, subject to the applicable rules and regulations of the Federal Reserve Insurance Corporation (FDIC), to the applicable limits of the FDIC.

6. Provisions with Respect to the Escrow Agent.

(a) Protection of the Escrow Agent. The Escrow Agent, the Company and the TRA Party Representative, as applicable, agree that: (i) either the Company or the TRA Party Representative may examine the Escrow Account (and the Escrow Funds) at any time at the office of the Escrow Agent upon reasonable notice to the Escrow Agent; (ii) in performing their duties hereunder, the Escrow Agent may rely on written statements furnished to it by any officer of either the Company or the TRA Party Representative (provided, that such notice is otherwise in accordance with the requirements hereof) with respect to matters related to the Company or the TRA Party Representative, respectively, or any other evidence deemed by the Escrow Agent to be reliable, and will be entitled to act on the advice of counsel selected by it; (iii) if the Escrow Account (or the Escrow Funds) are attached, garnished, or levied upon under the order of any court, or the delivery thereof will be stayed or enjoined by the order of any court, or any other order, judgment or decree will be made or entered by any court affecting the Escrow Account (or the Escrow Funds), the Escrow Agent is hereby expressly authorized to obey and comply with all writs, orders or decrees so entered or issued, whether with or without jurisdiction, provided that the Escrow Agent will provide reasonable prior notice, to the extent possible under the circumstances, to the Company and the TRA Party Representative of such compliance with such writs, orders or decrees, and the Escrow Agent will not be liable to any of the parties hereto or their successors by reason of compliance with any such writ, order or decree notwithstanding such writ, order or decree being subsequently reversed, modified, annulled, set aside or vacated; and (iv) notwithstanding anything herein to the contrary, the Escrow Agent will be under no duty to monitor or enforce compliance by the TRA Party Representative or the Company with any term or provision of the Tax Receivable Agreement and the Exchange Agreements. The Escrow Agent may perform any and all of its duties through its agents, representatives, attorneys, custodians, and/or nominees. The Escrow Agent shall not be required to use its own funds in the performance of any of its obligations or duties or the exercise of any of its rights or powers

(b) Resignation; Removal; Appointment of New Escrow Agent. The Escrow Agent reserves the right to resign at any time by giving at least 30 days advance written notice of resignation to the Company and the TRA Party Representative, specifying the effective date thereof. Similarly, the Escrow Agent may be removed and replaced following the delivery of a 30 days advance written notice to the Escrow Agent by the Company and the TRA Party Representative. Within 30 days after the receipt of one of the notices referred to above, the Company and the TRA Party Representative agree to jointly appoint a successor escrow agent (a "Successor Agent"). The Successor Agent will become a party to and must agree to be legally bound by this Agreement (with such modifications as may be agreed by the Company and the TRA Party Representative) by means of a written joinder agreement, the signature page to which, when signed by the Successor Agent, will be deemed to be a counterpart signature page to this Agreement. The Successor Agent will be deemed to be the Escrow Agent under the terms of this Agreement. If a Successor Agent has not been appointed and/or has not accepted such appointment by the end of the 30-day period commencing upon the receipt of the notice of resignation by the TRA Party Representative, the Escrow Agent may apply to a court of competent jurisdiction for the appointment of a Successor Agent. The out-of-pocket costs, expenses and reasonable attorneys' fees incurred by the Escrow Agent will be paid by the Company.

(c) Indemnification of Escrow Agent. Without limiting any protection or indemnity of the Escrow Agent under any other provision hereof or otherwise at law, the Company agrees to indemnify and hold harmless the Escrow Agent from and against any and all liabilities, losses, damages, penalties, claims, actions, suits and out-of-pocket costs, expenses and disbursements, including reasonable out-of-pocket legal or advisor fees and disbursements, which may be imposed on, incurred by or asserted against the Escrow Agent in connection with the performance of its duties and obligations hereunder, other than such liabilities, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements arising by reason of the Escrow Agent's fraud, gross negligence or willful misconduct. Notwithstanding the foregoing, the Company shall not be required to indemnify the Escrow Agent with respect to any claim against any such party unless the Company is notified of the written assertion of a claim against it, or of any action commenced against it, promptly after it shall have received any such written information as to the nature and basis of the claim; provided, however, that failure to provide such notice shall not relieve the Company of any liability hereunder if no prejudice occurs. This provision will survive the resignation or removal of the Escrow Agent, or the termination of this Agreement.

(d) Duties. The Escrow Agent will have only those duties as are specifically provided in this Agreement, which will be deemed purely ministerial in nature, and will under no circumstance be deemed a fiduciary for any of the parties to this Agreement. The Escrow Agent will neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument or document between the other parties hereto, in connection herewith, including, without limitation, the Tax Receivable Agreement and the Exchange Agreements. This Agreement sets forth all matters pertinent to the escrow contemplated hereunder, and no additional obligations of the Escrow Agent will be inferred from the terms of this Agreement or any other agreement. The permissive rights of the Escrow Agent to do things enumerated in this Escrow Agreement shall not be construed as duties. IN NO EVENT WILL THE ESCROW AGENT, BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY (i) DAMAGES OR EXPENSES ARISING OUT OF THE SERVICES PROVIDED HEREUNDER, OTHER THAN DAMAGES WHICH RESULT FROM THE ESCROW AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OR (ii) SPECIAL OR CONSEQUENTIAL DAMAGES, EVEN IF THE ESCROW AGENT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

(e) Force Majeure. The Escrow Agent shall not be responsible or liable for any failure or delay in the performance of its obligation under this Escrow Agreement to the extent arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; wars; acts of terrorism; civil or military disturbances; sabotage; epidemic; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Escrow Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

7. Fees and Reimbursement to the Escrow Agent.

(a) Fees. The Escrow Agent will be entitled to be paid an aggregate fee of \$7,500, to be borne solely by the Company, for its services for each 12-month period (or portion thereof, calculated on a prorated basis) this Agreement remains in effect until distribution of all of the Escrow Account Assets in accordance with this Agreement. For the avoidance of doubt, there will be no separate wire fees or other similar charges related to disbursements from the Escrow Account.

(b) Reimbursement. All fees and expenses of the Escrow Agent for performing the duties of the Escrow Agent set forth in this Agreement will be borne by the Company. The Escrow Agent will not be entitled to withdraw from the Escrow Account any fees, costs or expenses under this Agreement.

8. Termination. This Agreement will terminate when all of the Escrow Funds have been distributed in accordance with this Agreement.

9. Miscellaneous.

(a) Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed given (a) when delivered personally by hand (with written confirmation of receipt by other than automatic means, whether electronic or otherwise), (b) when sent by e-mail (with non-automated written confirmation of receipt) or (c) one (1) Business Day following the day sent by an internationally recognized overnight courier (with written confirmation of receipt), in each case, at the following addresses or e-mail addresses (or to such other address or e-mail address as a party may have specified by notice given to the other party pursuant to this provision):

If to the Escrow Agent to:

Wilmington Trust, National Association  
Corporate Capital markets  
50 South Sixth Street, Ste. 1290  
Minneapolis, MN 55402

E-mail: [     ]  
Attention: [     ]  
Telecopy: [     ]

If to the Company to:

Snap One Holdings Corp.  
1800 Continental Blvd, Suite 300  
Charlotte, North Carolina 28273

E-mail: [     ]  
Attention: [     ]  
Telecopy: [     ]

with a copy (which shall not constitute actual or constructive notice) to:

Simpson Thacher & Bartlett LLP  
2475 Hanover Street  
Palo Alto, California 94304

E-mail: [     ]  
Attention: [     ]  
Telecopy: [     ]

If to the TRA Party Representative, to:

H&F Copper Holdings VIII, L.P.  
c/o Hellman & Friedman LLC  
415 Mission Street, Suite 5700  
San Francisco, California 94105

E-mail: [     ]  
Attention: [     ]  
Telecopy: [     ]

with a copy (which shall not constitute actual or constructive notice) to:

Simpson Thacher & Bartlett LLP  
2475 Hanover Street  
Palo Alto, California 94304

E-mail: [     ]  
Attention: [     ]  
Telecopy: [     ]

(b) Governing Law. This Agreement, and all claims or causes of action (whether in contract or tort) that may be based upon, arise out of or relate to this Agreement or the negotiation, execution or performance of this Agreement (including any claim or cause of action based upon, arising out of or related to any representation or warranty made in or in connection with this Agreement) will be governed by and construed in accordance with the internal laws of the State of Delaware applicable to agreements executed and performed entirely within such State without regards to conflicts of law principles of the State of Delaware or any other jurisdiction that would cause the laws of any jurisdiction other than the State of Delaware to apply.

(c) CONSENT TO JURISDICTION AND SERVICE OF PROCESS. THE PARTIES TO THIS AGREEMENT SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE DELAWARE COURT OF CHANCERY (OR, ONLY IF THE DELAWARE COURT OF CHANCERY DECLINES TO ACCEPT JURISDICTION OVER A PARTICULAR MATTER, THE DELAWARE SUPREME COURT OR THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE), AND ANY APPELLATE COURT FROM ANY THEREOF IN RESPECT OF THE INTERPRETATION AND ENFORCEMENT OF THE PROVISIONS OF THIS AGREEMENT AND ANY RELATED AGREEMENT, CERTIFICATE OR OTHER DOCUMENT DELIVERED IN CONNECTION HERewith AND BY THIS AGREEMENT WAIVE, AND AGREE NOT TO ASSERT, ANY DEFENSE IN ANY ACTION FOR THE INTERPRETATION OR ENFORCEMENT OF THIS AGREEMENT AND ANY RELATED AGREEMENT, CERTIFICATE OR OTHER DOCUMENT DELIVERED IN CONNECTION HERewith, THAT THEY ARE NOT SUBJECT THERETO OR THAT SUCH ACTION MAY NOT BE BROUGHT OR IS NOT MAINTAINABLE IN SUCH COURTS OR THAT THIS AGREEMENT MAY NOT BE ENFORCED IN OR BY SUCH COURTS OR THAT THEIR PROPERTY IS EXEMPT OR IMMUNE FROM EXECUTION, THAT THE ACTION IS BROUGHT IN AN INCONVENIENT FORUM, OR THAT THE VENUE OF THE ACTION IS IMPROPER. SERVICE OF PROCESS WITH RESPECT THERETO MAY BE MADE UPON THE COMPANY OR THE TRA PARTY REPRESENTATIVE BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO SUCH PARTY AT ITS ADDRESS AS PROVIDED IN SECTION 10(B). EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREE THAT A FINAL JUDGMENT IN ANY SUCH SUIT, ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(d) WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (II) EACH SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (III) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (IV) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10(D).



(e) Counterparts. This Agreement, and any amendments hereto, may be executed in multiple counterparts (including by means of telecopied signature pages or electronic transmission in portable document format (PDF)), any one of which need not contain the signatures of more than one party, but all such counterparts taken together will constitute one and the same instrument. No party hereto will raise the use of a facsimile machine or other electronic transmission to deliver a signature or the fact that this Agreement or any signature was transmitted or communicated through the use of facsimile machine or other electronic means as a defense to the formation of a contract and each such party forever waives any such defense. At the request of any party hereto, each other party hereto shall re-execute original forms hereof and deliver them to all other parties. This Agreement, and any amendment, restatement, supplement or other modification hereto or waiver hereunder to the extent signed and delivered by means of electronic signature (including by means of e-mail in .pdf format), shall be treated in all manner and respect as an original contract and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person.

(f) Successors and Assigns. This Agreement and all of the provisions hereof will be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, except that neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned or delegated by any party hereto without the prior written consent of the other parties hereto. Notwithstanding the foregoing, each of the TRA Party Representative and the Company may assign this Agreement or any of the rights or obligations hereunder on the same basis it may assign the Tax Receivable Agreement *mutatis mutandis*.

(g) Amendment, Waiver, etc. This Agreement will not be amended, modified, altered or revoked without the prior written consent of each of the Company and the TRA Party Representative; provided, that no amendment or modification will be made to Section 7 or Section 8 hereof or any other provision of this Agreement which impacts the rights or duties of the Escrow Agent without the written consent of the Escrow Agent. The Company and the TRA Party Representative separately agree to provide to the Escrow Agent a copy of all amendments and agree that the Escrow Agent will not be bound by such amendments until it has acknowledged receipt of a copy. No failure or delay by a party hereto in exercising any right, power or privilege hereunder will operate as a waiver thereof, and no single or partial exercise thereof will preclude any right of further exercise or the exercise of any other right, power or privilege.

(h) Headings. Section headings used herein are for convenience of reference only and will not be deemed to constitute a part of this Agreement for any other purpose, or to limit, characterize or in any way affect any provision of this Agreement, and all provisions of this Agreement will be enforced as if such headings had not been included herein.

