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Q2 2023 Results

Disclaimer

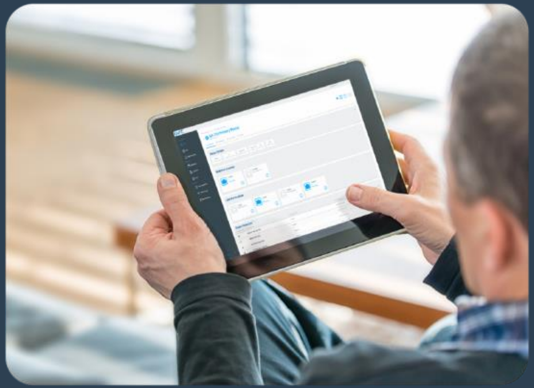
This material includes certain historical performance information and "forward looking statements" regarding estimations, forecasts, targets and plans in relation to the results of operations, financial conditions and other overall management of Snap One Holdings Corp. (the “Company”). Terms such “outlook,” “indicator,” “believes,” “project,” “forecast,” “targets,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “scheduled,” “estimates,” “anticipates” “could,” “would,” “possible,” “potential,” “predict,” or similar expressions may identify forward-looking statements, but the absence of these words does not mean the statement is not forward-looking.

Forward-looking statements with respect to Net Sales, Net Income, Adjusted EBITDA and other financial measures, performance, strategies, prospects and other aspects of the businesses of the Company to which this presentation relates are based on information currently available to the Company as of the date of this material and on current expectations that are subject to known and unknown risks and uncertainties, which could cause actual results or outcomes to differ materially from expectations expressed or implied by such forward-looking statements. These determinations and assumptions are inherently subjective and uncertain. These forward-looking statements are not guarantees of future performance, and actual operating results may differ substantially due to a number of factors. Such forward looking statements are as to future events and are not to be viewed as facts, and involve significant known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company and their respective representatives. Actual events or results may differ materially from those discussed in forward-looking statements as a result of various risks and uncertainties, including but not limited to: risks related to our business and industry, risks related to our products, risks related to our manufacturing and supply chain, risks related to our indebtedness, risks related to interest rate and exchange rate volatility, 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 common stock, risks related to our financial statements, and other risks. For a discussion of these and other risks and uncertainties, please refer to Snap One’s most recent Annual Report on Form 10-K and Quarterly Report for the first fiscal quarter in 2023 on Form 10-Q filed with the SEC, as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC’s website at www.sec.gov. There can be no assurance that the information contained in this presentation is reflective of future performance to any degree. Recipients are cautioned not to place undue reliance on forward-looking statements as a predictor of future performance. The forward-looking statements in this presentation speak as of the date of this presentation. The Company assumes no obligation to, and does not currently intend to, update these forward-looking statements whether as a result of new information, future events, changes in assumptions or otherwise except as required by law.

This presentation may include certain financial measures not presented in accordance with generally accepted accounting principles ("GAAP"), including, but not limited to, Contribution Margin and Adjusted EBITDA, Adjusted Net Income, Net Debt, Free Cash Flow, Adjusted EBITDA Less Purchases of Property and Equipment, and Adjusted Operating Expense. These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing the Company's financial results. Therefore, these measures should not be considered in isolation or as an alternative to net income, cash flows from operations or other measures of expense, profitability, liquidity or performance under GAAP. In addition, historical financial measures included in this presentation have not been audited and are subject to review and adjustment accordingly. You should be aware that the Company's presentation of these measures may not be comparable to similarly-titled measures used by other companies. For a reconciliation of non-GAAP financial measures to GAAP, see the Appendix provided herewith.

A note about the Company’s fiscal calendar: the Company typically operates on a 52-week fiscal year. In fiscal year 2021, both the full year and fourth quarter included an extra fiscal week, which resulted in a 53-week fiscal year 2021 and a 14-week fiscal fourth quarter 2021 as compared to a 52-week full year 2022 and a 13-week fourth quarter 2022. The fiscal quarters ended June 30, 2023 and July 1, 2022 were both 13-week periods.

Business Update



Company Overview

Snap One is the category leading vertically-integrated provider of products and services to a network of ~20,000 domestic professional do-it-for-me ("DIFM") integrators creating seamless connected experiences in homes and small businesses

Who Do We Serve?

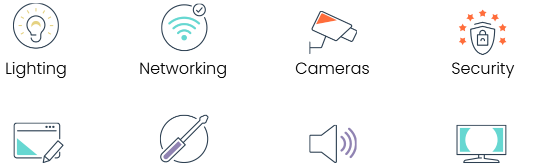
Snap One serves **professional integrators** who design, sell, install, and manage technology in residential, security, and commercial end markets to meet the rapidly growing demand for integrated "smart living" experiences

Typical Integrator Profile

- Small- to medium-sized businesses
- Focus on home and small business connected systems
- $10,000 to $20,000 DIFM consumer spend per job[1]
- Provide full lifecycle services across design, installation, and support

What Do We Provide?

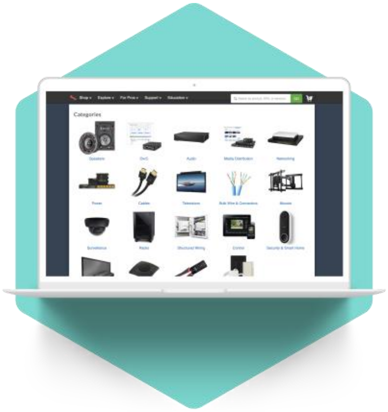
We provide integrators with a leading suite of **proprietary and third-party products** across **a broad range of categories, exclusive software platforms, and technology-enabled workflow solutions**



How Do We Serve?

