

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

November 7, 2023  
Date of Report (date of earliest event reported)

**SNAP ONE HOLDINGS CORP.**

(Exact name of registrant as specified in its charter)

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

**001-40683**  
(Commission File Number)

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

**1800 Continental Boulevard, Suite 200**  
**Charlotte, NC 28273**  
(Address of principal executive offices and zip code)  
**(704) 927-7620**  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class  
Common stock, par value \$.01 per share

Trading Symbol  
SNPO

Name of each exchange on which registered  
The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**Item 2.02 - Results of Operations and Financial Condition**

On November 7, 2023, Snap One Holdings Corp. (the "Company") issued a press release (the "Press Release") announcing its financial results for the quarter ended September 29, 2023. A copy of the Press Release is furnished hereto as Exhibit 99.1 and is incorporated herein by reference.

The information in this Current Report on Form 8-K, including the Press Release attached as Exhibit 99.1 hereto, is furnished under Item 2.02 and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any of the Company's filings under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01 - Financial Statements and Exhibits**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Press Release dated November 7, 2023.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized on this 7th day of November, 2023.

**Snap One Holdings Corp.**

By: /s/ Michael Carlet  
Name: Michael Carlet  
Title: Chief Financial Officer



## Snap One Reports Fiscal Third Quarter 2023 Results

*Third Quarter Highlighted by Industry Leadership and Resilient Performance*

CHARLOTTE, N.C. – November 7, 2023 – [Snap One Holdings Corp.](#) (Nasdaq: SNPO) (“Snap One,” the “Company,” “we,” or “our”), a provider of smart living products, services, and software to professional integrators, reported financial results for the fiscal third quarter ended September 29, 2023.

### Fiscal Third Quarter 2023 and Recent Operational Highlights

- Extended industry leadership position through numerous recognitions at the 2023 CEDIA Expo
  - CEDIA Best New Hardware award for the Luma X20 family of video surveillance solutions, reflecting expanded use cases across residential and commercial applications
  - Residential Tech Today Innovation award for the Control4 single room bundle and Triad passive soundbars, highlighting continued product innovation
  - CEDIA Hall of Fame award for OvrC and Control4 OS2, recognizing the Snap One software platforms that have shaped the industry
- Expanded omni-channel presence with the opening of two new local branches in Raleigh, NC and Chantilly, VA, bringing the total number of North American branches to 43 at quarter end
- Delivered further Control4 software enhancements including voice control integration with leading services such as Apple TV and Xfinity via the new Halo Touch remote control
- Converged U.S. e-commerce portals to provide a unified partner experience while further integrating company operations

### Management Commentary

“We closed the third quarter with momentum following an impressive showing at the 2023 CEDIA Expo that reinforced our leadership position in the smart living industry,” said Snap One CEO John Heyman. “In partnership with our integrators, we’re delivering innovation in our products, solutions, and service models that we believe are enhancing integrator operational efficiency and improving consumer satisfaction with the experiences our partners deliver. We continue to believe that an aligned partnership between manufacturer, integrator, and end consumer is the key to unlocking the full potential of the smart living opportunity.”

“Reflecting on our financial performance, our team delivered solid results in the third quarter. Despite continued channel inventory destocking headwinds and macro uncertainty, we believe our integrators are continuing to see stable demand drivers and, in turn, are choosing our solutions, highlighting the resiliency of our business model and success of our new products. Further, we drove key margin enhancement initiatives, which allowed us to deliver improved profitability in the quarter on a year-over-year basis. We also continued to execute our plan to right-size inventory levels, enabling us to fully repay our revolving credit facility and to strengthen our liquidity position as we plan for 2024 and beyond.”