(i) No Strict Construction. The parties hereto hereby expressly acknowledge and agree that the language of this Agreement constitutes the mutual intention and understanding of the parties, and that each party hereto has been represented by competent counsel in connection herewith. Accordingly, each party hereto hereby waives any doctrine of strict construction with respect to the interpretation hereof or the resolution of any ambiguities herein, and none of the foregoing will be resolved against any party as a result of any such doctrine.

(j) Complete Agreement. This Agreement, the Tax Receivable Agreement, the Exchange Agreements and the documents referred to herein and therein contain the complete agreement between the parties hereto and supersede any prior understandings, agreements or representations by or between the parties, written or oral, which may have related to the subject matter hereof in any way.

(k) Business Days. For the purpose hereof, the term "Business Day" means any day of the year on which national banking institutions in New York City are open to the public for conducting business and are not required or authorized to be closed under applicable Law. To the extent any payment or other action or delivery is required to be made on a date which is not a Business Day, then the period required for such payment, action or delivery will automatically be extended to the next Business Day immediately following. All references to a day or days will be deemed to refer to a calendar day or calendar days, as applicable, unless otherwise specifically provided.

(l) Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement, and the parties will amend or otherwise modify this Agreement to replace any prohibited or invalid provision with an effective and valid provision that gives effect to the intent of the parties to the maximum extent permitted by applicable law.

(m) Third Party Beneficiaries. Except as set forth herein, nothing herein expressed or implied is intended or will be construed to confer upon or to give any Person other than the Escrow Agent, the TRA Party Representative and the Company any rights or remedies under or by reason of this Agreement.

(n) Automatic Succession. Any bank or corporation into which the Escrow Agent may be merged or with which it may be consolidated, or any bank or corporation to whom the Escrow Agent may transfer a substantial amount of its escrow business, will be the successor to the Escrow Agent, without the execution or filing of any paper or any further act on the part of any of the parties, anything herein to the contrary notwithstanding.

(o) Bankruptcy Proceedings. In the event of the commencement of a bankruptcy case or cases wherein the TRA Party Representative or the Company is the debtor, the Escrow Funds will not constitute property of the debtor's estate within the meaning of 11 U.S.C. § 541.

(p) Specific Performance. The obligations of the parties hereto (including the Escrow Agent) are unique in that time is of the essence, and any delay in performance hereunder by any party will result in irreparable harm to the other parties hereto. Accordingly, any party may seek specific performance and/or injunctive relief before any court of competent jurisdiction in order to enforce this Agreement or to prevent violations of the provisions hereof, and no party will object to specific performance or injunctive relief as an appropriate remedy. The Escrow Agent acknowledges that its obligations, as well as the obligations of any party hereunder, are subject to the equitable remedy of specific performance and/or injunctive relief.

\* \* \* \* \*

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first written above.

**COMPANY:**

SNAP ONE HOLDINGS CORP.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**TRA PARTY REPRESENTATIVE:**

H&F COPPER HOLDINGS VIII, L.P.

By: H&F Copper Holdings VIII GP, LLC, its general partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**ESCROW AGENT:**

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Escrow Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

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EXHIBIT A-1

CERTIFICATE AS TO AUTHORIZED REPRESENTATIVES  
OF HOLDINGS

Snap One Holdings Corp, a Delaware corporation (the “Company.”) hereby designates each of the following persons as its Authorized Representatives for purposes of this Agreement, and confirms that the title, contact information and specimen signature of each such person as set forth below is true and correct. Each such Authorized Representative is authorized to initiate and approve transactions of all types for the Escrow Account established under the Agreement to which this Exhibit A-1 is attached, on behalf of the Company.

<b>Name (print):</b>	[                      ]
<b>Specimen Signature:</b>	[                      ]
<b>Title:</b>	[                      ]
<b>Telephone Number</b> (required): <i>If more than one, list all applicable telephone numbers.</i>	[                      ]
<b>E-mail</b> (required): <i>If more than one, list all applicable email addresses.</i>	[                      ]

<b>Name (print):</b>	[                      ]
<b>Specimen Signature:</b>	
<b>Title:</b>	[                      ]
<b>Telephone Number</b> (required): <i>If more than one, list all applicable telephone numbers.</i>	[                      ]
<b>E-mail</b> (required): <i>If more than one, list all applicable email addresses.</i>	[                      ]

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EXHIBIT A-2

CERTIFICATE AS TO AUTHORIZED REPRESENTATIVES  
OF THE TRA PARTY REPRESENTATIVE

H&F Copper Holdings VIII, L.P., a Delaware limited partnership (the “TRA Party Representative”) hereby designates each of the following persons as its Authorized Representatives for purposes of this Agreement, and confirms that the title, contact information and specimen signature of each such person as set forth below is true and correct. Each such Authorized Representative is authorized to initiate and approve transactions of all types for the Escrow Agent Account established under the Agreement to which this Exhibit A-2 is attached, on behalf of the TRA Party Representative.

<b>Name (print):</b>	[                      ]
<b>Specimen Signature:</b>	
<b>Title:</b>	[                      ]
<b>Telephone Number (required):</b>	[                      ]
<b>E-mail (required):</b>	[                      ]

<b>Name (print):</b>	[                      ]
<b>Specimen Signature:</b>	
<b>Title:</b>	[                      ]
<b>Telephone Number (required):</b>	[                      ]
<b>E-mail (required):</b>	[                      ]

<b>Name (print):</b>	[                      ]
<b>Specimen Signature:</b>	
<b>Title:</b>	[                      ]
<b>Telephone Number (required):</b>	[                      ]
<b>E-mail (required):</b>	[                      ]

<b>Name (print):</b>	[                      ]
<b>Specimen Signature:</b>	
<b>Title:</b>	[                      ]
<b>Telephone Number (required):</b>	[                      ]
<b>E-mail (required):</b>	[                      ]

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## AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement (this "Agreement") is made as of August 4, 2017, between WirePath Home Systems, LLC, d/b/a SnapAV, a North Carolina limited liability company (the "Company"), and John Heyman ("Executive"). The Company and Executive are sometimes hereinafter referred to individually as a "Party" and together as "Parties."

WHEREAS, Executive and the Company previously entered into an employment agreement, dated January 26, 2015 (the "Prior Agreement").

WHEREAS, Amplify Holdings LLC, an indirect parent to the Company, General Atlantic (Amplify) Holdco LLC, General Atlantic (Amplify) LLC, Corporate Purchaser Corp., Crackle Merger Sub I Corp., Crackle Merger Sub II Corp., GA Escrow, LLC, as seller representative, and JWF Rollover, LLC, as the merger participant tax representative, have entered into an Agreement and Plan of Merger, dated as of June 19, 2017 (the "Merger Agreement").

WHEREAS, in connection with the execution of that certain Rollover Agreement (the "Rollover Agreement") between Crackle Holdings, L.P. ("Crackle"), Crackle Intermediate Corp. and Executive, Executive agreed to the employment terms set forth on Exhibit C of the Rollover Agreement.

WHEREAS, this Agreement, which is conditioned upon the closing of the transactions contemplated by the Merger Agreement (the "Effective Date") and should the closing fail to occur for any reason, this Agreement shall be null and void ab initio, amends and restates the Prior Agreement, to reflect the employment terms set forth in the Rollover Agreement.

WHEREAS, subject to the terms and conditions set forth herein, the Company desires to continue to employ Executive as its Chief Executive Officer, and Executive wishes to enter into such employment on the basis set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Employment; Term. Subject to the terms and conditions set forth in this Agreement, the Company hereby offers and Executive hereby accepts continued employment, effective as of the Effective Date. This Agreement and Executive's employment hereunder shall be effective as of the Effective Date and, unless sooner terminated as provided in Section 5 hereof, shall continue until the fifth anniversary of the Effective Date (the "Initial Term"), and shall be automatically extended thereafter for successive terms of one (1) year each (each a "Renewal Term" and, together with the Initial Term, the "Employment Period"), unless either party provides notice to the other at least sixty (60) days prior to the expiration of the Initial Term or any Renewal Term that the Agreement is not to be extended.

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2. Position and Duties.

(a) During the Employment Period, Executive will serve as the Chief Executive Officer of the Company and will have the normal duties, responsibilities and authority of this office, subject to the power of the Board (as defined below), to expand or limit such duties, responsibilities and authority and to override Executive's actions. Executive will report directly to the Board. Executive's duties and responsibilities shall include, without limitation, carrying out the policies and directives of the Board; executing the strategic direction of the Company; advising and making recommendations to the Board on potential acquisitions, dispositions and financings; maintaining and developing relationships with the Company's suppliers, customer and lenders; and overseeing other officers and employees of the Company. Executive shall be a member of the Board for so long as he is serving as the Chief Executive Officer of the Company under this Agreement. As used herein, the "Board" shall mean the Board of Directors of Crackle Holdings GP, LLC, a Delaware limited liability company; provided, however, that in the case of an initial public offering ("IPO") involving the Company, the "Board" shall mean the board of directors of the IPO corporation and, in the case of any other restructuring involving the Company, the "Board" shall mean the board of directors of the top tier holding company.

(b) During the Employment Period, Executive (i) will devote his best efforts and his full business time and attention to the business and affairs of the Company and its Affiliates, (ii) will not engage in any other material business activity without the prior written approval of the Board (such approval not to be unreasonably withheld); provided, however, that Executive shall be entitled to continue in his current positions as a member of the boards of directors previously disclosed to the Board in connection with entry into this Agreement, and

(iii) will perform his duties and responsibilities hereunder to the best of his abilities in a diligent, trustworthy and businesslike manner.

(c) Executive's principal place of employment shall be at the Company's headquarters at a location prescribed by the Company, which as of the Effective Date is in the Charlotte, North Carolina area (the "Principal Place of Employment").

3. Compensation.

(a) During the Employment Period, the Company shall pay Executive a base salary at the rate of \$500,000 per annum, payable in accordance with the payroll practices of the Company for its executives. Such base salary, as the same may from time to time be increased (but not decreased) at the discretion of the Board, is hereafter referred to as the "Base Salary."

(b) During the Employment Period, for each Fiscal Year starting with Fiscal Year 2017, Executive will be eligible to receive a bonus under the Company's annual incentive bonus plan in an amount up to 50% of Base Salary (such percentage being applied on a *pro rata* basis if Executive's Base Salary changes during a particular compensation period). Each Fiscal Year's bonus award pursuant to this Section 3(b) shall hereinafter be referred to as the "Annual Bonus." The amount of any Annual Bonus will be determined in the sole discretion of the Board, based on performance against specified EBITDA or other objectives established by the Board. Any Annual Bonus that Executive shall actually become entitled to receive hereunder for any Fiscal Year will be payable by the Company in the following Fiscal Year at such time and in such manner that annual bonuses are paid to other senior executives of the Company, subject to the Board's receipt of the audited financials for the Fiscal Year to which the Annual Bonus, if any, relates and provided that (except as otherwise provided in Section 5) Executive remains employed with the Company through the applicable payment date.

4. Benefits. In addition to the Base Salary and other compensation provided for in Section 3 above, Executive will be entitled to the following benefits during the Employment Period:

(a) Executive will be entitled to participate in the Company's health and welfare benefit programs and vacation and other benefit programs from time to time in effect for executives of the Company generally, except to the extent such plans are in a category of benefits otherwise provided to Executive (*e.g.*, severance pay). Such participation shall be subject to the terms of the applicable plan documents and generally applicable Company policies. Nothing herein, however, is intended, or shall be construed, to require the Company or its Affiliates to institute or continue any particular benefit plan or arrangement, and such benefit plans or arrangements may be changed, terminated or reduced from time to time.

(b) Executive shall receive, on or about the Effective Date, a profits interest award pursuant to and in accordance with Crackle's 2017 Class B Unit Incentive Plan, pursuant to the terms of an award agreement to be provided to him.

(c) The Company will reimburse Executive for all reasonable expenses incurred by him in the course of performing his duties and responsibilities under this Agreement which are consistent with the Company's policies in effect from time to time with respect to travel, entertainment and other business expenses, subject to the Company's requirements with respect to reporting and documentation of such expenses; provided, that, in connection with any travel required in the course of performing his duties and responsibilities under this Agreement, Executive shall be entitled to first-class travel.

(d) Executive shall, consistent with past practice, be reimbursed for Executive's reasonable air travel costs between Atlanta, Georgia and Charlotte, North Carolina on Executive's private plane, subject to an annual cap of \$150,000.