As the **leading specialized distribution partner** to our professional integrators, we engage on an **omni-channel basis**, blending the benefits of our **comprehensive e-Commerce portal** with the convenience of our 41 **local branches**[2] for same-day product availability

e-Commerce Portal Drives Value for Key Stakeholders



Extensive / Expanding Strategic Local Branch Network

Notes:
1. Frost & Sullivan April 2021
2. 41 local branches as of June 30, 2023. Includes two local branches in Canada.

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Investment Highlights

A Market Leader in Large, High Growth Market

- ~20,000 integrators rely on Snap One product and workflow solutions
- ~2X nearest competitor's share of integrator wallet [1]
- Large market with multiple long-term secular tailwinds
- Differentiated offering driving continued market share gains

Vertically Integrated Solutions Servicing the Full Spectrum of Smart Living

- Proprietary and third-party products delivered to integrators via leading specialized local and virtual distribution platform
- Expansive proprietary SKU portfolio drives end-to-end platform
- Robust software solutions allow seamless integration
- Complementary portfolio of third-party products

Software-Driven Innovation

- Software platforms deepen competitive moat and enable subscription-based services
- Comprehensive feedback loop drives targeted R&D spend

Technology-Enabled Workflow Solutions Drive Positive Network Effects

- Award-winning lifecycle service and support
- Cloud-based software embedded in the integrator's workflow
- e-Commerce centric omni-channel offering

Visible Growth, Attractive Profitability

- Multiple growth vectors to grow share and expand TAM
- New integrator / wallet share expansion growth algorithm
- Demonstrated M&A engine
- Visibility from integrator re-occurring spending
- Vertical integration drives robust profitability

Notes:
1. Based on a survey conducted by Frost & Sullivan where 20% of respondents indicated that Snap One was their most used source for installation equipment from March 2020 to March 2021, twice the share of the next highest source

Snap One Playbook to Drive Growth

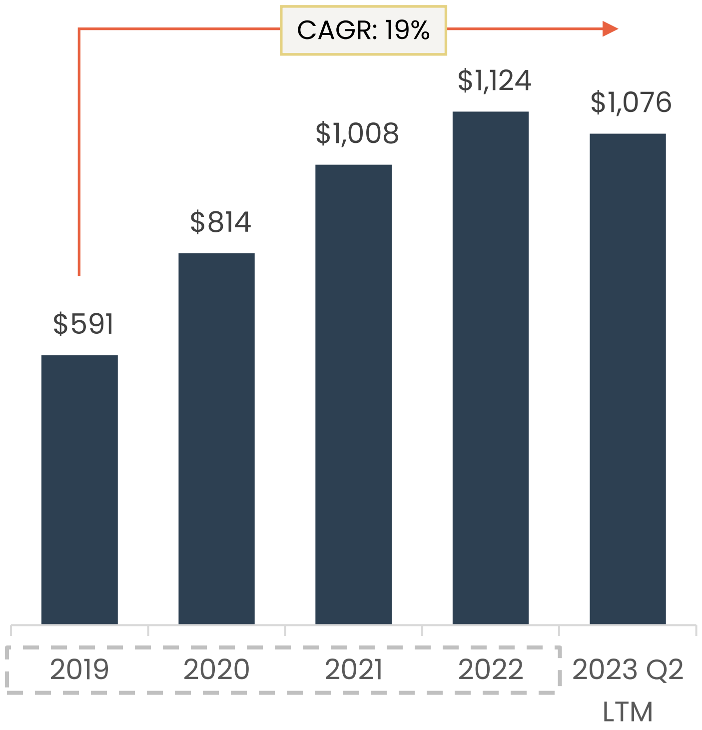
Long-Term Growth Algorithm	**Spend per Integrator**	**X**	**# of Integrators**	**+**	**New Revenue Models**	**+**	**M&A**
Strategy	**Ecosystem Adoption**		**Grow Integrator Network**		**Software Services and Revenue Models**		**Strategic M&A**

How?	▪ Introduce new products and software
	▪ Partner with leading third-party vendors
	▪ Deliver new and enhanced technology-enabled workflow solutions
	▪ Local branch expansion
	▪ Product ecosystem and loyalty program encourages integrator adoption and standardization
	▪ Pricing as a lever
			▪ Apply learnings and ongoing track record of growing penetration in Residential Home Technology to adjacent markets, including:
			  ▪ Security
			  ▪ Commercial
			  ▪ International
					▪ Introduce new software revenue models, including:
					  ▪ Remote management (OvrC, Parasol)
					  ▪ 4Sight expansion
					  ▪ Data and vendor services
					  ▪ Surveillance-as-a-service
					  ▪ Cybersecurity
							▪ Execute accretive acquisition strategy, including:
							  ▪ Complementary products and technology
							  ▪ Targeted local branch expansion
							  ▪ Geographic expansion

Scaling Platform with Profitable Growth

Reported Net Sales

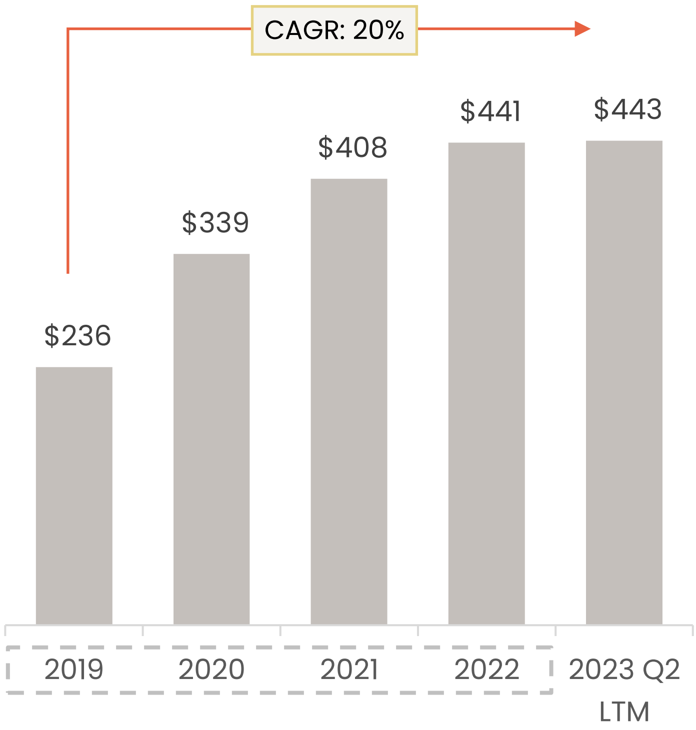
($ in millions)