### **Fiscal Third Quarter 2023 Financial Results**

*Results compare 2023 fiscal third quarter end (September 29, 2023) to 2022 fiscal third quarter end (September 30, 2022) unless otherwise indicated. The Company's fiscal third quarter in both years reflects a 13-week period. Results are presented on an as-reported basis, unless otherwise indicated.*

- Net sales decreased 3.9% to \$270.1 million from \$281.2 million in the comparable year-ago period.
- Selling, general and administrative (SG&A) expenses decreased 6.0% to \$84.0 million (31.1% of net sales) from \$89.4 million (31.8% of net sales) in the comparable year-ago period.
- Net loss decreased to \$0.9 million (-0.3% of net sales) compared to net loss of \$1.0 million (-0.4% of net sales) in the comparable year-ago period.
- Contribution margin, a non-GAAP measurement of operating performance reconciled below, decreased 0.2% to \$113.6 million (42.0% of net sales) from \$113.8 million (40.5% of net sales) in the comparable year-ago period.
- Adjusted EBITDA, a non-GAAP measurement of operating performance reconciled below, increased 3.7% to \$33.0 million (12.2% of net sales) compared to \$31.9 million (11.3% of net sales) in the comparable year-ago period.
- Adjusted net income, a non-GAAP measurement of operating performance reconciled below, decreased to \$11.3 million (4.2% of net sales) from \$14.9 million (5.3% of net sales) in the comparable year-ago period.
- Net cash provided by operating activities totaled \$65.7 million in the nine-month period ended September 29, 2023, compared to net cash used in operating activities of \$15.4 million in the comparable year-ago period.
- As of September 29, 2023, cash and cash equivalents were \$40.0 million, compared to \$21.1 million at the end of fiscal year 2022.
- Free cash flow, a non-GAAP measurement of operating performance reconciled below, totaled \$45.7 million in the nine-month period ended September 29, 2023, compared to \$(25.4) million in the comparable year-ago period.

### **Stock Repurchase Program**

On May 12, 2022, Snap One announced that its Board of Directors had approved a stock repurchase program that authorized potential repurchases of up to \$25 million of its common stock from the date of approval through the end of 2023. On November 6, 2023, the Company's Board of Directors amended the stock repurchase program to extend its expiration date to December 31, 2024. Under the repurchase program, the Company may purchase shares of common stock on a discretionary basis from time to time through open market repurchases, privately negotiated transactions or other means, including through Rule 10b5-1 trading plans or through the use of other techniques such as tender offers or accelerated share repurchases. Snap One expects to fund the repurchase with its existing cash balance and cash generated from operations.

As of September 29, 2023, the Company had repurchased 296,467 shares of its common stock through this program for an aggregate amount of \$3.1 million.

### **Fiscal 2023 Financial Outlook**

"Heading into the end of the year, we are continuing to maintain our focus on increasing profitability while investing prudently for growth," Heyman continued. "Our enhanced liquidity position





underscores this commitment and provides us additional flexibility to operate the business in response to the dynamic macroeconomic environment.”

“We are narrowing the range of our outlook for both net sales and adjusted EBITDA for 2023. We now expect net sales in the fiscal year ending December 29, 2023 to range between \$1.06 billion and \$1.07 billion and adjusted EBITDA<sup>1</sup> to range between \$110 million and \$116 million. This outlook considers our performance through the first nine months of 2023 as well as our expectation that an inherent level of market uncertainty will continue for the foreseeable future. We continue to believe in the long-term secular growth of the smart living opportunity.”

#### **Supplemental Earnings Presentation**

The Company has posted a supplemental earnings presentation accompanying its fiscal third quarter 2023 results to the Events & Presentations section of its Investor Relations website, which can be found at [investors.snapone.com](https://investors.snapone.com).

#### **Conference Call**

Snap One management will hold a conference call today, November 7, 2023 at 4:30 p.m. Eastern Time (1:30 p.m. Pacific Time) to discuss these results.

Company CEO John Heyman and CFO Mike Carlet will host the call, followed by a question-and-answer period.

**Registration Link:** Click [here](#) to register

Please register online at least 10 minutes prior to the start time. If you have any difficulty with registration or connecting to the conference call, please contact Gateway Group at 949-574-3860.

The conference call will be broadcast live and available for replay [here](#) and via the Investor Relations section of Snap One's [website](#).

#### **About Snap One**

As a leading distributor of smart living technology, Snap One empowers its vast network of professional integrators to deliver entertainment, connectivity, automation, and security solutions to residential and commercial end users worldwide. Snap One distributes an expansive portfolio of proprietary and third-party products through its intuitive online portal and local branch network, blending the benefits of e-commerce with the convenience of same-day pickup. The Company provides software, award-winning support, and digital workflow tools to help its integrator partners build thriving and profitable businesses. Additional information about Snap One can be found at [snapone.com](https://snapone.com).