5. Termination.

(a) Notwithstanding Section 1 of this Agreement, Executive's employment with the Company and the Employment Period will end on the earlier of (i) Executive's death, (ii) termination by the Company due to Executive's Disability, (iii) Executive's resignation with Good Reason provided that Executive provides 30 days' advance written notice, (iv) Executive's resignation without Good Reason provided that Executive provides 60 days' advance written notice or (v) termination by the Company at any time with or without Cause. Except as otherwise provided herein, any termination of the Employment Period by the Company or by Executive will be effective as specified in a written notice from the terminating Party to the other Party. Upon termination of Executive's employment, Executive, upon request of the Board, shall resign from any positions he has with the Company and its Affiliates (whether as an officer, director, consultant or otherwise), and Executive agrees to execute such documents as may be reasonably requested by the Company to effectuate the foregoing.



(b) Upon any termination of Executive's employment, Executive will be entitled to receive (i) his Base Salary through the date of termination, (ii) payments for any vacation time accrued during the portion of the then-current calendar year ending with the date of such termination and not used prior to that date, (iii) unless such termination was initiated by the Company for Cause or by Executive without Good Reason, any earned but unpaid Annual Bonus for any Fiscal Year preceding the year of termination, (iv) any business expenses incurred by Executive but unreimbursed on the date of termination, provided that such expenses and required substantiation and documentation thereof are submitted within 30 days of termination (or 90 days in the case of termination due to death or Disability) and that such expenses are reimbursable under applicable Company policy, and (v) all other vested compensation or benefits under applicable employee benefit plans, in accordance with the terms of such plans. Except as otherwise expressly provided herein, all of Executive's rights to salary, bonuses, fringe benefits, severance and other compensation hereunder or under any policy or program or benefit plans of the Company or any of its Affiliates which might otherwise accrue or become payable on or after the termination of the Employment Period will cease upon such termination other than vested retirement benefits or insurance continuation rights expressly required under applicable law (such as the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA")).

(c) If Executive's employment with the Company is terminated during the Employment Period due to Executive's death or by the Company due to Executive's Disability, the Company will pay Executive, subject to Executive's or his estate's satisfaction of the Release Condition (defined below), an amount equal to the *pro rata* portion of the Annual Bonus Executive would have earned (based on number of days Executive was employed by the Company in the applicable Fiscal Year) for the Fiscal Year in which the termination of Executive's employment occurs, which Annual Bonus shall be paid at the same time annual bonuses are paid to other active employees of the Company.

(d) If (i) Executive's employment with the Company is terminated during the Employment Period by Executive with Good Reason or by the Company without Cause and, in either case, (ii) Executive executes a general release in the form attached hereto and such release becomes effective and is not revoked or rescinded within 30 days following such termination (the "Release Condition"), and (iii) Executive complies with the material terms of the restrictive covenants set forth in Sections 7 through 11 hereof, then

- (x) the Company will pay Executive his continued Base Salary for a period equal to twelve (12) months after the date of termination (the "Salary Continuation Period"), at the Base Salary rate in effect at the time of termination; provided, that in the event of Executive's resignation for Good Reason due to a reduction in Base Salary, the Base Salary rate used for purposes of this clause (x) shall be determined without regard to any such reduction of Base Salary;
- (y) the Company will pay Executive an amount equal to the *pro rata* portion of the Annual Bonus Executive would have earned (based on number of days Executive was employed by the Company in the applicable Fiscal Year) for the Fiscal Year in which the termination of Executive's employment occurs, which Annual Bonus shall be paid at the same time annual bonuses are paid to other active employees of the Company; and

- (z) if Executive is enrolled in the Company's medical and dental plans on the date of termination and provided that Executive is entitled to continue such participation under applicable law and plan terms, if Executive elects to continue his participation and that of his eligible dependents in those plans for a period of time under COBRA, then, until the conclusion of the Salary Continuation Period, or, if earlier, until the date Executive begins new employment where he is offered participation in a group health plan, the Company will reimburse (on a monthly basis) Executive for the premium cost of his coverage and that of his eligible dependents under those plans at the rate it contributed to Executive's premium cost of coverage on the date of termination. To be eligible for these Company premium contributions under clause (z) of this Section 5(d), however, Executive must pay his portion of the premium cost during the Salary Continuation Period at the rate he paid on the date of termination. Executive is required to notify the Company immediately if he begins new employment during the Salary Continuation Period and to repay promptly any excess benefits contributions made by the Company under clause (z) of this Section 5(d). After the Company's contributions under clause (z) of this Section 5(d) end, Executive may continue benefits coverage for the remainder of the COBRA period, if any, by paying the full premium cost of such benefits.

The severance payments payable to Executive pursuant to clause (x) of this Section 5(d), will be paid at the time and in the manner set forth in Section 3 hereof, provided that payments and benefits of amounts which do not constitute nonqualified deferred compensation and are not subject to Section 409A (defined below) shall commence five (5) days after the Release Condition is satisfied and payments and benefits which are subject to Section 409A shall commence on the 60th day after termination of employment (subject to further delay, if required pursuant to Section 21(d) below) provided that the Release Condition is satisfied.

Notwithstanding the foregoing, if Executive's employment with the Company is terminated by Executive with Good Reason or by the Company without Cause effective as of a date on or within 30 days following a Sponsor Exit, the severance payments payable to Executive pursuant to clause (x) of this Section 5(d) shall be payable in one lump sum on or within 30 days following the date of such termination. For purposes of this Agreement, a "Sponsor Exit" shall have the meaning attributed to it under the Crackle Holdings, L.P. 2017 Class B Unit Incentive Plan Class B Unit Award Agreement by and between Crackle and Executive, entered into in connection with the profits interest award to Executive referenced in Exhibit C of the Rollover Agreement; provided, that, for purposes of this Agreement, to extent the severance payments payable to Executive pursuant to clause (x) of this Section 5(d) would constitute nonqualified deferred compensation subject to Section 409A, a Sponsor Exit shall not be deemed to occur unless the event giving rise to the Sponsor Exit satisfies the definition of a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation pursuant to Section 409A.

(e) For purposes of this Agreement, “Cause” means (i) the conviction of, or plea of *nolo contendere* by, Executive to a felony or other crime involving dishonesty, (ii) fraud; embezzlement, theft or any misappropriation of any material amount of money or other assets or property of the Company or any of its Affiliates, (iii) willful failure to perform, or gross negligence in the performance of Executive’s duties and responsibilities to the Company and its Affiliates, or willful failure to follow the lawful directives of the Board which remains uncured ten (10) business days after written notice of such failure or negligence specifying in reasonable detail the nature of such failure or negligence is given to Executive by the Company, (iv) Executive’s willful misconduct that results in a material adverse effect of the business, reputation or financial condition of the Company or any of its Affiliates, (v) Executive’s material breach of this Agreement, Section 7, 8, 9, 10 or 11 hereof, or the Limited Partnership Agreement of Crackle (as may be amended from time to time), or (vi) the conviction of, or plea of *nolo contendere* by, Executive to a crime involving moral turpitude that results in a material adverse effect on the business, reputation or financial condition of the Company or any of its Affiliates.

(f) For purposes of this Agreement, “Good Reason” means a termination of Executive’s employment with the Company by Executive following: (i) a reduction in Executive’s rate of Base Salary or the dollar amount of his target bonus opportunity; (ii) Company’s material breach of this Agreement; (iii) a material diminution of Executive’s authority, duties and responsibilities, provided, that, Good Reason shall not exist under this clause (iii) if such material diminution of authority, duties and responsibilities is a result of: (1) the hiring of additional subordinates to fill some of Executive’s duties and responsibilities, or (2) any disposition or sale of any subsidiary of business of the Company; (iv) the relocation of Executive’s Principal Place of Employment to a location that increases by 25 miles Executive’s one-way commute from his residence, provided that Executive had relocated his residence to the same metropolitan area as the Principal Place of Employment was originally located; provided, however, that in each case, Executive may not terminate his employment for Good Reason unless Executive (A) provides the Company with 30 days’ advance written notice of his intent to resign for Good Reason, (B) such notice is given within 90 days of the events or circumstances claimed to give rise to Good Reason, (C) the Company fails to cure such alleged violation within 30 days after Executive delivers such notice and (D) if the Company fails to cure such alleged violation, Executive must terminate his employment within five months of the initial occurrence of the facts or circumstances giving rise to Good Reason.

(g) For the avoidance of doubt, if the Company gives notice in accordance with Section 1 above that the Employment Period is not to be extended (or further extended), neither such notice nor expiration of the Employment Period of Executive’s employment under this Agreement (i) shall give rise to Good Reason, or (ii) result in the termination of Executive’s employment with the Company; provided, that if the Company gives notice in accordance with Section 1 above that the Initial Term is not to be extended, and Executive resigns from his employment effective as of the expiration of the Initial Term and gives the Company notice of his resignation within 30 days after receipt of the Company’s notice of nonrenewal, then, provided that the Release Condition is satisfied and Executive complies with the material terms of the restrictive covenants set forth in Sections 7 through 11 hereof, the Company will pay Executive his continued Base Salary for a period equal to six (6) months after the date of termination, in accordance with the time and form of payment provisions set forth in Section 5(d). If the Employment Term of Executive’s employment under this Agreement is not extended (or further extended), but Executive’s employment continues after the expiration of such Employment Term, then such continued employment shall be on an “at will” basis upon such terms as the Company may prescribe; and if such “at will” employment is terminated by the Company, Executive’s right to severance shall be determined and be payable in accordance with the Company’s policies in effect at such time, if any.

(h) In the event of any termination of Executive's employment under this Agreement, Executive shall be under no obligation to seek other employment, and there shall be no offset against amounts due Executive under this Agreement on account of any remuneration attributable to any subsequent employment that he may obtain.

6. Acknowledgments.

(a) Executive acknowledges that the Company has expended and shall continue to expend substantial amounts of time, money and effort to develop business strategies, employee and customer relationships and goodwill and build an effective organization. Executive acknowledges that Executive is and shall become familiar with the Company's Confidential Information (as defined below), including trade secrets, and that Executive's services are of special, unique and extraordinary value to the Company, its subsidiaries and Affiliates. Executive acknowledges that the Company has a legitimate business interest and right in protecting its Confidential Information, business strategies, employee and customer relationships and goodwill, and that the Company would be seriously damaged by the disclosure of Confidential Information and the loss or deterioration of its business strategies, employee and customer relationships and goodwill.

(b) Executive acknowledges that Executive has carefully read this Agreement and has given careful consideration to the restraints imposed upon Executive by this Agreement, and is in full accord as to the necessity of such restraints for the reasonable and proper protection of the Confidential Information, business strategies, employee and customer relationships and goodwill of the Company and its subsidiaries and Affiliates now existing or to be developed in the future. Executive expressly acknowledges and agrees that each and every restraint imposed by this Agreement is reasonable with respect to subject matter, time period and geographical area. Executive further acknowledges that although Executive's compliance with the covenants contained in Sections 7, 8, 9, 10 and 11 may prevent Executive from earning a livelihood in a business similar to the business of the Company, Executive's experience and capabilities are such that Executive has other opportunities to earn a livelihood and adequate means of support for Executive and Executive's dependents.

7. Noncompetition and Interfering Activities.

(a) *Noncompetition.* In consideration for the payments and benefits provided under this Agreement, Executive agrees that he shall not, directly or indirectly, without the prior written consent of the Company, at any time during the period that he is employed by the Company or its Affiliate and for the two (2) year period following the date on which he ceases to be an employee of the Company or its Affiliate (the “Restricted Period”): (A) perform services for any Competing Entity (defined below) (whether as a stockholder, officer, director, employee, agent, security holder, creditor, independent contractor, consultant, or otherwise) that are the same or similar to any services that the undersigned performed for the Company or that otherwise utilize skills, knowledge, and/or business contacts and relationships that the undersigned utilized while providing services to the Company, or (B) own, manage, operate, control, participate in the ownership, management, operation or control of, or have any interest in, any Competing Entity (whether as a stockholder, officer, director, employee, agent, security holder, creditor, independent contractor, consultant, or otherwise), in case of each of clauses (A) or (B), within the continental United States, Europe or any other region where the Company conducts or is Contemplating conducting the Business. “Competing Entity” means any firm, corporation, partnership, trust, or other business, entity or person, that, directly or indirectly (through any subsidiary or otherwise) engages in or is competitive with (i) the business of manufacturing or distributing audio or visual equipment or components, networking equipment or components or security equipment or components, in each case on a retail or wholesale basis or (ii) any business in which the Company is contemplating in engaging if Executive has actual or constructive knowledge of such contemplation (clauses (i) and (ii) collectively, the “Business”). Nothing contained in this Agreement shall prohibit Executive from owning less than two percent (2%) of any class of securities listed on a national securities exchange or traded publicly in the over-the-counter market. Executive acknowledges that the Business is conducted in the continental United States and contemplates expanding into Europe and that, therefore, the geographic restrictions set forth in this Section 7 are reasonable and necessary to protect the Company’s legitimate business interests. For purposes of this Agreement, the Company will only be deemed to be “Contemplating” to take an action if such action is set forth in writing in its corporate records, including any written business plan.