YoY Growth: 38% | 24% | 11% | (3%)

Contribution Margin[1]

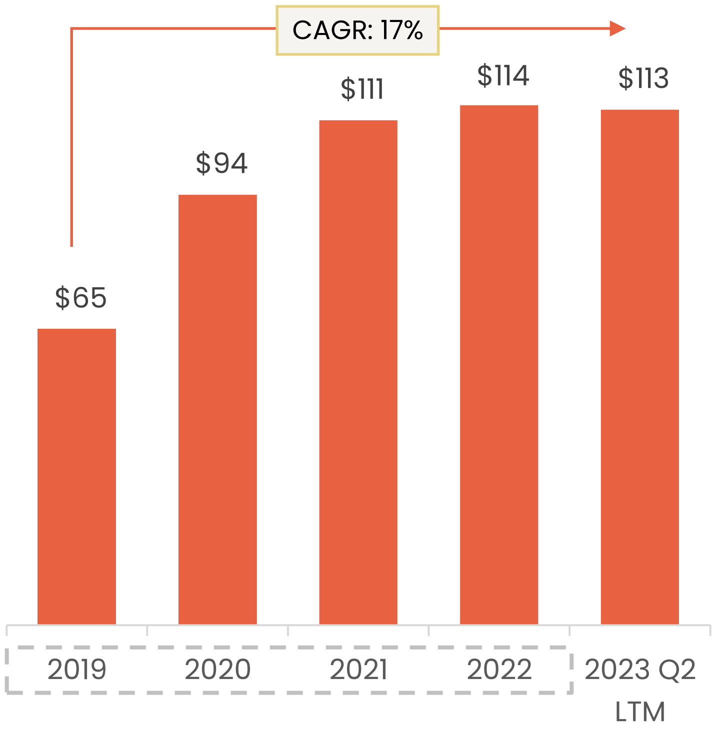
($ in millions)



Contribution Margin: 39.9% | 41.7% | 40.5% | 39.3% | 41.2%

Adjusted EBITDA[1]

($ in millions)



Adj. EBITDA Margin: 11.0% | 11.6% | 11.0% | 10.2% | 10.5%

Notes:
1. For a reconciliation of non-GAAP financial measures to GAAP, see the Appendix provided herewith

Fiscal Year Period

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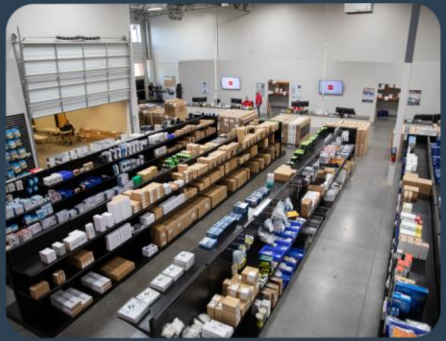
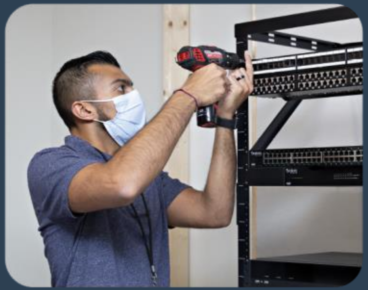
Financial Update





Q2 2023 Financial Updates

Compared to Q2 2022

- ✓ Net Sales of $274.4M (down 8% YoY)
- ✓ SG&A Expenses of $93.8M (down 2% YoY)
- ✓ Net Loss of $0.1M (narrowed by $1.2M or 91% YoY)
- ✓ Contribution Margin of $117.2M (up 1% YoY); 42.7% of Net Sales
- ✓ Adjusted EBITDA of $31.7M (flat YoY)
- ✓ Adjusted Net Income of $14.3M (down 13% YoY)

Review of Q2 Performance

Summary Financials

($ in millions)