Snap One intends to use its website as a means of disclosing material, non-public information and for complying with its disclosure obligations under Regulation FD. Such disclosures will be included in the Investor Relations section of the Snap One website at [investors.snapone.com](https://investors.snapone.com). Accordingly, investors

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<sup>1</sup> We have not reconciled the forward-looking adjusted EBITDA guidance included above to the most directly comparable GAAP measure because this cannot be done without unreasonable effort due to the variability and low visibility with respect to certain costs, the most significant of which are incentive compensation (including stock-based compensation), transaction-related expenses, and certain value measurements, which are potential adjustments to future earnings. We expect the variability of these items to have a potentially unpredictable, and a potentially significant, impact on our future GAAP financial results.



should monitor such portion of the website, in addition to following the Company's press releases, Securities and Exchange Commission ("SEC") filings and public conference calls and webcasts.

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

*In addition to the financial measures prepared in accordance with generally accepted accounting principles in the United States ("GAAP"), this press release contains certain non-GAAP financial measures, including contribution margin, adjusted EBITDA, adjusted net income, and free cash flow. A non-GAAP financial measure is generally defined as a numerical measure of a company's financial or operating performance that excludes or includes amounts so as to be different than the most directly comparable measure calculated and presented in accordance with GAAP. We use the following non-GAAP measures to help us monitor the performance of our business, identify trends affecting our business and assist us in making strategic decisions:*

*Contribution margin, which is defined as net sales less cost of sales, exclusive of depreciation and amortization, divided by net sales.*

*Adjusted EBITDA, which is defined as net loss, plus interest expense, income tax benefit, depreciation and amortization, other income, net further adjusted to exclude equity-based compensation, acquisition- and integration-related costs and certain other non-recurring, non-core, infrequent or unusual charges as set forth in the reconciliation in this section below.*

*Adjusted net income, which is defined as net loss plus amortization further adjusted to exclude equity-based compensation, acquisition- and integration-related costs, (income) expense related to interest rate cap and certain non-recurring, non-core, infrequent or unusual charges, including the estimated tax impacts of these adjustments as set forth in the reconciliation in this section below.*

*Free cash flow, which is defined as net cash (used in) provided by 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).*

*Contribution margin, adjusted EBITDA, adjusted net income and free cash flow 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 contribution margin, adjusted EBITDA, adjusted net income and free cash flow 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.*

*Contribution margin, adjusted EBITDA, adjusted net income and free cash flow 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, contribution margin, adjusted EBITDA, adjusted net income and free cash flow may not be comparable to similarly titled metrics of other companies due to differences among the methods of calculation.*

#### **Cautionary Statements Concerning Forward-Looking Statements**

*Certain statements contained in this press release constitute forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, as amended, which reflect our current views with respect to, among other things, our operations,*





*earnings and financial performance, including our guidance for 2023, and our stock repurchase plans. You can identify these forward-looking statements by the use of words such as “outlook,” “indicator,” “believes,” “project,” “forecast,” “targets,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “scheduled,” “estimates,” “anticipates” or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. We believe these factors include but are not limited to the 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 interest rate and exchange rate volatility, risks related to our financial statements, risks related to our common stock, and other risks as described under the section entitled “Risk Factors” in our latest Annual Report on Form 10-K 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](http://www.sec.gov). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report and in our other periodic filings. The forward-looking statements speak only as of the date of this report, and, except as required by law, we undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.*

## **Contacts**

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### **Investors:**

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**-Financial Tables to Follow-**