(b) *Interfering Activities.* During the Restricted Period, Executive shall not, directly or indirectly for his own account or for the account of any other person, firm, corporation, partnership or business, engage in Interfering Activities. “Interfering Activities” means (A) recruiting, encouraging, soliciting, or inducing, or in any manner attempting to recruit, encourage, solicit, or induce, any Person employed by, or providing consulting services to, any member of the Company Group to terminate such person’s employment or services (or in the case of a consultant, materially reducing such services) with the Company Group, (B) hiring any individual who was employed by the Company Group within the six (6) month period prior to the date of such hiring, or (C) encouraging, soliciting, or inducing, or in any manner attempting to encourage, solicit, or induce, any Business Relation to cease doing business with or reduce the amount of business conducted with the Company Group, or in any way interfering with the relationship between any such Business Relation and the Company Group, including, without limitation, soliciting (i) any customer of the Company Group for the purpose of selling or providing any products or services competitive with the Business, or (ii) any vendor of the Company Group for the purpose of offering to sell any of such vendor’s products or services in competition with the Business. For the purposes of this Agreement, “Business Relation” means any current or prospective client, customer, licensee, supplier, vendor or other business relation of the Company Group, or any such relation that was a client, customer, licensee or other business relation within the prior six (6) month period, in each case, with whom Executive transacted business or whose identity became known to Executive in connection with his employment hereunder and “Company Group” means Crackle together with its direct and indirect subsidiaries (including the Company).

(c) Without limiting Section 19, if a final and non-appealable judicial determination is made that any of the provisions of this Section 7 constitutes an unreasonable or otherwise unenforceable restriction against Executive, the provisions of this Section 7 will not be rendered void but will be deemed to be modified to the minimum extent necessary to remain in force and effect for the longest period and largest geographic area that would not constitute such an unreasonable or unenforceable restriction. Moreover, and without limiting the generality of Section 13, notwithstanding the fact that any provision of this Section 7 is determined not to be specifically enforceable, the Company will nevertheless be entitled to recover monetary damages as a result of Executive's breach of such provision.

8. Nondisclosure of Confidential Information.

(a) *Recognition of Company's Rights; Nondisclosure.* At all times during Executive's employment and thereafter, Executive will hold in strictest confidence and will not disclose, use, lecture upon or publish any of the Company's Proprietary Information or Confidential Information (each, as defined below), except as such disclosure, use or publication may be (a) required in connection with the services provided by Executive for the Company, (b) expressly authorized by the Company in writing, (c) required to enforce any legal rights he may have or (d) required to be disclosed by law, regulation, regulatory authority or other applicable judicial or governmental order or legal process (provided that, in such event, Executive shall, to the extent permitted by law, provide the Company with notice thereof so that the Company may attempt to obtain a protective order or other assurance that confidential treatment will be accorded such information); provided, however, that with respect to any of the Company's Proprietary Information or Confidential Information that constitutes a trade secret under applicable law, such obligations shall survive so long as the Proprietary Information or Confidential Information remains a trade secret. During the Restricted Period, Executive must obtain the Company's written approval before publishing or submitting for publication any material (written, verbal, or otherwise) that relates to Executive's work at, for, or on behalf of the Company and which incorporates any Proprietary Information or Confidential Information. Executive hereby assigns to the Company any rights that Executive may have or acquire in such Proprietary Information and recognizes that all Proprietary Information shall be the sole property of the Company and its assigns or successors in interest. In addition, Executive hereby agrees that, except as required by applicable law, Executive will not disclose to any Person, other than Executive's spouse and legal, financial and other advisors (if any), the terms or provisions of this Agreement, or the grant or issuance of profits interests or other equity, without the prior approval of the Company or Crackle, as appropriate. Executive further agrees that he will instruct his legal, financial and other advisors (if any) to maintain the confidentiality of this Agreement and its terms.

(b) *Proprietary Information.* The term “Proprietary Information” shall mean any and all information and any idea of whatever form, tangible or intangible, pertaining in any manner to the business of the Company, or any of its Affiliates, if any, or its employees, clients, consultants, business associates, vendors, parties with which it performs services to or parties performing services, or products to the Company, which was (i) produced by Executive or any employee or consultant of the Company in the course of his or her employment, consulting or other service relationship with the Company or (ii) otherwise produced or acquired by or on behalf of the Company on or prior to the date of Executive’s cessation of employment. All Proprietary Information not generally known outside of the Company’s organization, and all Proprietary Information so known only through improper means, shall be deemed “Confidential Information.” By way of example and without limiting the foregoing definition, Proprietary Information and Confidential Information shall include, but not be limited to (a) trade secrets, research and development techniques, inventions, mask works, ideas, processes, products, methods, formulas, source and object codes, data, programs, other works of authorship, patents, patent applications, know-how, improvements, research projects, formats, discoveries, developments, designs, drawings, techniques, clinical data, test data, results and samples, computer software and programs, electronic codes (hereinafter collectively referred to as “Inventions”); and (b) information regarding plans for research, development, new products, marketing and selling, business and strategic plans, budgets and financial statements, licenses, prices and costs, suppliers, vendors, and clients; and (c) information regarding the skills and compensation of employees of the Company. Confidential Information is to be broadly defined, and includes all information that has or could have commercial value or other utility in the business in which the Company is engaged or Contemplates engaging, and all information of which the unauthorized disclosure could be detrimental to the interests of the Company, whether or not such information is identified as Confidential Information by the Company. Notwithstanding anything to the contrary herein, Proprietary Information and Confidential Information shall not include any information that is or becomes generally available to the public other than as a result of an unauthorized disclosure.

(c) *Third-Party Information.* Executive understands that the Company has received and in the future will receive from third parties confidential or proprietary information (“Third-Party Information”) subject to a duty on the Company’s part to maintain the confidentiality of such information and to use it only for certain limited purposes. During Executive’s employment and thereafter, Executive will hold Third-Party Information in the strictest confidence and will not disclose to anyone (other than Company personnel who need to know such information in connection with their work for the Company) or use, except in connection with Executive’s work for the Company, Third-Party Information unless expressly authorized by an officer of the Company in writing.

(d) *No Improper Use of Information of Prior Employers and Others.* During Executive’s employment, Executive will not improperly use or disclose any confidential information or trade secrets, if any, of any other Person to whom Executive has an obligation of confidentiality.

(e) *Protected Activity*. Nothing in this Agreement shall prohibit or impede Executive from communicating, cooperating or filing a complaint with any U.S. federal, state or local governmental or law enforcement branch, agency or entity (collectively, a “Governmental Entity”) with respect to possible violations of any U.S. federal, state or local law or regulation, or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation; provided, that in each case such communications and disclosures are consistent with applicable law. Executive understands and acknowledges that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (i) in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Executive understands and acknowledges further that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal; and does not disclose the trade secret, except pursuant to court order. Except as otherwise provided in this paragraph or under applicable law, under no circumstance is Executive authorized to disclose any information covered by the Company’s attorney-client privilege or attorney work product, or the Company’s trade secrets, without the prior written consent of the Company. Executive does not need the prior authorization of (or to give notice to) any member of the Company Group regarding any communication, disclosure, or activity described in this paragraph.

9. *Return of Property*. Executive acknowledges and agrees that all notes, records, reports, sketches, plans, unpublished memoranda or other documents, whether in paper, electronic or other form (and all copies thereof), held by Executive concerning any information relating to the business of the Company or any of its Affiliates, whether confidential or not, are the property of the Company. Executive will deliver to the Company at the termination of his employment, or at any other time the Company may request, all equipment, files, property, memoranda, notes, plans, records, reports, computer tapes, printouts and software and other documents and data (and all electronic, paper or other copies thereof) belonging to the Company or any of its Affiliates, which includes, but is not limited to, any materials that contain, embody or relate to confidential information, work product, or the business of the Company or any of its Affiliates, which he may then possess or have under his control.

10. Intellectual Property Rights.

(a) *Proprietary Rights*. The term “Proprietary Rights” shall mean all trade secret, patent, copyright, mask work and other intellectual property rights throughout the world.

(b) Assignment of Inventions. Subject to Section 10(d):

(i) Executive hereby assigns and agrees to assign to the Company all of Executive’s right, title and interest, if any, in and to any and all Inventions licensed to the Company and all other Inventions (and all Proprietary Rights with respect thereto) that exist on the date hereof, whether or not patentable or registrable under copyright or similar statutes, made or conceived or reduced to practice or learned by Executive, either alone or jointly with others, during the period of Executive’s affiliation with the Company or any predecessor thereof, as a stockholder, officer, director, agent, consultant or employee, in each case, pertaining in any manner to the business of the Company, or any of its Affiliates.

(ii) Executive hereby further assigns and agrees to assign in the future (when any such Inventions or Proprietary Rights are first reduced to practice or first fixed in a tangible medium, as applicable) to the Company all of Executive’s right, title and interest in and to any and all Inventions (and all Proprietary Rights with respect thereto) whether or not patentable or registrable under copyright or similar statutes, made or conceived or reduced to practice or learned by Executive, either alone or jointly with others; during the period of Executive’s employment with the Company, in each case, pertaining in any manner to the business of the Company, or any of its Affiliates.



(iii) Inventions assigned to the Company, or to a third party as directed by the Company pursuant to this Section 10(b), are hereinafter referred to as “Company Inventions.”

(c) *Obligation to keep Company Informed.* Executive will promptly disclose to the Company all patent applications filed by Executive or on Executive’s behalf during the course of his employment and within two (2) years after termination thereof.

(d) *Third Party.* Executive also agrees to assign all of Executive’s right, title and interest in and to any particular Invention pertaining in any manner to the business of the Company or any of its Affiliates to a third party as directed by the Company.

(e) *Works for Hire.* Executive acknowledges that all original works of authorship which are made by Executive (solely or jointly with others) within the scope of Executive’s services to the Company and which are protectable by copyright are “works made for hire,” pursuant to United States Copyright Act (17 U.S.C. § 101, *et. seq.*).

(f) *Enforcement of Proprietary Rights.* At the Company’s sole cost and expense, Executive will assist the Company in every proper way to obtain, and from time to time enforce, U.S. and non-U.S. Proprietary Rights relating to Company Inventions in any and all countries. To that end, at the Company’s sole cost and expense, Executive will execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such Proprietary Rights and the assignment thereof. In addition, at the Company’s sole cost and expense, Executive will execute, verify and deliver assignments of such Proprietary Rights to the Company or its designee. Executive’s obligation to assist the Company with respect to Proprietary Rights relating to such Company Inventions in any and all countries shall continue beyond the termination of Executive’s employment, but the Company shall compensate Executive at a reasonable rate (mutually agreed to) after the termination of Executive’s employment for the time actually spent by Executive at the Company’s request on such assistance.

(g) In the event the Company is unable for any reason, after reasonable effort, to secure Executive’s signature on any document needed in connection with the actions specified in the preceding paragraph, Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive’s agent and attorney in fact, which appointment is coupled with an interest, to act for and in Executive’s behalf to execute, verify and file any such documents and to do all other lawfully permitted acts to further the purposes of the preceding paragraph with the same legal force and effect as if executed by him. Executive hereby waives and quitclaims to the Company any and all claims, of any nature whatsoever, which Executive now or may hereafter have for infringement of any Proprietary Rights assigned hereunder to the Company.

11. Nondisparagement. Executive shall not, whether in writing or orally, malign, denigrate or disparage the Company, its subsidiaries or Affiliates or their respective predecessors and successors, or any of the current or former directors, officers, employees, shareholders, partners, members, agents or representatives of any of the foregoing, with respect to any of their respective past or present activities, or otherwise publish (whether in writing or orally) statements that tend to portray any of the aforementioned parties in an unfavorable light. The Company shall not, whether in writing or orally, malign, denigrate or disparage Executive with respect to any of his respective past or present activities, or otherwise publish (whether in writing or orally) statements that tend to portray Executive in an unfavorable light. Notwithstanding the foregoing, nothing herein shall or shall be deemed to prevent or impair any party from testifying truthfully in any legal or administrative proceeding if such testimony is compelled or requested (or otherwise complying with legal requirements).