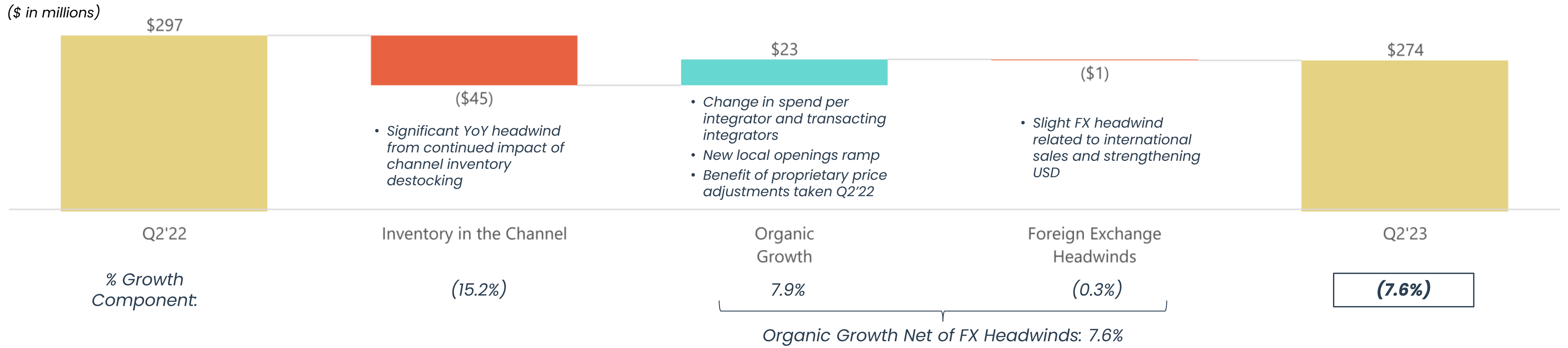
Financial Highlights

- Net Sales
  - YoY decline of 8% largely due to channel inventory destocking headwinds
  - Adjusted for channel inventory impact, Net Sales grew ~8% YoY driven by the cumulative impact of pricing adjustments and local branch openings/maturations
- Contribution Margin
  - 42.7% of Net Sales in Q2'23
  - YoY margin rate increase due to the cumulative impact of price adjustments and the execution of supply chain cost management initiatives to drive input cost efficiencies
  - Margin rate improved ~60 bps sequentially over Q1'23
- Adjusted EBITDA
  - 11.5% of Net Sales in Q2'23
  - Despite YoY Net Sales decline, Adj. EBITDA in-line with prior year due to Contribution Margin rate expansion and SG&A expense reduction
  - Adj. EBITDA as % of Net Sales up ~90 bps YoY

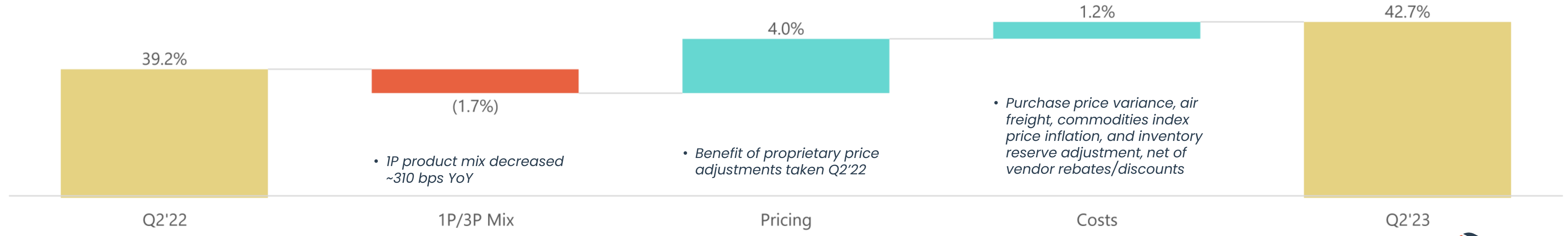
Notes:
1. For a reconciliation of non-GAAP financial measures to GAAP, see the Appendix provided herewith

Q2 Net Sales and Contribution Margin Rate Bridges[1]

Q2'22 – Q2'23 Net Sales Change



Q2'22 – Q2'23 Contribution Margin % Change



Notes:
1. Components based on management estimates

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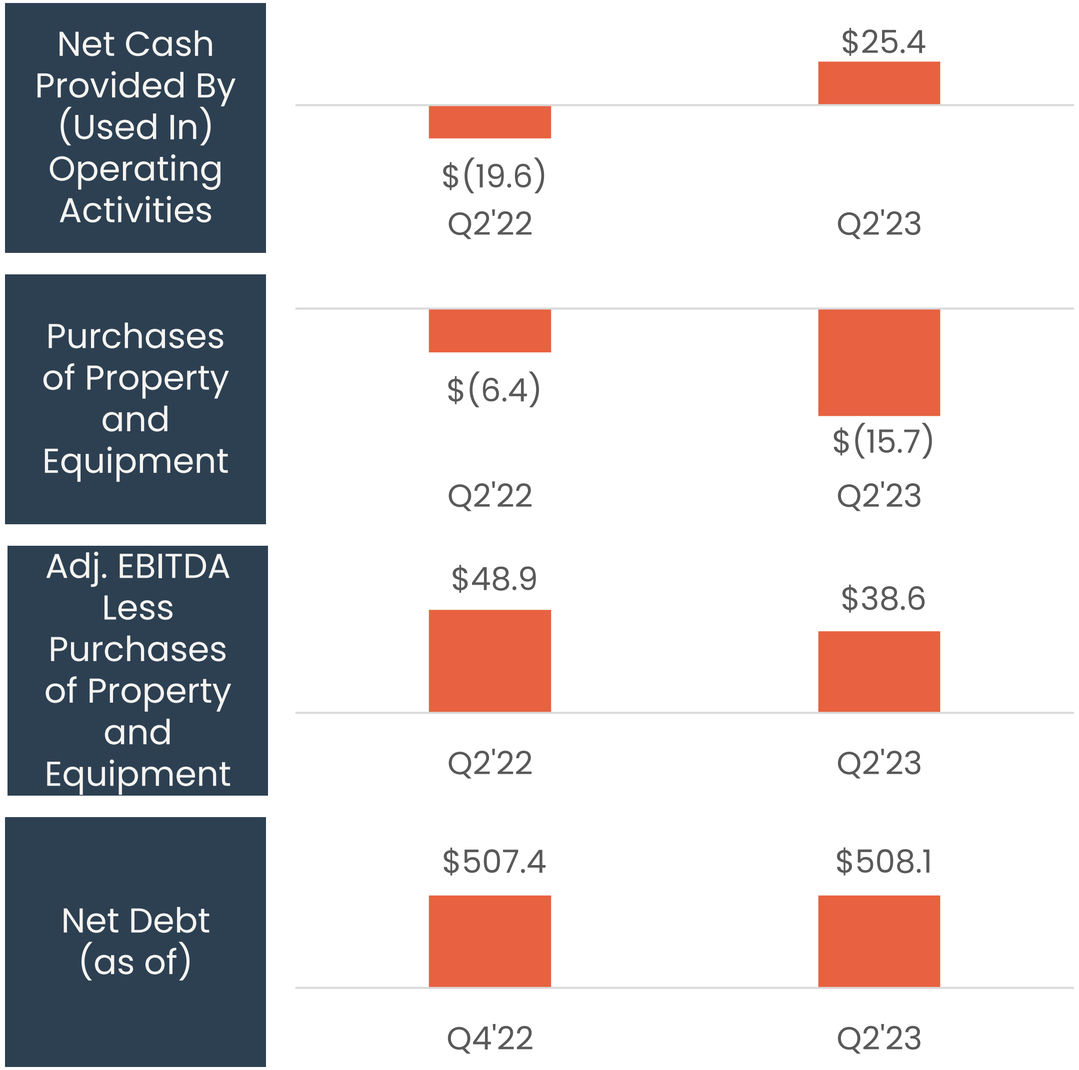
Balance Sheet & Cash Flow Metrics