**Snap One Holdings Corp. and Subsidiaries**  
**Condensed Consolidated Statements of Operations**  
(unaudited, in thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
Net sales	\$ 270,144	\$ 281,234	\$ 796,591	\$ 855,573
Costs and expenses:				
Cost of sales, exclusive of depreciation and amortization	156,580	167,435	459,610	520,162
Selling, general and administrative expenses	84,037	89,379	271,627	271,300
Depreciation and amortization	15,371	14,812	45,967	44,667
Total costs and expenses	255,988	271,626	777,204	836,129
Income from operations	14,156	9,608	19,387	19,444
Other expenses (income):				
Interest expense	14,893	10,244	43,730	24,687
Other expense (income), net	511	620	(652)	137
Total other expenses	15,404	10,864	43,078	24,824
Loss before income taxes	(1,248)	(1,256)	(23,691)	(5,380)
Income tax benefit	(348)	(238)	(8,119)	(762)
Net loss	(900)	(1,018)	(15,572)	(4,618)
Net loss attributable to noncontrolling interest	—	(8)	—	(45)
Net loss attributable to Company	\$ (900)	\$ (1,010)	\$ (15,572)	\$ (4,573)
Net loss per share, basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.21)	\$ (0.06)
Weighted average shares outstanding, basic and diluted	75,854	74,650	75,577	74,567



**Snap One Holdings Corp. and Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
(unaudited, in thousands, except par value)

	As of	
	September 29, 2023	December 30, 2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 40,030	\$ 21,117
Accounts receivable, net	53,849	48,174
Inventories	275,469	314,588
Prepaid expenses	20,349	22,913
Other current assets	2,712	5,930
Total current assets	392,409	412,722
Long-term assets:		
Property and equipment, net	45,725	34,958
Goodwill	592,214	592,186
Other intangible assets, net	517,146	554,419
Operating lease right-of-use assets	53,578	54,041
Other assets	8,163	4,195
Total assets	\$ 1,609,235	\$ 1,652,521
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Current maturities of long-term debt	\$ 5,200	\$ 5,063
Accounts payable	66,602	77,443
Accrued liabilities	66,274	64,605
Current operating lease liability	11,071	10,574
Current tax receivable agreement liability	21,107	10,191
Total current liabilities	170,254	167,876
Long-term liabilities:		
Revolving credit facility, net	—	10,800
Long-term debt, net of current portion	494,884	496,795
Deferred income tax liabilities, net	32,045	43,515
Operating lease liability, net of current portion	54,085	50,896
Tax receivable agreement liability, net of current portion	80,929	101,262
Other liabilities	19,284	24,206
Total liabilities	851,481	895,350
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Common stock, \$0.01 par value, 500,000 shares authorized; 75,758 shares issued and outstanding as of September 29, 2023 and 75,042 shares issued and outstanding at December 30, 2022	758	750
Preferred stock, \$0.01 par value; 50,000 shares authorized, no shares issued and outstanding	—	—
Additional paid-in capital	865,453	848,703
Accumulated deficit	(103,618)	(88,046)
Accumulated other comprehensive loss	(4,839)	(4,236)
Total stockholders' equity	757,754	757,171
Total liabilities and stockholders' equity	\$ 1,609,235	\$ 1,652,521



**Snap One Holdings Corp. and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows**  
(unaudited, in thousands)

	Nine Months Ended	
	September 29, 2023	September 30, 2022
<b>Cash flows from operating activities:</b>		
Net loss	\$ (15,572)	\$ (4,618)
<b>Adjustments to reconcile net loss to net cash from operating activities:</b>		
Depreciation and amortization	45,967	44,667
Amortization of debt issuance costs	2,354	1,388
Deferred income taxes	(11,592)	(6,169)
Equity-based compensation	17,544	17,937
Non-cash operating lease expense	8,250	9,859
Bad debt expense	902	532
Unrealized gain on interest rate cap	(813)	—
Fair value adjustment to contingent value rights	300	(6,200)
Valuation adjustment to TRA liability	775	86
Provision for credit losses on notes receivable	—	5,872
Other, net	(135)	81
<b>Change in operating assets and liabilities:</b>		
Accounts receivable	(6,482)	2,117
Inventories	38,413	(85,134)
Prepaid expenses and other assets	1,994	3,286
Accounts payable, accrued liabilities and operating lease liabilities	(16,197)	935
Net cash provided by (used in) operating activities	65,708	(15,361)
<b>Cash flows from investing activities:</b>		
Acquisition of business, net of cash acquired	—	(30,539)
Purchases of property and equipment	(19,988)	(10,024)
Issuance of notes receivable	—	(600)
Other, net	51	75
Net cash used in investing activities	(19,937)	(41,088)
<b>Cash flows from financing activities:</b>		
Payments on long-term debt	(3,900)	(2,325)
Proceeds from revolving credit facility	38,000	57,000
Payments on revolving credit facility	(50,000)	—
Proceeds from interest rate cap	539	—
Repurchase and retirement of common stock	(293)	(2,410)
Proceeds from employee stock purchase plan	1,228	—
Payment of tax withholding obligation on settlement of equity awards	(1,380)	—
Payments of tax receivable agreement	(10,191)	—
Payments of contingent consideration	(250)	—
Net cash (used in) provided by financing activities	(26,247)	52,265
Effect of exchange rate changes on cash and cash equivalents	(611)	(850)
Net increase (decrease) in cash and cash equivalents	18,913	(5,034)
Cash and cash equivalents at beginning of the period	21,117	40,577
Cash and cash equivalents at end of the period	\$ 40,030	\$ 35,543
<b>Supplementary cash flow information:</b>		
Cash paid for interest	\$ 42,295	\$ 14,904
Cash paid for taxes, net	\$ 6,014	\$ 4,943
<b>Noncash investing and financing activities:</b>		
Capital expenditure in accounts payable	\$ 218	\$ 613