12. Notification of Subsequent Employer. Executive hereby agrees that prior to accepting employment with, or agreeing to provide services to, any other Person during any period during which Executive remains subject to any of the covenants set forth in Section 7, Executive shall provide such prospective employer with written notice of such provisions of this Agreement, with a copy of such notice delivered simultaneously to the Company.

13. Remedies and Injunctive Relief. Executive acknowledges that a violation by Executive of any of the covenants contained in Section 7, 8, 9, 10 or 11 would cause irreparable damage to the Company and/or Group in an amount that would be material but not readily ascertainable, and that any remedy at law (including the payment of damages) would be inadequate. Accordingly, Executive agrees that, notwithstanding any provision of this Agreement to the contrary, the Company and/or Group shall be entitled (without the necessity of showing economic loss or other actual damage) to injunctive relief (including temporary restraining orders, preliminary injunctions and/or permanent injunctions) in any court of competent jurisdiction for any actual or threatened breach of any of the covenants set forth in Section 7, 8, 9, 10 or 11 in addition to any other legal or equitable remedies they may have. The preceding sentence shall not be construed as a waiver of the rights that the Company may have for damages under this Agreement or otherwise, and all of the Company's rights shall be unrestricted.

14. Executive's Representations. Executive hereby represents and warrants to the Company that (a) he has entered into this Agreement of his own free will for no consideration other than as referred to herein, (b) the execution, delivery and performance of this Agreement by Executive does not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which Executive is bound, (c) Executive is not a party to or bound by any employment, non-competition, confidentiality or other similar agreement with any other Person, or other agreement that would affect the performance of his obligations hereunder or would otherwise conflict with, prevent or restrict the full performance of Executive's duties and obligations to the Company hereunder during or after the Employment Period, and (d) upon the execution and delivery of this Agreement by the Company, this Agreement will be the valid and binding obligation of Executive, enforceable in accordance with its terms. Executive hereby acknowledges and represents that Executive has had the opportunity to consult with independent legal counsel regarding Executive's rights and obligations under this Agreement and that Executive fully understands the terms and conditions contained herein. Executive further represents that in entering into this Agreement, Executive is not relying on any statements or representations made by any of the Company's or Crackle's directors, officers, employees or agents which are not expressly set forth herein, and that Executive is relying only upon Executive's own judgment and any advice provided by Executive's attorney.

15. Indemnification. During the Employment Period and thereafter, the Company shall indemnify and hold Executive harmless, to the maximum extent permitted by law, against any and all damages, costs, liabilities, losses and expenses as a result of any claim, action, suit, arbitration or other proceeding (whether civil, criminal, administrative or investigative) (each a “Proceeding”), or any threatened Proceeding, against Executive that arises out of or relates to Executive’s service as an officer, director or employee, as the case may be, of the Company, or Executive’s service in any such capacity or similar capacity with any Affiliate of the Company or other entity at the Company’s request, after the Effective Date; provided that Executive acted in good faith and in a manner that he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal Proceeding, had no reasonable cause to believe his conduct was unlawful; provided, further, that Executive shall not be entitled to any such indemnification (A) in respect of any Proceeding based upon or attributable to Executive gaining in fact any personal profit or advantage to which he is not entitled, or resulting from Executive’s fraudulent, dishonest or willful misconduct, breach of fiduciary duty or other act or omission constituting Cause, (B) to the extent Executive has already received indemnification or payment pursuant to the Company’s operating agreement or other governing documents, directors’ and officers’ liability policy or otherwise or (C) in respect of any Proceeding initiated by Executive, unless the Company has joined in or the Board has authorized such Proceeding. During the Term and thereafter, the Company also shall provide Executive with coverage under its current directors’ and officers’ liability policy to the same extent that it provides such coverage to its other executive officers.

16. Definitions. For purposes of this Agreement, the following terms, as used herein, shall have the definitions set forth below.

“Affiliate” means, with respect to any specified Person, any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person, provided that, in any event, any business in which the Company or Group has any direct ownership interest shall be treated as an Affiliate of the Company.

“Control” (including, with correlative meanings, the terms “Controlled by” and “under common Control with”), as used with respect to any Person, means the direct or indirect possession of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Fiscal Year” means the fiscal year of the Company ending December 31.

“Disability” means any permanent mental or physical disability or incapacity as determined by the Board in its good faith judgment and meeting the standard of subsection (a)(2)(C) of Section 409A.

“Person” means any natural person, corporation, general partnership, limited partnership, limited liability company or partnership, proprietorship, other business organization, trust, union, association or governmental or regulatory entities, department, agency or authority.

17. Survival. Sections 5 through 31 will survive and continue in full force in accordance with their terms notwithstanding the termination of the Employment Period.

18. Notices. Any notice provided for in this Agreement will be in writing and will be either personally delivered, sent by reputable overnight courier service, sent by facsimile (with hard copy to follow by regular mail) or mailed by first class mail, return receipt requested, to the recipient at the address below indicated:

Notices to Executive: to his address then reflected in the Company’s records

with a copy to:

DLA Piper LLP  
One Atlantic Center  
1201 West Peachtree Street, Suite 2800  
Atlanta, Georgia 30309-3450  
Attention: [\*\*\*\*\*]  
Facsimile: [\*\*\*\*\*]

Notices to the Company:

WirePath Home Systems, LLC  
c/o Hellman & Friedman LLC  
One Maritime Plaza, 12th Floor  
San Francisco, CA 94111  
Attention: [\*\*\*\*\*]  
[\*\*\*\*\*]  
Facsimile: [\*\*\*\*\*]

with a copy to (which will not constitute notice to the Company):

Simpson Thacher & Bartlett  
425 Lexington Avenue  
New York, NY 10017  
Attention: [\*\*\*\*\*]  
Facsimile: [\*\*\*\*\*]

or such other address or to the attention of such other person as the recipient Party will have specified by prior written notice to the sending Party. Any notice under this Agreement will be deemed to have been given when so delivered, sent or mailed.

19. Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any action in any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

20. Business Days. If any time period for giving notice or taking action hereunder expires on a day which is a Saturday, Sunday or legal holiday in the state in which the Company's chief-executive office is located, the time period shall automatically be extended to the business day immediately following such Saturday, Sunday or legal holiday.

21. Withholding; Taxes; Section 409A.

(a) The Company and its Affiliates will be entitled to deduct or withhold from any amounts owing to Executive any federal, state, local or foreign withholding taxes, excise tax, or employment taxes ("Taxes") imposed with respect to Executive's compensation or other payments from the Company or any of its Affiliates or Executive's ownership interest in the Company or any of its Affiliates (including, without limitation, wages, bonuses, dividends, the receipt or exercise of equity options and/or the receipt or vesting of restricted equity).

(b) To the maximum extent permitted by law, this Agreement shall be interpreted in such a manner that the payments to Executive under this Agreement are either exempt from, or comply with, Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and other interpretive guidance issued thereunder (collectively, "Section 409A"), including without limitation any such regulations or other guidance that may be issued after the Effective Date.

(c) If any provision of this Agreement contravenes any regulations or guidance promulgated under Section 409A or would cause payment or benefits provided hereunder to be subject to additional taxes, accelerated taxation, interest and/or penalties under Section 409A, the parties shall cooperate to attempt to amend such provision to the extent reasonable or necessary, with the intent that the original intent of the applicable provision shall be preserved to the maximum extent practicable without contravening the provisions of Section 409A. Notwithstanding anything to the contrary in this Agreement, it is expressly understood and agreed that Executive shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of Executive in connection with this Agreement (including any taxes and penalties under Section 409A), and neither the Company nor any of its Affiliates shall have any obligation to amend this Agreement, indemnify or otherwise hold Executive (or any beneficiary) harmless from any or all of such taxes or penalties.

(d) Notwithstanding anything to the contrary in this Agreement, if Executive is a "specified employee" as defined in Section 409A as of Executive's termination of employment, then, to the extent any payment under this Agreement resulting from Executive's termination of employment constitutes deferred compensation (after taking into account any applicable exemptions from Section 409A) and to the extent required by Section 409A, no payments due under this Agreement Executive's termination of employment may be made until the earlier of: (i) the first day following the sixth month anniversary of Executive's date of termination and (ii) Executive's date of death; provided, however, that any payments delayed during this six-month period shall be paid in the aggregate in a lump sum as soon as reasonably practicable following the sixth month anniversary of Executive's date of termination. If payment of an amount is delayed as a result of this Section 21(d), such amount shall be increased with interest from the date on which such amount would otherwise have been paid to Executive but for this Section 21(d) to the day prior to the date the amount is actually paid. The rate of interest shall be the short-term federal rate applicable under Section 7872(f)(2)(A) of the Code for the month in which the date of Executive's termination of employment occurs. Such interest shall be payable at the same time that the amount delayed as a result of this Section 21(d) is actually paid.

(e) For purposes of Section 409A, each of the payments that may be made under this Agreement is designated as a separate payment. For purposes of this Agreement, with respect to payments of any amounts that are considered to be “deferred compensation” subject to Section 409A, references to “termination of employment” (and substantially similar phrases) shall be interpreted and applied in a manner that is consistent with the requirements of Section 409A relating to “separation from service.” To the extent that any reimbursements made hereunder are taxable to Executive, any such reimbursement payment due to Executive shall be paid to Executive as promptly as practicable, and in all events on or before the last day of Executive’s taxable year following the taxable year in which the related expense was incurred. The reimbursements are not subject to liquidation or exchange for another benefit and the amount of such benefits and reimbursements that Executive receives in one taxable year shall not affect the amount of such benefits or reimbursements that Executive receives in any other taxable year.

22. Amendment and Waiver. The provisions of this Agreement may be amended or waived only with the prior written consent of the Company, Executive and Crackle, and no course of conduct or course of dealing or failure or delay by any Party hereto in enforcing or exercising any of the provisions of this Agreement will affect the validity, binding effect or enforceability of this Agreement or be deemed to be an implied waiver of any provision of this Agreement.

23. No Strict Construction. The Parties jointly participated in the negotiation and drafting of this Agreement. The language used in this Agreement will be deemed to be the language chosen by the Parties to express their collective mutual intent, this Agreement will be construed as if drafted jointly by the Parties, and no rule of strict construction will be applied against any Person.

24. Third-Party Beneficiary. The Company and Executive agree that Crackle is an intended third-party beneficiary of this Agreement.

25. Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive, the Company and their respective heirs, successors and assigns. Executive may not assign his rights or delegate his duties or obligations hereunder without the prior written consent of the Company. The Company may assign its rights and obligations hereunder without the consent of, or notice to, Executive, to any of the Company’s Affiliates or in the event that the Company shall hereafter affect a reorganization, consolidate with, or merge into, any Person or transfer all or substantially all of its properties or assets to any Person, in which case all references to the Company will refer to such assignee.

26. Complete Agreement. This Agreement embodies the complete agreement and understanding among the Parties and supersedes and preempts any prior understandings, agreements or representations by or among the Parties, written or oral, which may have related to the subject-matter hereof in any way.

27. Choice of Law; Exclusive Venue. THIS AGREEMENT, AND ALL ISSUES AND QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY, ENFORCEMENT AND INTERPRETATION OF THIS AGREEMENT, WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICT OF LAW RULES OR PROVISIONS (WHETHER OF THE STATE OF DELAWARE OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE. THE PARTIES AGREE THAT ALL DISPUTES, LEGAL ACTIONS, SUITS AND PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT MUST BE BROUGHT EXCLUSIVELY IN THE COURTS OF DELAWARE (THE "DESIGNATED COURTS"). EACH PARTY HEREBY CONSENTS AND SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE DESIGNATED COURTS. NO LEGAL ACTION, SUIT OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN ANY OTHER FORUM. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL CLAIMS OF IMMUNITY FROM JURISDICTION AND ANY OBJECTION WHICH SUCH PARTY MAY NOW OR HEREFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING IN ANY DESIGNATED COURT, INCLUDING ANY RIGHT TO OBJECT ON THE BASIS THAT ANY DISPUTE, ACTION, SUIT OR PROCEEDING BROUGHT IN THE DESIGNATED COURTS HAS BEEN BROUGHT IN AN IMPROPER OR INCONVENIENT FORUM OR VENUE.