For Six-Month Periods ended Jul 1, 2022 & Jun 30, 2023

(unless otherwise noted)

($ in millions)



Summary

(compared to prior-year period unless otherwise noted)

- Net Cash Provided By Operating Activities
  - Net cash provided by operating activities of $25.4M
  - Increase in cash primarily driven by effective inventory management partially offset by an increase in net loss
- Purchases of Property and Equipment
  - Purchases of property and equipment total ~3% of net sales
  - Primarily related to non-recurring corporate office relocation capex as well as capitalized costs from growth initiatives and new local branch openings
- Adjusted EBITDA Less Purchases of Property and Equipment
  - Adj. EBITDA less purchases of property and equipment of $38.6M
  - Decrease from prior year driven by ~$9M increase in purchases of property and equipment primarily related to the corporate office relocation
- Net Debt
  - Defined as current debt plus amount outstanding under revolving credit facility plus long-term debt less cash and cash equivalents
  - Slight increase in Net Debt from year end 2022 largely due to use of revolving credit facility for general corporate purposes

Notes:

1. For a reconciliation of non-GAAP financial measures to GAAP, see the Appendix provided herewith

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Revenue Disaggregation(s)

Expanded Revenue Disaggregation (Reported Quarterly)	
Product Type	▪ Proprietary ▪ Third-Party
Geography	▪ Domestic Integrator ▪ Domestic Other ▪ International

Notes:
1. For domestic transacting integrators and spend per transacting domestic integrators which are reported annually, please see the Annual Report

Reported Quarterly: Revenue Disaggregation(s)

Expanded Revenue Disaggregation: Product Type

- Proprietary: $183.8M in Q2 2023; represents 11.7% decrease over Q2 2022
  - Proprietary product YoY sales decline primarily attributable to unusual activity in Q2'22, including: channel partners building inventory due to supply chain concerns and pending price adjustments, as well as the fulfillment of back orders placed in prior periods
- Third-party: $90.6M in Q2 2023; represents 2.1% increase over Q2 2022
  - Third-party product YoY sales increase primarily driven by new local branch openings, incremental brand assortment and certain manufacturer promotions
- Implies sales mix of 67.0% Proprietary and 33.0% Third-party in the quarter

	2022	2023	
($ in millions)	Q2	Q2	*% YoY Growth*
Product Type			
Proprietary	$208.2	$183.8	*(11.7%)*
Third-party	$88.7	$90.6	*2.1%*
Total Reported Net Sales	**$296.9**	**$274.4**	***(7.6%)***
% Mix			
Proprietary	*70.1%*	*67.0%*	
Third-party	*29.9%*	*33.0%*	

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Reported Quarterly: Revenue Disaggregation(s)

Expanded Revenue Disaggregation: Geography

- Domestic Net Sales: $242.0M in Q2 2023; represents 5.7% YoY decline
  - Domestic Integrator: $230.8M in Q2 2023; represents 3.3% YoY decline
  - Domestic Other: $11.2M in Q2 2023; represents 37.2% YoY decline
- International Net Sales: $32.4M in Q2 2023; represents 19.8% YoY decline; on a constant currency basis, represents 17.8% YoY decline

($ in millions)	2022 Q2	2023 Q2	% YoY Growth
Domestic Net Sales:			
Domestic Integrator	$238.7	$230.8	*(3.3%)*
Domestic Other	$17.8	$11.2	*(37.2%)*
Total Domestic Net Sales	**$256.5**	**$242.0**	***(5.7%)***
International Net Sales	$40.4	$32.4	*(19.8%)*
Total Reported Net Sales	**$296.9**	**$274.4**	***(7.6%)***

Reaffirmed FY 2023 Guidance

$ in millions	**FY'22 Actuals**	**Reaffirmed FY'23 Outlook**	
		Low	High
Net Sales	$1,124	**$1,060**	**$1,090**
% Growth (Reported)		*(5.7%)*	*(3.0%)*
Adj. EBITDA	$114	**$110**	**$118**
Adj. EBITDA Margin %	*10.2%*	*10.4%*	*10.8%*
% Growth (Reported)		*(3.6%)*	*3.4%*

- We are **reaffirming** our FY'23 guidance
- **Net Sales guidance remains $1,060M - $1,090M** as we take a pragmatic view of topline performance given the continued macroeconomic uncertainty and channel inventory destocking headwind in the short-term
- **Adj. EBITDA guidance remains $110M - $118M** as our first half 2023 performance provides us with improved visibility into our profitability outlook

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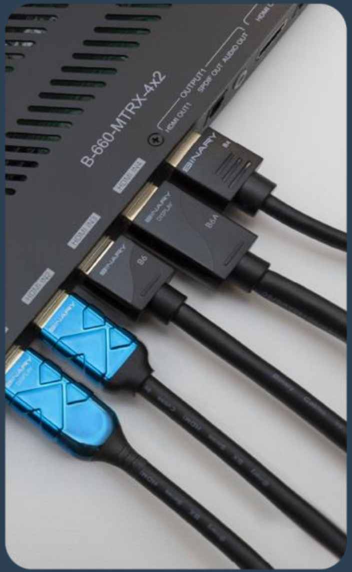
Appendix



Management Estimate of Snap One Channel Inventory Above Typical Carrying Levels

Illustrative Channel Inventory Estimates

($ in millions)

	2021				2022				2023	
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
Channel Inventory Above Typical Carrying Levels	$ -	$ 10	$ 30	$ 45	$ 75	$ 110	$ 90	$ 75	$ 65	$ 55
Sequential Quarter-over-Quarter Change	*$ -*	*$ 10*	*$ 20*	*$ 15*	*$ 30*	*$ 35*	*$ (20)*	*$ (15)*	*$ (10)*	*$ (10)*

Source: Management estimates

Notes:
1. The methodology used to estimate channel inventory is based on management's visibility into the timeline from when a product is shipped from Snap One's warehouse to when the product is installed by a professional integrator and activated within the Company's OvrC software.