**Snap One Holdings Corp. and Subsidiaries**  
**Reconciliation of Net Loss to Adjusted EBITDA**  
**(unaudited, in thousands)**

	Three Months Ended		Nine Months Ended	
	September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
	(in thousands)			
Net loss	\$ (900)	\$ (1,018)	\$ (15,572)	\$ (4,618)
Interest expense	14,893	10,244	43,730	24,687
Income tax benefit	(348)	(238)	(8,119)	(762)
Depreciation and amortization	15,371	14,812	45,967	44,667
Other expense (income), net	511	620	(652)	137
Equity-based compensation	4,261	5,570	17,544	17,937
Compensation expense for payouts in lieu of TRA participation <sup>(a)</sup>	205	279	438	837
IT system transition costs <sup>(b)</sup>	11	268	219	268
Fair value adjustment to contingent value rights <sup>(c)</sup>	(1,700)	(125)	300	(6,200)
Severance cost <sup>(d)</sup>	—	—	1,276	—
Deferred acquisition payments <sup>(e)</sup>	—	(23)	133	1,007
Acquisition and integration related costs <sup>(f)</sup>	—	284	—	562
Provision for credit losses on notes receivable <sup>(g)</sup>	—	—	—	5,872
Deferred revenue purchase accounting adjustment <sup>(h)</sup>	—	14	—	164
Other professional services costs <sup>(i)</sup>	301	610	467	1,823
Other <sup>(j)</sup>	436	578	1,638	765
Adjusted EBITDA	\$ 33,041	\$ 31,875	\$ 87,369	\$ 87,146





**Snap One Holdings Corp. and Subsidiaries**  
**Reconciliation of Net Loss to Adjusted Net Income**  
**(unaudited, in thousands)**

	Three Months Ended		Nine Months Ended	
	September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
	(in thousands)			
Net loss	\$ (900)	\$ (1,018)	\$ (15,572)	\$ (4,618)
Amortization	12,439	12,536	37,316	37,794
Equity-based compensation	4,261	5,570	17,544	17,937
Foreign currency losses	101	137	17	124
Unrealized losses (gains) on interest rate cap	313	—	(813)	—
Compensation expense for payouts in lieu of TRA participation <sup>(a)</sup>	205	279	438	837
IT system transition costs <sup>(b)</sup>	11	268	219	268
Fair value adjustment to contingent value rights <sup>(c)</sup>	(1,700)	(125)	300	(6,200)
Severance cost <sup>(d)</sup>	—	—	1,276	—
Deferred acquisition payments <sup>(e)</sup>	—	(23)	133	1,007
Acquisition and integration related costs <sup>(f)</sup>	—	284	—	562
Provision for credit losses on notes receivable <sup>(g)</sup>	—	—	—	5,872
Deferred revenue purchase accounting adjustment <sup>(h)</sup>	—	14	—	164
Other professional services costs <sup>(i)</sup>	301	610	467	1,823
Other <sup>(j)</sup>	441	976	1,547	1,028
Income tax effect of adjustments <sup>(k)</sup>	(4,167)	(4,619)	(13,857)	(14,492)
Adjusted Net Income	\$ 11,305	\$ 14,889	\$ 29,015	\$ 42,106

- (a) Represents expense, net of forfeitures, related to payments to certain pre-IPO owners in lieu of their participation in the Tax Receivable Agreement entered into on July 29, 2021 (“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.
- (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 information technology (“IT”) infrastructure.
- (c) 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.
- (d) Severance cost associated with various restructuring actions such as warehouse relocation, departmental reorganization and focused reduction in workforce.
- (e) 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.