28. Mutual Waiver of Jury Trial. THE PARTIES EACH WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY AFFILIATE OF ANY OTHER SUCH PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS OR OTHERWISE. THE PARTIES EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION WILL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR ANY PROVISION HEREOF. THIS WAIVER WILL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

29. Counterparts. This Agreement may be executed in separate counterparts (including by facsimile signature pages), each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

30. Excess Parachute Payments.

(a) In the event that Executive becomes entitled to payments or benefits under this Agreement and/or any other payments or benefits by reason of a “change of control” as defined in Section 280G of the Code and regulations thereunder (collectively, the “Payments”), and any such Payment would constitute an “excess parachute payment” within the meaning of Section 280G(b)(1) of the Code, or would otherwise be subject to the excise tax imposed under Section 4999 of the Code, or any similar federal or state law (an “Excise Tax”), as determined by an independent certified public accounting firm selected by the Company (the “Accounting Firm”), the amount of Executive’s Payments shall be limited to the largest amount payable, if any, that would not result in the imposition of any Excise Tax to Executive, but only if, notwithstanding such limitation, the total Payments, net of all taxes imposed on Executive with respect thereto, would be greater if no Excise Tax were imposed.

(i) If a reduction in the Payments is necessary, reduction shall occur in the following order: first, a reduction of cash payments not attributable to equity awards which vest on an accelerated basis; second, the cancellation of accelerated vesting of equity awards; third, the reduction of employee benefits; and fourth, a reduction in any other “parachute payments” (as defined in Section 280G of the Code). If acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of Executive’s equity awards.

(ii) All determinations required to be made under this Section 30 will be made by the Accounting Firm. Any determination by the Accounting Firm will be binding upon the Company and Executive.

(b) Notwithstanding the foregoing and to the extent no stock of the Company is then readily tradable on an established securities market or otherwise, the Company shall use its reasonable good faith efforts to submit for stockholder approval any Payments that could be subject to the Excise Tax, under procedures intended to comply with the requirements of Section 280G(b)(5)(B) of the Code and Treasury Regulation Section 1.280G-1, Q&A 7 (or such replacement or successor provision thereto). The Company’s obligation to submit such Payments to stockholders shall be conditioned on Executive executing a waiver of such Payments so that the stockholders’ vote will determine whether such Payments are made. The materials submitted to stockholders and Executive’s waiver shall be in such form as the Company may prescribe. For the avoidance of doubt, any reasonable good faith effort by the Company to submit any Payments for stockholder approval pursuant to this Section 30 shall not require the Company to conduct any electioneering or to encourage or direct stockholders’ votes in any way.

31. Attorneys’ Fees. The Company shall pay all reasonable legal fees and expenses incurred on behalf of Executive, up to \$15,000 in the aggregate, in connection with the preparation, negotiation, execution and delivery of this Agreement (including the exhibit hereto) and the documents related to the profits interest award to Executive referenced in Section 4(b).

\* \* \* \* \*



IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

WIREPATH HOME SYSTEMS, LLC

By: [\*\*\*\*\*]  
Name: Michale Carlet  
Title: Chief Financial Officer

[\*\*\*\*\*]  
John Heyman

[Signature Page Employment Agreement]

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**EXHIBIT A**

**FORM OF RELEASE**

\* \* \*

**WAIVER AND RELEASE OF CLAIMS**

In connection with the termination of employment of John Heyman (“Executive”) [by] WirePath Home Systems, LLC, d/b/a SnapAV, a North Carolina limited liability company (the “Company”), pursuant to the employment agreement between Executive and the Company, as amended and restated as of August 4, 2017 (the “Employment Agreement”), Executive agrees as follows:

**1. Waiver and Release.**

As used in this Waiver and Release of Claims (this “Agreement”), the term “claims” shall include all claims, covenants, warranties, promises, undertakings, actions, suits, causes of action, obligations, debts, accounts, attorneys’ fees, judgments, losses and liabilities, of whatsoever kind or nature, both known and unknown, in law, equity or otherwise.

For and in consideration of the payments described in Section 5 of the Employment Agreement, Executive, for and on behalf of Executive and Executive’s heirs, administrators, executors, and assigns (the “Related Parties”), effective the Release Effective Date (as defined below), does fully and forever waive and release, remise and discharge the Company, its direct and indirect parents, subsidiaries and affiliates (including Crackle Holdings, L.P.), their predecessors and successors and assigns, together with the respective officers, directors, partners, shareholders, employees, members, and agents of the foregoing (collectively, the “Group”) from any and all claims which Executive or any Related Party had, may have had, or now has against the Company, the Group, collectively or any member of the Group individually, for or by reason of any matter, cause or thing whatsoever, including, but not limited to, (x) any claim arising out of or attributable to Executive’s employment or the termination of Executive’s employment with the Company, and also including but not limited to claims of breach of contract, wrongful termination, unjust dismissal, defamation, libel or slander, or under any federal, state or local law dealing with discrimination based on age, race, sex, national origin, handicap, religion, disability or sexual preference [and (y) any and all claims with respect to any equity, equity-based or other incentive compensation].<sup>1</sup> This release of claims includes, but is not limited to, all claims arising under the Age Discrimination in Employment Act of 1967 (the “ADEA”), Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Civil Rights Act of 1991, the Family Medical Leave Act, the Equal Pay Act, and all other federal, state and local labor and anti- discrimination laws, the common law and any other purported restriction on an employer’s right to terminate the employment of employees.

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<sup>1</sup> Include to the extent equity is called at termination.

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Executive specifically releases all claims against the Group and each member thereof under ADEA relating to Executive's employment and its termination.

Executive represents that Executive has not filed or permitted to be filed against the Group, any member of the Group individually or the Group collectively, any lawsuit, complaint, charge, proceeding or the like, before any local, state or federal agency, court or other body (each, a "Proceeding"), and Executive covenants and agrees that Executive will not do so at any time hereafter, in each case, with respect to claims released pursuant to this Agreement (including, without limitation, any claims relating to the termination of Executive's employment), except as may be necessary to enforce this Agreement, to obtain benefits described in or granted under this Agreement, or to seek a determination of the validity of the waiver of Executive's rights under the ADEA, or initiate or participate in an investigation or proceeding conducted by the Equal Employment Opportunity Commission. Except as otherwise provided in the preceding sentence, (i) Executive will not initiate or cause to be initiated on Executive's behalf any Proceeding, and will not participate (except as required by law) in any Proceeding of any nature or description against any member of the Group individually or the Group collectively that in any way involves the allegations and facts that Executive could have raised against any member of the Group individually or the Group collectively as of the date hereof with respect to any matter released hereby and (ii) Executive waives any right Executive may have to benefit in any manner from any relief (monetary or otherwise) arising out of any Proceeding with respect to any matter released hereby.

Notwithstanding the foregoing, nothing in this Agreement shall release Executive's claim for (i) unemployment compensation benefits, (ii) any claims by Executive in respect of any vested benefits under any Company benefit plans or other Company retirement plans of any type that Executive is entitled to pursuant to the terms thereof as a result of his employment with the Company, (iii) any right or claim that arises against the Company after the date of this Agreement, (iv) rights under this Agreement, (v) rights to indemnification as an officer or employee of the Company, (vi) rights to payment under Section 5 of the Employment Agreement or (vii) [any claims by Executive in respect of his capacity as an equityholder of the Company or any of its Affiliates].<sup>2</sup>

## **2. Acknowledgment of Consideration.**

Executive is specifically agreeing to the terms of this release because the Company has agreed to pay Executive money and other benefits to which Executive was not otherwise entitled under the Company's policies or under the Employment Agreement (in the absence of providing this release). The Company has agreed to provide this money and other benefits because of Executive's agreement to accept it in full settlement of all possible claims Executive might have or ever had with respect to any matter released hereby, and because of Executive's execution of this Agreement.

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<sup>2</sup> Include to the extent equity is not called at termination.

**3. Acknowledgments Relating to Waiver and Release; Revocation Period.**

Executive acknowledges that Executive has read this Agreement in its entirety, fully understands its meaning and is executing this Agreement voluntarily and of Executive's own free will with full knowledge of its significance. Executive acknowledges and warrants that Executive has been advised by the Company to consult with an attorney prior to executing this Agreement. The offer to accept the terms of this Agreement is open for at least [21/45] days following termination of employment. Executive shall have the right to revoke this Agreement for a period of seven (7) days following Executive's execution of this Agreement, by giving written notice of such revocation to the Company. This Agreement shall not become effective until the eighth day following Executive's execution of it (the "Release Effective Date").

**4. Remedies.**

Moreover, Executive understands and agrees that if Executive breaches any provisions of this Agreement, in addition to any other legal or equitable remedy the Company may have, the Company shall be entitled to cease making any payments or providing any benefits to Executive under Section 5 of the Employment Agreement, and Executive shall reimburse the Company for all its reasonable attorneys' fees and costs incurred by it arising out of any such breach. The remedies set forth in this paragraph shall not apply to any challenge to the validity of the waiver and release of Executive's rights under the ADEA. In the event Executive challenges the validity of the waiver and release of Executive's rights under the ADEA, then the Company's right to attorneys' fees and costs shall be governed by the provisions of the ADEA, so that the Company may recover such fees and costs if the lawsuit is brought by Executive in bad faith. Any such action permitted to the Company by this paragraph, however, shall not affect or impair any of Executive's obligations under this Agreement, including without limitation, the release of claims in paragraph 1 hereof

**5. No Admission.**

Nothing herein shall be deemed to constitute an admission of wrongdoing by Executive, the Company or any member of the Group. Neither this Agreement nor any of its terms shall be used as an admission or introduced as evidence as to any issue of law or fact in any proceeding, suit or action, other than an action to enforce this Agreement.

**6. Choice of Law; Exclusive Venue.**

**THE TERMS OF THIS AGREEMENT AND ALL RIGHTS AND OBLIGATIONS OF THE PARTIES HERETO, INCLUDING ITS ENFORCEMENT, SHALL BE INTERPRETED AND GOVERNED BY THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAWS OF THE STATE OF DELAWARE OR THOSE OF ANY OTHER JURISDICTION WHICH COULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE.**

*[Remainder of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, Executive has executed this Agreement as of the day and year set forth opposite his signature below.

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DATE

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John Heyman

(not to be signed prior to termination of employment)

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March 22, 2016]

Mr. Jeff Hindman

Dear Jeff:

We are thrilled to offer you the opportunity to join our team as Chief Strategy Office and General Manager of New Markets of Wirepath Home Systems, dba SnapAV. Our team is impressed with your ability to help companies formulate and execute strategies that drive growth and profitability and this is of course reinforced by our prior working relationship. We are confident your talent, experience, leadership and commitment to our values – collaboration, passion, curiosity, entrepreneurial, impact, customer-itis, humility, and communication – are ideally-suited to contribute to the continued growth of our company.

Though we are proud of the considerable success we've achieved at SnapAV to-date, we believe our best days are ahead of us. We have many opportunities to grow SnapAV to be a company far bigger than it is today and we are assembling a strong team of executives to vigorously tackle these opportunities. We think you'll play a critical role in our future growth as part of that senior leadership team *and* sincerely hope that you will join us, along with our partners at General Atlantic, for the journey ahead. We look forward to a long and rewarding association.

This letter summarizes the key points of our offer:

Position: Chief Strategy Officer, General Manager of New Markets

Reports to: CEO

Start Date: May 1, 2016

Compensation: Annual salary of \$240,000, payable bi-weekly.

Annual Bonus: Eligibility for an annual bonus, starting Jan 1, 2015, targeted at 50% of your base salary based upon attainment of personal objectives and company performance at budget. Company performance above budget and individual performance can result in higher payouts. We will forward you our bonus matrix separately. First year bonus will be prorated.

Equity Option: Participation in our management equity incentive program with an opportunity to acquire 21,064 units of the profits interests in the company. Your incentive units will vest in four 25% installments on each of the first four anniversaries of your date of hire.

Equity Accelerator: We are currently developing an equity accelerator plan for a limited number of named executives. This plan has been conceptually approved at the board level but is not yet in place. You would participate in this plan at the same level as other named executives once the plan is in effect.

Matching 401(k) plan: 50% matching up to 3% of salary.

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Benefits: You will be eligible to participate in the company’s benefit plan that includes 4 weeks of Paid Time Off, life insurance, medical/dental insurance and other benefits in accordance with the plans available to employees.

Employee Discount: Access to all SnapAV products at the published employee discount rate.

Reimbursements: During the term of your employment, you will be reimbursed for any qualifying travel and business related expenses, including cell phone and mileage reimbursement.

Miscellaneous: This letter, together with a separate Non-Competition, Non-Solicitation, and Confidentiality Agreement, constitutes our entire offer regarding the terms and conditions of your employment with the Company and supersedes any prior agreements or promises made to you by anyone (whether verbal or written) regarding the offered terms of employment.

If you have any questions or wish to discuss this offer in further detail, please do not hesitate to call me at [\*\*\*\*\*]

In closing, I am thrilled to have you as a key member of our senior leadership team and to “restart” our work relationship. I am committed to SnapAV and will be personally committed to your professional success and continued development as a leader.

Sincerely,

John Heyman

Chief Executive Officer

The provisions of this offer of employment have been read, are understood, and the offer is herewith accepted.