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Reconciliation of Net Loss to Adjusted EBITDA

($ in millions)	2019	2020	2021	2022					2023	
	FY '19	FY '20	FY '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	FY '22	Q1 '23	Q2 '23
Net loss	**$ (34.5)**	**$ (25.2)**	**$ (36.5)**	**$ (2.3)**	**$ (1.3)**	**$ (1.0)**	**$ (4.1)**	**$ (8.7)**	**$ (14.5)**	**$ (0.1)**
Interest expense	35.2	45.5	33.2	6.7	7.7	10.2	11.2	35.8	13.9	14.9
Income tax benefit	(13.4)	(4.4)	(6.6)	(0.4)	(0.2)	(0.2)	(0.7)	(1.5)	(3.0)	(4.8)
Depreciation and amortization	39.7	58.0	56.6	14.9	15.0	14.8	14.9	59.6	15.2	15.4
Other (income) expense, net	(1.0)	(1.8)	(0.9)	(0.4)	(0.1)	0.6	1.4	1.5	0.8	(2.0)
Equity-based compensation	3.7	4.3	21.5	5.6	6.8	5.6	5.4	23.3	7.8	5.5
Loss on extinguishment of debt	-	-	12.1	-	-	-	-	-	-	-
Fair value adjustment to contingent value rights (a)	0.3	0.8	4.9	(2.8)	(3.3)	(0.1)	(1.0)	(7.2)	0.6	1.4
IT system transition costs (b)	-	-	-	-	-	0.3	0.3	0.6	0.1	0.1
Deferred acquisition payments (c)	13.6	9.6	6.5	0.7	0.3	(0.0)	0.1	1.1	0.1	0.1
Compensation expense for payouts in lieu of TRA participation (d)	-	-	10.9	0.3	0.3	0.3	0.3	1.1	0.3	(0.0)
Severance cost (e)	-	-	-	-	-	-	-	-	1.3	-
Provision for credit losses on notes receivable (f)	-	-	-	-	5.9	-	-	5.9	-	-
Acquisition and integration related costs (g)	20.2	5.3	0.4	0.2	0.1	0.3	0.8	1.3	-	-
Deferred revenue purchase accounting adjustment (h)	0.8	1.0	0.5	0.1	0.1	0.0	-	0.2	-	-
Other professional services costs (i)	-	-	-	0.8	0.4	0.6	0.3	2.1	0.0	0.1
Fair value adjustment to contingent consideration (j)	-	-	-	-	-	-	(1.8)	(1.8)	-	-
Initial public offering costs (k)	-	0.5	4.8	-	-	-	-	-	-	-
Other (l)	0.3	0.7	3.3	0.1	0.1	0.6	(0.1)	0.7	0.1	1.1
Adjusted EBITDA	**$ 64.9**	**$ 94.5**	**$ 110.8**	**$ 23.6**	**$ 31.7**	**$ 31.9**	**$ 26.9**	**$ 114.1**	**$ 22.7**	**$ 31.7**
Net Sales	$ 590.8	$ 814.1	$ 1,008.0	$ 277.4	$ 296.9	$ 281.2	$ 268.2	$ 1,123.8	$ 252.0	$ 274.4
Adjusted EBITDA Margin	*11.0%*	*11.6%*	*11.0%*	*8.5%*	*10.7%*	*11.3%*	*10.0%*	*10.2%*	*9.0%*	*11.5%*

Notes:

a. Represents noncash gains and losses recorded from fair value adjustments related to contingent value right ("CVR") liabilities. Fair value adjustments related to CVR liabilities represent potential obligations to the prior sellers in conjunction with the acquisition of the Company by investment funds managed by Hellman & Friedman, LLC ("H&F") in August 2017.

b. Represents costs associated with the implementation of enterprise resource planning systems, customer resource management systems, and business intelligence systems as part of our initiative to modernize our IT infrastructure.

c. Represents expenses incurred related to deferred payments to employees associated with 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 2023. 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.

d. Represents expense, net of forfeitures, related to payments to certain pre-IPO owners in lieu of their participation in the Tax Receivable Agreement ("TRA"). Management does not believe such costs are indicative of our ongoing operations as they are one-time awards specific to the establishment of the TRA.

e. Severance cost associated with various restructuring actions such as warehouse relocation, departmental reorganization and focused reduction in workforce.

f. Represents provision for credit losses on notes receivable related to the Company's unsecured loan to Clare.

g. Represents costs directly associated with acquisitions and acquisition-related integration activities. These costs also include certain restructuring costs (e.g., severance) and other third-party transaction advisory fees associated with planned and completed acquisitions.

h. Represents an adjustment related to the fair value of deferred revenue related to the Control4 acquisition.

i. Represents professional service fees associated with the preparation for Sarbanes-Oxley ("SOX") compliance, the implementation of new accounting standards and accounting for non-recurring transactions.

j. Represents noncash adjustment to the fair value of contingent consideration related to the ANLA, LLC ("Access Networks") acquisition.

k. Represents expenses related to professional fees in connection with preparation for our IPO.

l. Represents non-recurring expenses related to consulting, restructuring, and other expenses which management believes are not representative of our operating performance.