- (f) 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.
- (g) Represents provision for credit losses on notes receivable related to the Company's unsecured loan to Clare.
- (h) Represents an adjustment related to the fair value of deferred revenue related to the Control4 Corporation acquisition.
- (i) Represents professional service fees associated with the preparation for compliance with the Sarbanes-Oxley Act ("SOX"), the implementation of new accounting standards and accounting for non-recurring transactions.
- (j) Represents non-recurring expenses related to consulting, restructuring, and other expenses which management believes are not representative of our operating performance.
- (k) 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.



**Snap One Holdings Corp. and Subsidiaries**  
**Contribution Margin**  
**(unaudited, in thousands)**

	Three Months Ended		Nine Months Ended	
	September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
	(in thousands)			
Net sales	\$ 270,144	\$ 281,234	\$ 796,591	\$ 855,573
Cost of sales, exclusive of depreciation and amortization <sup>(a)</sup>	156,580	167,435	459,610	520,162
Net sales less cost of sales, exclusive of depreciation and amortization	\$ 113,564	\$ 113,799	\$ 336,981	\$ 335,411
Contribution Margin	42.0%	40.5%	42.3%	39.2%

- (a) Cost of sales for the three months ended September 29, 2023 and September 30, 2022 excludes depreciation and amortization of \$15.4 million and \$14.8 million, respectively. Cost of sales for the nine months ended September 29, 2023 and September 30, 2022 excludes depreciation and amortization of \$46.0 million and \$44.7 million, respectively.



**Snap One Holdings Corp. and Subsidiaries**  
**Free Cash Flow**  
**(unaudited, in thousands)**

	Nine Months Ended	
	September 29, 2023	September 30, 2022
	(in thousands)	
Net cash provided by (used in) operating activities	\$ 65,708	\$ (15,361)
Purchases of property and equipment	(19,988)	(10,024)
Free Cash Flow	\$ 45,720	\$ (25,385)





**Snap One Holdings Corp. and Subsidiaries**  
**Revenue by Geography**  
**(unaudited, in thousands)**

	Three Months Ended		Nine Months Ended	
	September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
Domestic integrators <sup>(a)</sup>	\$ 226,021	\$ 230,173	\$ 666,307	\$ 694,254
Domestic other <sup>(b)</sup>	9,962	14,940	30,389	46,107
International <sup>(c)</sup>	34,161	36,121	99,895	115,212
Total	\$ 270,144	\$ 281,234	\$ 796,591	\$ 855,573

- (a) Domestic integrators is defined as professional “do-it-for-me” integrator customers who transact with Snap One through a traditional integrator channel in the United States, excluding the impact of revenue earned by the Company’s Access Networks enterprise grade network solution business.
- (b) Domestic other is defined as Access Networks revenue and revenue generated through managed transactions with non-integrator customers, such as national accounts.
- (c) International consists of all integrators and distributors who transact with Snap One outside of the United States.



**Snap One Holdings Corp. and Subsidiaries**  
**Revenue by Product Type**  
**(unaudited, in thousands)**

	Three Months Ended		Nine Months Ended	
	September 29,	September 30,	September 29,	September 30,
	2023	2022	2023	2022
Proprietary products <sup>(a)</sup>	\$ 176,172	\$ 192,172	\$ 531,372	\$ 588,165
Third-party products <sup>(b)</sup>	93,972	89,062	265,219	267,408
Total	\$ 270,144	\$ 281,234	\$ 796,591	\$ 855,573

- (a) Proprietary products consist of products and services internally developed by or for Snap One and sold under one of Snap One's proprietary brands.
- (b) Third-party products consist of products that Snap One distributes but for which Snap One does not own the associated product brands.