Date:

Signature:

August 4, 2017

Jeffrey Hindman  
c/o Amplify Holdings LLC  
1800 Continental Blvd., Suite 200  
Charlotte, NC 28273 Dear Jeffrey:

As you know, pursuant to the Agreement and Plan of Merger, dated as of June 19, 2017, between Amplify Holdings LLC, General Atlantic (Amplify) Holdco LLC, General Atlantic (Amplify) LLC, Corporate Purchaser Corp., Crackle Merger Sub I Corp., Crackle Merger Sub II Corp., GA Escrow, LLC, as seller representative, and JWF Rollover, LLC, as the merger participant tax representative (the "Merger Agreement"), Amplify Holdings LLC, the indirect parent of SnapAV (the "Company"), will merge into Crackle Merger Sub II Corp. In connection with such transaction, you executed that certain Rollover Agreement between you, Crackle Holdings L.P., and Crackle Intermediate Corp. wherein you agreed to the employment terms set forth on Exhibit C of the Rollover Agreement.

This letter agreement serves as an amendment to that certain offer letter between you and the Company (the "Offer Letter") and is conditioned upon the closing of the transactions contemplated by the Merger Agreement (the "Closing"). Should the Closing fail to occur for any reason, this letter shall be null and void *ab initio*.

Effective as of the Closing, you shall remain eligible for severance pursuant to the Company's severance guidelines as in effect on the date hereof; provided that you shall also be entitled to severance upon a termination by you for Good Reason. As consideration for such Good Reason protection, the Non-Interference Agreement entered into by you in connection with the grant of Class B Units on or shortly following the Closing is hereby incorporated by reference to this letter agreement. Receipt of severance is subject to execution and non-revocation of a general release in the form attached hereto within 30 days after your termination of employment and continued compliance with the Non-Interference Agreement. The severance will be paid in equal installments over the applicable term of severance, in accordance with the Company's payroll schedule, beginning with the payroll period during which the release becomes effective (with the first payment including any amounts accrued during any release consideration period).

"Good Reason" means (i) a reduction in your rate of Base Salary or the dollar amount of your target bonus opportunity or (ii) the relocation of your principal place of employment to a location that increases by at least 25 miles your one-way commute from your residence. You may not terminate your employment for Good Reason unless you: (i) provide the Company with 30 days' advance written notice of your intent to resign for Good Reason, (ii) such notice is given within 90 days of the events or circumstances claimed to give rise to Good Reason, (iii) the Company fails to cure such alleged violation within 30 days after you deliver such notice and (iv) if the Company fails to cure such alleged violation, you must terminate your employment within five months of the initial occurrence of the facts or circumstances giving rise to Good Reason.

Except as provided above, the terms of your Offer Letter remain unchanged and in full force and effect.

As verification that you accept this change to your Offer Letter, please sign below.

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Sincerely,

SNAPAV

[\*\*\*\*\*]

With my signature below. I accept the changes to my Offer Letter.

Date: [\*\*\*\*\*]

Signature: [\*\*\*\*\*]

Jeffrey Hindman

[Signature Page Offer Amendment]

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**EXHIBIT A**

**FORM OF RELEASE**

\* \* \*

**WAIVER AND RELEASE OF CLAIMS**

In connection with the termination of employment of Jeffrey Hindman (“**Executive**”) [by] WirePath Home Systems, LLC, d/b/a SnapAV, a North Carolina limited liability company (the “**Company**”), pursuant to the Offer Letter between Executive and the Company, dated as of [Date], as amended [Date], 2017 (the “**Offer Letter**”), Executive agrees as follows:

**1. Waiver and Release.**

As used in this Waiver and Release of Claims (this “**Agreement**”), the term “claims” shall include all claims, covenants, warranties, promises, undertakings, actions, suits, causes of action, obligations, debts, accounts, attorneys’ fees, judgments, losses and liabilities, of whatsoever kind or nature, both known and unknown, in law, equity or otherwise.

For and in consideration of the payments described in the Offer Letter, Executive, for and on behalf of Executive and Executive’s heirs, administrators, executors, and assigns (the “**Related Parties**”), effective the Release Effective Date (as defined below), does fully and forever waive and release, remise and discharge the Company, its direct and indirect parents, subsidiaries and affiliates (including Crackle Holdings, L.P.), their predecessors and successors and assigns, together with the respective officers, directors, partners, shareholders, employees, members, and agents of the foregoing (collectively, the “**Group**”) from any and all claims which Executive or any Related Party had, may have had, or now has against the Company, the Group, collectively or any member of the Group individually, for or by reason of any matter, cause or thing whatsoever, including, but not limited to, (x) any claim arising out of or attributable to Executive’s employment or the termination of Executive’s employment with the Company, and also including but not limited to claims of breach of contract, wrongful termination, unjust dismissal, defamation, libel or slander, or under any federal, state or local law dealing with discrimination based on age, race, sex, national origin, handicap, religion, disability or sexual preference [and (y) any and all claims with respect to any equity, equity-based or other incentive compensation].<sup>1</sup> This release of claims includes, but is not limited to, all claims arising under the Age Discrimination in Employment Act of 1967 (the “**ADEA**”), Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Civil Rights Act of 1991, the Family Medical Leave Act, the Equal Pay Act, and all other federal, state and local labor and antidiscrimination laws, the common law and any other purported restriction on an employer’s right to terminate the employment of employees.

Executive specifically releases all claims against the Group and each member thereof under ADEA relating to Executive’s employment and its termination.

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<sup>1</sup> Include to the extent equity is called at termination.

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Executive represents that Executive has not filed or permitted to be filed against the Group, any member of the Group individually or the Group collectively, any lawsuit, complaint, charge, proceeding or the like, before any local, state or federal agency, court or other body (each, a “Proceeding”), and Executive covenants and agrees that Executive will not do so at any time hereafter, in each case, with respect to claims released pursuant to this Agreement (including, without limitation, any claims relating to the termination of Executive’s employment), except as may be necessary to enforce this Agreement, to obtain benefits described in or granted under this Agreement, or to seek a determination of the validity of the waiver of Executive’s rights under the ADEA, or initiate or participate in an investigation or proceeding conducted by the Equal Employment Opportunity Commission. Except as otherwise provided in the preceding sentence, (i) Executive will not initiate or cause to be initiated on Executive’s behalf any Proceeding, and will not participate (except as required by law) in any Proceeding of any nature or description against any member of the Group individually or the Group collectively that in any way involves the allegations and facts that Executive could have raised against any member of the Group individually or the Group collectively as of the date hereof with respect to any matter released hereby and (ii) Executive waives any right Executive may have to benefit in any manner from any relief (monetary or otherwise) arising out of any Proceeding with respect to any matter released hereby.

Notwithstanding the foregoing, nothing in this Agreement shall release Executive’s claim for (i) unemployment compensation benefits, (ii) any claims by Executive in respect of any vested benefits under any Company benefit plans or other Company retirement plans of any type that Executive is entitled to pursuant to the terms thereof as a result of his employment with the Company, (iii) any right or claim that arises against the Company after the date of this Agreement, (iv) rights under this Agreement, (v) rights to indemnification as an officer or employee of the Company, (vi) rights to payment under the Offer Letter or (vii) [any claims by Executive in respect of his capacity as an equityholder of the Company or any of its Affiliates].<sup>2</sup>

**2. Acknowledgment of Consideration.**

Executive is specifically agreeing to the terms of this release because the Company has agreed to pay Executive money and other benefits to which Executive was not otherwise entitled under the Company’s policies or under the Offer Letter (in the absence of providing this release). The Company has agreed to provide this money and other benefits because of Executive’s agreement to accept it in full settlement of all possible claims Executive might have or ever had with respect to any matter released hereby, and because of Executive’s execution of this Agreement.

**3. Acknowledgments Relating to Waiver and Release; Revocation Period.**

Executive acknowledges that Executive has read this Agreement in its entirety, fully understands its meaning and is executing this Agreement voluntarily and of Executive’s own free will with full knowledge of its significance. Executive acknowledges and warrants that Executive has been advised by the Company to consult with an attorney prior to executing this Agreement. The offer to accept the terms of this Agreement is open for at least [21/45] days following termination of employment. Executive shall have the right to revoke this Agreement for a period of seven (7) days following Executive’s execution of this Agreement, by giving written notice of such revocation to the Company. This Agreement shall not become effective until the eighth day following Executive’s execution of it (the “Release Effective Date”).

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<sup>2</sup> Include to the extent equity is not called at termination.

**4. Remedies.**

Moreover, Executive understands and agrees that if Executive breaches any provisions of this Agreement, in addition to any other legal or equitable remedy the Company may have, the Company shall be entitled to cease making any payments or providing any benefits to Executive under the Offer Letter, and Executive shall reimburse the Company for all its reasonable attorneys' fees and costs incurred by it arising out of any such breach. The remedies set forth in this paragraph shall not apply to any challenge to the validity of the waiver and release of Executive's rights under the ADEA. In the event Executive challenges the validity of the waiver and release of Executive's rights under the ADEA, then the Company's right to attorneys' fees and costs shall be governed by the provisions of the ADEA, so that the Company may recover such fees and costs if the lawsuit is brought by Executive in bad faith. Any such action permitted to the Company by this paragraph, however, shall not affect or impair any of Executive's obligations under this Agreement, including without limitation, the release of claims in paragraph 1 hereof.

**5. No Admission.**

Nothing herein shall be deemed to constitute an admission of wrongdoing by Executive, the Company or any member of the Group. Neither this Agreement nor any of its terms shall be used as an admission or introduced as evidence as to any issue of law or fact in any proceeding, suit or action, other than an action to enforce this Agreement.

**6. Choice of Law; Exclusive Venue.**

**THE TERMS OF THIS AGREEMENT AND ALL RIGHTS AND OBLIGATIONS OF THE PARTIES HERETO, INCLUDING ITS ENFORCEMENT, SHALL BE INTERPRETED AND GOVERNED BY THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAWS OF THE STATE OF DELAWARE OR THOSE OF ANY OTHER JURISDICTION WHICH COULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE.**

*[Remainder of Page Intentionally Left Blank]*

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IN WITNESS WHEREOF, Executive has executed this Agreement as of the day and year set forth opposite his signature below.

\*\*\*\*\*  
\_\_\_\_\_  
DATE

\*\*\*\*\*  
\_\_\_\_\_  
Jeffrey Hindman

(not to be signed prior to termination of employment)

\_\_\_\_\_



October 7, 2014

Mr. Michael Carlet  
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Dear Michael:

We are thrilled to offer you the opportunity to join our team as **Chief Financial Officer** of Wirepath Home Systems *dba* SnapAV. We have been impressed with your ability to help companies formulate and execute strategies that drive growth and profitability. We are confident your talent, experience, leadership and commitment to our values – collaboration, passion, curiosity, entrepreneurial, impact, customer-itis, humility, and communication – are ideally-suited to contribute to the continued growth of our company.

Though we are proud of the considerable success we've achieved at SnapAV to-date, we believe our best days are ahead of us. We have many opportunities to grow SnapAV to be a company far bigger than it is today and we are assembling a strong team of executives to vigorously tackle these opportunities. We think you'll play a critical role in our future growth as part of that senior leadership team and sincerely hope that you will join us, along with our partners at General Atlantic, for the journey ahead. We look forward to a long and rewarding association.

This letter summarizes the key points of our offer:

**Position:** Chief Financial Officer, reporting to the CEO, Craig A. Craze.

**Start Date:** On or before November 10, 2014.

**Compensation:** Annual salary of \$240,000, payable bi-weekly.

**Annual Bonus:** Eligibility for an annual bonus, starting Jan 1, 2015, targeted at 30% of your base salary based upon attainment or personal objectives and company performance.

**Equity Option:** Participation in our management equity incentive program with an opportunity to acquire XXXXX units (0.X%) of the profits interests in the company. Your incentive units will vest in four 25% installments on each of the first four anniversaries of your date of hire.

**Sign-on Bonus:** One-time bonus of \$50,000 paid with first pay check; recoverable if employment is voluntarily terminated by employee within the first year.

**Matching 401(k) plan:** 50% matching up to 3% of salary.

**Severance:** In the case of termination without cause, severance pay equal to six months of salary.

**Benefits:** You will be eligible to participate in the Company's benefit plan that includes 4 weeks of Paid Time Off, life insurance, medical/dental insurance and other benefits in accordance with the plans available to employees.

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**Employee Discount:** Access to all SnapAV products at the published employee discount rate.

**Reimbursements:** During the term of your employment, you will be reimbursed for any qualifying travel and business related expenses, including cell phone and mileage reimbursement.