Reconciliation of Net Loss to Adjusted Net Income

($ in millions)	2019	2020	2021	2022					2023	
	FY '19	FY '20	FY '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	FY '22	Q1 '23	Q2 '23
Net loss	**$ (34.5)**	**$ (25.2)**	**$ (36.5)**	**$ (2.3)**	**$ (1.3)**	**$ (1.0)**	**$ (4.1)**	**$ (8.7)**	**$ (14.5)**	**$ (0.1)**
Amortization	$ 31.5	47.5	48.6	12.7	12.6	12.5	12.4	50.2	12.4	12.4
Equity-based compensation	3.7	4.3	21.5	5.6	6.8	5.6	5.4	23.3	7.8	5.5
Foreign currency (gains) loss	(1.1)	(0.2)	0.1	(0.2)	0.2	0.1	(0.0)	0.1	(0.1)	(0.0)
Interest rate cap (income) expense	-	0.0	-	-	-	-	2.6	2.6	0.8	(1.9)
Loss on extinguishment of debt	-	-	12.1	-	-	-	-	-	-	-
(Gain) loss on sale of business	0.6	(1.0)	-	-	-	-	-	-	-	-
Fair value adjustment to contingent value rights (a)	0.3	0.8	4.9	(2.8)	(3.3)	(0.1)	(1.0)	(7.2)	0.6	1.4
IT system transition costs (b)	-	-	-	-	-	0.3	0.3	0.6	0.1	0.1
Deferred acquisition payments (c)	13.6	9.6	6.5	0.7	0.3	(0.0)	0.1	1.1	0.1	0.1
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Severance cost (e)	-	-	-	-	-	-	-	-	1.3	-
Provision for credit losses on notes receivable(f)	-	-	-	-	5.9	-	-	5.9	-	-
Acquisition and integration related costs (g)	20.2	5.3	0.4	0.2	0.1	0.3	0.8	1.3	-	-
Deferred revenue purchase accounting adjustment (h)	0.8	1.0	0.5	0.1	0.1	0.0	-	0.2	-	-
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Fair value adjustment to contingent consideration (j)	-	-	-	-	-	-	(1.8)	(1.8)	-	-
Initial public offering costs (k)	-	0.5	4.8	-	-	-	-	-	-	-
Other (l)	0.2	0.8	3.2	0.0	0.0	1.0	(0.2)	0.9	-	1.1
Income tax effect of adjustments (m)	(15.6)	(15.2)	(23.5)	(4.5)	(5.4)	(4.6)	(4.6)	(19.1)	(5.5)	(4.2)
Adjusted Net Income	**$ 19.7**	**$ 28.3**	**$ 53.6**	**$ 10.7**	**$ 16.5**	**$ 14.9**	**$ 10.5**	**$ 52.6**	**$ 3.4**	**$ 14.3**
Net Sales	$ 590.8	$ 814.1	$ 1,008.0	$ 277.4	$ 296.9	$ 281.2	$ 268.2	$ 1,123.8	$ 252.0	$ 274.4
Adjusted Net Income Margin	*3.3%*	*3.5%*	*5.3%*	*3.9%*	*5.6%*	*5.3%*	*3.9%*	*4.7%*	*1.3%*	*5.2%*

Notes:

a. Represents noncash gains and losses recorded from fair value adjustments related to contingent value right ("CVR") liabilities. Fair value adjustments related to CVR liabilities represent potential obligations to the prior sellers in conjunction with the acquisition of the Company by investment funds managed by Hellman & Friedman, LLC ("H&F") in August 2017.

b. Represents costs associated with the implementation of enterprise resource planning systems, customer resource management systems, and business intelligence systems as part of our initiative to modernize our IT infrastructure.

c. Represents expenses incurred related to deferred payments to employees associated with 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 2023. 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.

d. Represents non-recurring expense, net of forfeitures, related to payments to certain pre-IPO owners in lieu of their participation in the Tax Receivable Agreement ("TRA"). Management does not believe such costs are indicative of our ongoing operations as they are one-time awards specific to the establishment of the TRA.

e. Severance cost associated with various restructuring actions such as warehouse relocation, departmental reorganization and focused reduction in workforce.

f. Represents provision for credit losses on notes receivable related to the Company's unsecured loan to Clare.

g. Represents costs directly associated with acquisitions and acquisition-related integration activities. These costs also include certain restructuring costs (e.g., severance) and other third-party transaction advisory fees associated with planned and completed acquisitions.

h. Represents an adjustment related to the fair value of deferred revenue related to the Control4 acquisition.

i. Represents professional service fees associated with the preparation for Sarbanes-Oxley ("SOX") compliance, the implementation of new accounting standards and accounting for non-recurring transactions.

j. Represents noncash adjustment to the fair value of contingent consideration related to the ANLA, LLC ("Access Networks") acquisition.

k. Represents expenses related to professional fees in connection with preparation for our IPO.

l. Represents non-recurring expenses related to consulting, restructuring, and other expenses which management believes are not representative of our operating performance.

m. 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.

Non-GAAP Reconciliations

Contribution Margin

	2019	2020	2021	2022					2023	
($ in millions)	FY '19	FY '20	FY '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	FY '22	Q1 '23	Q2 '23
Net Sales	**$ 590.8**	**$ 814.1**	**$ 1,008.0**	**$ 277.4**	**$ 296.9**	**$ 281.2**	**$ 268.2**	**$ 1,123.8**	**$ 252.0**	**$ 274.4**
Cost of sales, exclusive of depreciation and amortization (a)	354.8	474.8	599.9	172.3	180.4	167.4	162.5	682.6	145.8	157.2
Net sales less cost of sales, exclusive of depreciation and amortization	**$ 236.0**	**$ 339.3**	**$ 408.1**	**$ 105.1**	**$ 116.5**	**$ 113.8**	**$ 105.8**	**$ 441.2**	**$ 106.2**	**$ 117.2**
Contribution Margin	**39.9%**	**41.7%**	**40.5%**	**37.9%**	**39.2%**	**40.5%**	**39.4%**	**39.3%**	**42.1%**	**42.7%**