**Miscellaneous:** This letter, together with a separate Non-Competition, Non-Solicitation, and Confidentiality Agreement, constitutes our entire offer regarding the terms and conditions of your employment with the Company and supersedes any prior agreements or promises made to you by anyone (whether verbal or written) regarding the offered terms of employment.

**Contingencies:** Your employment is contingent on satisfactory proof of your eligibility to work in the United States. You also may be required to undergo and successfully complete a drug screening and/or a background check, including a criminal records check, as a condition of your employment in accordance with applicable law.

If you have any questions or wish to discuss this offer in further detail, please do not hesitate to call me at [\*\*\*\*\*]

In closing, I am not only thrilled to have you as a key member of my senior leadership team, but am personally committed to your professional success and continued development as a leader.

[\*\*\*\*\*]  
Craig A. Craze  
Chief Executive Officer

**The provisions of this offer of employment have been read, are understood, and the offer is herewith accepted.**

Date:\_\_\_\_\_

Signature:\_\_\_\_\_



*SnapAV has been ranked in the prestigious Inc. 500 and 5000 lists Five years running, joining the likes of former nominees such as Microsoft, Oracle, QualComm and Domino's.*

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August 4, 2017

Michael Carlet  
[\*\*\*\*\*]

Dear Michael:

As you know, pursuant to the Agreement and Plan of Merger, dated as of June 19, 2017, between Amplify Holdings LLC, General Atlantic (Amplify) Holdco LLC, General Atlantic (Amplify) LLC, Corporate Purchaser Corp., Crackle Merger Sub I Corp., Crackle Merger Sub II Corp., GA Escrow, LLC, as seller representative, and JWF Rollover, LLC, as the merger participant tax representative (the "Merger Agreement"), Amplify Holdings LLC, the indirect parent of SnapAV (the "Company"), will merge into Crackle Merger Sub II Corp. In connection with such transaction, you executed that certain Rollover Agreement between you, Crackle Holdings L.P., and Crackle Intermediate Corp. wherein you agreed to the employment terms set forth on Exhibit C of the Rollover Agreement.

This letter agreement serves as an amendment to the offer letter between you and the Company, dated as of October 7, 2014 (the "Offer Letter") and is conditioned upon the closing of the transactions contemplated by the Merger Agreement (the "Closing"). Should the Closing fail to occur for any reason, this letter shall be null and void *ab initio*.

Effective as of the Closing, you shall be eligible for the same severance protection as provided in your Offer Letter; provided that in addition to severance following a termination of employment by the Company without cause, you shall also be entitled to severance upon a termination by you for Good Reason. As consideration for such Good Reason protection, the Non-Interference Agreement entered into by you in connection with the grant of Class B Units on or shortly following the Closing is hereby incorporated by reference to this letter agreement. Receipt of severance is subject to execution and non- revocation of a general release in the form attached hereto within 30 days after your termination of employment and continued compliance with the Non-Interference Agreement. The severance will be paid in equal installments over the applicable term of severance, in accordance with the Company's payroll schedule, beginning with the payroll period during which the release becomes effective (with the first payment including any amounts accrued during any release consideration period).

"Good Reason" means (i) a reduction in your rate of Base Salary or the dollar amount of your target bonus opportunity or (ii) the relocation of your principal place of employment to a location that increases by at least 25 miles your one-way commute from your residence. You may not terminate your employment for Good Reason unless you: (i) provide the Company with 30 days' advance written notice of your intent to resign for Good Reason, (ii) such notice is given within 90 days of the events or circumstances claimed to give rise to Good Reason, (iii) the Company fails to cure such alleged violation within 30 days after you deliver such notice and (iv) if the Company fails to cure such alleged violation, you must terminate your employment within five months of the initial occurrence of the facts or circumstances giving rise to Good Reason.

Except as provided above, the terms of your Offer Letter remain unchanged and in full force and effect.

As verification that you accept this change to your Offer Letter, please sign below.

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Sincerely,

SNAPAV

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With my signature below, I accept the changes to my Offer Letter.

Date: [\*\*\*\*\*] \_\_\_\_\_

Signature: [\*\*\*\*\*] \_\_\_\_\_

Michael Carlet

*[Signature Page for Offer Letter]*

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**EXHIBIT A**

**FORM OF RELEASE**

\* \* \*

**WAIVER AND RELEASE OF CLAIMS**

In connection with the termination of employment of Michael Carlet ("Executive") [by] WirePath Home Systems, LLC, d/b/a SnapAV, a North Carolina limited liability company (the "Company"), pursuant to the Offer Letter between Executive and the Company, dated as of October 7, 2014, as amended [Date], 2017 (the "Offer Letter"), Executive agrees as follows:

**1. Waiver and Release.**

As used in this Waiver and Release of Claims (this "Agreement"), the term "claims" shall include all claims, covenants, warranties, promises, undertakings, actions, suits, causes of action, obligations, debts, accounts, attorneys' fees, judgments, losses and liabilities, of whatsoever kind or nature, both known and unknown, in law, equity or otherwise.

For and in consideration of the payments described in the Offer Letter, Executive, for and on behalf of Executive and Executive's heirs, administrators, executors, and assigns (the "Related Parties"), effective the Release Effective Date (as defined below), does fully and forever waive and release, remise and discharge the Company, its direct and indirect parents, subsidiaries and affiliates (including Crackle Holdings, L.P.), their predecessors and successors and assigns, together with the respective officers, directors, partners, shareholders, employees, members, and agents of the foregoing (collectively, the "Group") from any and all claims which Executive or any Related Party had, may have had, or now has against the Company, the Group, collectively or any member of the Group individually, for or by reason of any matter, cause or thing whatsoever, including, but not limited to, (x) any claim arising out of or attributable to Executive's employment or the termination of Executive's employment with the Company, and also including but not limited to claims of breach of contract, wrongful termination, unjust dismissal, defamation, libel or slander, or under any federal, state or local law dealing with discrimination based on age, race, sex, national origin, handicap, religion, disability or sexual preference [and (y) any and all claims with respect to any equity, equity-based or other incentive compensation].<sup>1</sup> This release of claims includes, but is not limited to, all claims arising under the Age Discrimination in Employment Act of 1967 (the "ADEA"), Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Civil Rights Act of 1991, the Family Medical Leave Act, the Equal Pay Act, and all other federal, state and local labor and antidiscrimination laws, the common law and any other purported restriction on an employer's right to terminate the employment of employees.

Executive specifically releases all claims against the Group and each member thereof under ADEA relating to Executive's employment and its termination.

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<sup>1</sup> Include to the extent equity is called at termination.

Executive represents that Executive has not filed or permitted to be filed against the Group, any member of the Group individually or the Group collectively, any lawsuit, complaint, charge, proceeding or the like, before any local, state or federal agency, court or other body (each, a “Proceeding”), and Executive covenants and agrees that Executive will not do so at any time hereafter, in each case, with respect to claims released pursuant to this Agreement (including, without limitation, any claims relating to the termination of Executive’s employment), except as may be necessary to enforce this Agreement, to obtain benefits described in or granted under this Agreement, or to seek a determination of the validity of the waiver of Executive’s rights under the ADEA, or initiate or participate in an investigation or proceeding conducted by the Equal Employment Opportunity Commission. Except as otherwise provided in the preceding sentence, (i) Executive will not initiate or cause to be initiated on Executive’s behalf any Proceeding, and will not participate (except as required by law) in any Proceeding of any nature or description against any member of the Group individually or the Group collectively that in any way involves the allegations and facts that Executive could have raised against any member of the Group individually or the Group collectively as of the date hereof with respect to any matter released hereby and (ii) Executive waives any right Executive may have to benefit in any manner from any relief (monetary or otherwise) arising out of any Proceeding with respect to any matter released hereby.

Notwithstanding the foregoing, nothing in this Agreement shall release Executive’s claim for (i) unemployment compensation benefits, (ii) any claims by Executive in respect of any vested benefits under any Company benefit plans or other Company retirement plans of any type that Executive is entitled to pursuant to the terms thereof as a result of his employment with the Company, (iii) any right or claim that arises against the Company after the date of this Agreement, (iv) rights under this Agreement, (v) rights to indemnification as an officer or employee of the Company, (vi) rights to payment under the Offer Letter or (vii) [any claims by Executive in respect of his capacity as an equityholder of the Company or any of its Affiliates].<sup>2</sup>

**2. Acknowledgment of Consideration.**

Executive is specifically agreeing to the terms of this release because the Company has agreed to pay Executive money and other benefits to which Executive was not otherwise entitled under the Company’s policies or under the Offer Letter (in the absence of providing this release). The Company has agreed to provide this money and other benefits because of Executive’s agreement to accept it in full settlement of all possible claims Executive might have or ever had with respect to any matter released hereby, and because of Executive’s execution of this Agreement.

**3. Acknowledgments Relating to Waiver and Release; Revocation Period.**

Executive acknowledges that Executive has read this Agreement in its entirety, fully understands its meaning and is executing this Agreement voluntarily and of Executive’s own free will with full knowledge of its significance. Executive acknowledges and warrants that Executive has been advised by the Company to consult with an attorney prior to executing this

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<sup>2</sup> Include to the extent equity is not called at termination.

Agreement. The offer to accept the terms of this Agreement is open for at least [21/45] days following termination of employment. Executive shall have the right to revoke this Agreement for a period of seven (7) days following Executive's execution of this Agreement, by giving written notice of such revocation to the Company. This Agreement shall not become effective until the eighth day following Executive's execution of it (the "Release Effective Date").

**4. Remedies.**

Moreover, Executive understands and agrees that if Executive breaches any provisions of this Agreement, in addition to any other legal or equitable remedy the Company may have, the Company shall be entitled to cease making any payments or providing any benefits to Executive under the Offer Letter, and Executive shall reimburse the Company for all its reasonable attorneys' fees and costs incurred by it arising out of any such breach. The remedies set forth in this paragraph shall not apply to any challenge to the validity of the waiver and release of Executive's rights under the ADEA. In the event Executive challenges the validity of the waiver and release of Executive's rights under the ADEA, then the Company's right to attorneys' fees and costs shall be governed by the provisions of the ADEA, so that the Company may recover such fees and costs if the lawsuit is brought by Executive in bad faith. Any such action permitted to the Company by this paragraph, however, shall not affect or impair any of Executive's obligations under this Agreement, including without limitation, the release of claims in paragraph 1 hereof.

**5. No Admission.**

Nothing herein shall be deemed to constitute an admission of wrongdoing by Executive, the Company or any member of the Group. Neither this Agreement nor any of its terms shall be used as an admission or introduced as evidence as to any issue of law or fact in any proceeding, suit or action, other than an action to enforce this Agreement.

**6. Choice of Law; Exclusive Venue.**

**THE TERMS OF THIS AGREEMENT AND ALL RIGHTS AND OBLIGATIONS OF THE PARTIES HERETO, INCLUDING ITS ENFORCEMENT, SHALL BE INTERPRETED AND GOVERNED BY THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAWS OF THE STATE OF DELAWARE OR THOSE OF ANY OTHER JURISDICTION WHICH COULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE.**

*[Remainder of Page Intentionally Left Blank]*

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IN WITNESS WHEREOF, Executive has executed this Agreement as of the day and year set forth opposite his signature below.

\_\_\_\_\_

DATE

\_\_\_\_\_

Michael Carlet

(not to be signed prior to termination of employment)

\_\_\_\_\_

**Consent of Independent Registered Public Accounting Firm**

We consent to the use in this Registration Statement No. 333-257624 on Form S-1 of our report dated April 19, 2021 (July 19, 2021 as to the effects of the stock split discussed at Note 18), relating to the financial statements of Snap One Holdings Corp. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ Deloitte & Touche LLP

Charlotte, NC

July 19, 2021

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**Snap One Holdings Corp.****Power of Attorney**

KNOW ALL BY THESE PRESENTS, that the undersigned hereby constitutes and appoints John Heyman, Michael Carlet and JD Ellis and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitution and resubstitution, for and in the name, place and stead of the undersigned, to sign in any and all capacities (including, without limitation, as a member of the Board of Directors of Snap One Holdings Corp.), Snap One Holdings Corp.'s Registration Statement on Form S-1 (File No. 333-257624), any and all amendments (including post-effective amendments) to such Registration Statement and any and all successor registration statements of Snap One Holdings Corp., including any filings pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and anything necessary to be done to enable Snap One Holdings Corp. to comply with the provisions of the Securities Act of 1933, as amended, and all the requirements of the Securities and Exchange Commission, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute, or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of July 19, 2021.

By: /s/ Amy Steel Vanden-Eykel

Name: Amy Steel Vanden-Eykel

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