Free Cash Flow

	2019	2020	2021	2022					2023	
($ in millions)	FY '19	FY '20	FY '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	FY '22	Q1 '23	Q2 '23
Net cash provided by (used in) operating activities	$ (4.1)	$ 64.2	$ (30.4)	$ (23.0)	$ 3.5	$ 4.2	$ (7.7)	$ (23.1)	$ (2.6)	$ 28.0
Purchases of property and equipment	(4.5)	(10.2)	(10.0)	(3.3)	(3.1)	(3.6)	(11.5)	(21.5)	(9.2)	(6.5)
Free Cash Flow	**$ (8.6)**	**$ 54.0**	**$ (40.4)**	**$ (26.3)**	**$ 0.4**	**$ 0.6**	**$ (19.2)**	**$ (44.6)**	**$ (11.8)**	**$ 21.5**

Adjusted EBITDA Less Purchases of Property and Equipment

	2019	2020	2021	2022					2023	
($ in millions)	FY '19	FY '20	FY '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	FY '22	Q1 '23	Q2 '23
Adjusted EBITDA	$ 64.9	$ 94.5	$ 110.8	$ 23.6	$ 31.7	$ 31.9	$ 26.9	$ 114.1	$ 22.7	$ 31.7
Purchases of property and equipment	(4.5)	(10.2)	(10.0)	(3.3)	(3.1)	(3.6)	(11.5)	(21.5)	(9.2)	(6.5)
Adjusted EBITDA Less Purchases of Property and Equipment	**$ 60.5**	**$ 84.2**	**$ 100.8**	**$ 20.3**	**$ 28.6**	**$ 28.3**	**$ 15.5**	**$ 92.6**	**$ 13.5**	**$ 25.1**

Notes:
a. Cost of sales for the three months ended June 30, 2023, and July 1, 2022, excludes depreciation and amortization of $15,394 and $14,966, respectively.

Other Reconciliations

Net Debt

($ in millions)	2020		2021		2022		2023			
	FY '20		FY '21		FY '22		Q1 '23		Q2 '23	
Term debt		672.6		465.0		516.5		515.2		513.9
Revolving credit facility		-		-		12.0		50.0		28.0
Less: Cash and cash equivalents		77.5		40.6		21.1		34.5		33.8
Net Debt	**$**	**595.2**	**$**	**424.4**	**$**	**507.4**	**$**	**530.8**	**$**	**508.1**

Notes:
a. Net Debt excludes outstanding letters of credit.

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Reconciliation of Operating Expenses to Adjusted Operating Expenses

	2019	2020	2021	2022					2023	
($ in millions)	FY '19	FY '20	FY '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	FY '22	Q1 '23	Q2 '23
GAAP Selling, General and Administrative Expenses	**$ 210.0**	**$ 267.2**	**$ 350.3**	**$ 86.5**	**$ 95.4**	**$ 89.4**	**$ 83.0**	**$ 354.3**	**$ 93.8**	**$ 93.8**
Components of GAAP SG&A										
Variable operating expenses (Non-GAAP)	39.7	48.5	65.5	13.6	17.2	16.9	15.7	63.4	14.2	15.4
Non-variable operating expenses (Non-GAAP)	170.2	218.8	284.7	72.9	78.2	72.5	67.4	291.0	79.6	78.4
Adjustments to Non-Variable Operating Expenses										
Equity-based compensation	3.7	4.3	21.5	5.6	6.8	5.6	5.4	23.3	7.8	5.5
Fair value adjustment to contingent value rights (a)	0.3	0.8	4.9	(2.8)	(3.3)	(0.1)	(1.0)	(7.2)	0.6	1.4
IT system transition costs (b)	-	-	-	-	-	0.3	0.3	0.6	0.1	0.1
Deferred acquisition payments (c)	13.6	9.6	6.5	0.7	0.3	(0.0)	0.1	1.1	0.1	0.1
Compensation expense for payouts in lieu of TRA participation (d)	-	-	10.9	0.3	0.3	0.3	0.3	1.1	0.3	(0.0)
Severance cost (e)	-	-	-	-	-	-	-	-	1.3	-
Provision for credit losses on notes receivable (f)	-	-	-	-	5.9	-	-	5.9	-	-
Acquisition and integration related costs (g)	20.2	5.3	0.4	0.2	0.1	0.3	0.8	1.3	-	-
Other professional services costs (i)	-	-	-	0.8	0.4	0.6	0.3	2.1	0.0	0.1
Fair value adjustment to contingent consideration (j)	-	-	-	-	-	-	(1.8)	(1.8)	-	-
Initial public offering costs (k)	-	0.5	4.8	-	-	-	-	-	-	-
Other (l)	0.3	0.7	3.3	0.1	0.1	0.6	(0.1)	0.7	0.1	1.1
Adjusted Non-Variable Operating Expenses (Non-GAAP)	**$ 132.2**	**$ 197.4**	**$ 232.4**	**$ 68.0**	**$ 67.7**	**$ 65.1**	**$ 63.2**	**$ 263.9**	**$ 69.4**	**$ 70.1**
% Net Sales	***22.4%***	***24.2%***	***23.1%***	***24.5%***	***22.8%***	***23.1%***	***23.5%***	***23.5%***	***27.5%***	***25.5%***
% YoY Growth		*49.4%*	*17.7%*	*27.1%*	*24.0%*	*5.9%*	*0.5%*	*13.6%*	*2.0%*	*3.6%*

Notes:

a. Represents noncash gains and losses recorded from fair value adjustments related to contingent value right ("CVR") liabilities. Fair value adjustments related to CVR liabilities represent potential obligations to the prior sellers in conjunction with the acquisition of the Company by investment funds managed by Hellman & Friedman, LLC ("H&F") in August 2017.

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