

**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

May 7, 2024
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 May 7, 2024, Snap One Holdings Corp. (the "Company") issued a press release (the "Press Release") announcing its financial results for the three months ended March 29, 2024. 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	Press Release dated May 7, 2024.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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 May, 2024.

Snap One Holdings Corp.

By: /s/ Michael Carlet

Name: Michael Carlet

Title: Chief Financial Officer



Snap One Reports Fiscal First Quarter 2024 Results

CHARLOTTE, N.C. – May 7, 2024 – [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 first quarter ended March 29, 2024.

Recent Developments

On April 14, 2024, Snap One executed a merger agreement, whereby Resideo Technologies, Inc. (“Resideo”), a leading manufacturer and distributor of technology-driven products and solutions, agreed to acquire Snap One in an all-cash transaction for \$10.75 per share (the “Merger”). The transaction is expected to be completed in the second half of 2024 and is subject to customary closing conditions, including receipt of applicable antitrust and other regulatory approvals.

Snap One will prepare an information statement for its stockholders containing the information with respect to the Merger specified in Schedule 14C promulgated under the Exchange Act and describing the pending Merger. When completed, a definitive information statement will be mailed to Snap One’s stockholders. INVESTORS ARE URGED TO CAREFULLY READ THE INFORMATION STATEMENT REGARDING THE PENDING MERGER AND ANY OTHER RELEVANT DOCUMENTS IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PENDING MERGER.

Snap One’s stockholders may obtain free copies of the documents we file with the SEC through the Investor Relations portion of Snap One’s website at investors.snapone.com under the link “Reports and Filings” and then under the link “SEC Filings” or by contacting Snap One’s Investor Relations Department by (a) mail at 1355 W. Innovation Way, Suite 125, Lehi, UT 84043, (b) telephone at (949) 574-3860, or (c) e-mail at IR@snapone.com.

Fiscal First Quarter 2024 Financial Results

Results compare 2024 fiscal first quarter end (March 29, 2024) to 2023 fiscal first quarter end (March 31, 2023) unless otherwise indicated. The Company’s fiscal first quarter in both years reflects a 13-week period. Results are presented on an as-reported basis, unless otherwise indicated.

- Net sales decreased 2.4% to \$246.1 million from \$252.0 million in the comparable year-ago period.
- Selling, general, and administrative (SG&A) expenses decreased 3.2% to \$90.8 million (36.9% of net sales) from \$93.8 million (37.2% of net sales) in the comparable year-ago period.
- Net loss increased \$8.4 million to \$22.9 million (-9.3% of net sales) compared to net loss of \$14.5 million (-5.8% of net sales) in the comparable year-ago period.
- Contribution margin, a non-GAAP measurement of operating performance reconciled below, increased 2.1% to \$108.5 million (44.1% of net sales) from \$106.2 million (42.1% of net sales) in the comparable year-ago period.
- Adjusted EBITDA, a non-GAAP measurement of operating performance reconciled below, decreased 0.8% to \$22.5 million (9.1% of net sales) compared to \$22.7 million (9.0% of net sales) in the comparable year-ago period.
- Adjusted net (loss) income, a non-GAAP measurement of operating performance reconciled below, decreased to a loss of \$10.0 million (-4.1% of net sales) from an adjusted net income of \$3.4 million (1.3% of net sales) in the comparable year-ago period.



- Net cash provided by operating activities totaled \$6.0 million compared to net cash used in operating activities of \$2.6 million in the comparable year-ago period.
- Free cash flow, a non-GAAP measurement of operating performance reconciled below, totaled \$3.9 million compared to \$(11.8) million in the comparable year-ago period.
- As of March 29, 2024, cash and cash equivalents were \$41.3 million compared to \$61.0 million at the end of fiscal year 2023.

Conference Call

As a result of the Company's pending acquisition by Resideo, Snap One will be foregoing its customary quarterly conference call.

About Snap One

As a leading distributor of smart-living technology, Snap One empowers its vast network of professional integrators to deliver entertainment, connectivity, control, 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. In addition to products, 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.

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. Accordingly, investors 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 (loss) 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 expense (benefit), depreciation and amortization, other expense (income), net, further adjusted to exclude equity-based compensation, acquisition-related 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 (loss) income, which is defined as net loss, plus amortization, further adjusted to exclude equity-based compensation, acquisition-related and integration-related costs, (income) expense related to the 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 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.

Contribution margin, adjusted EBITDA, adjusted net (loss) income, and free cash flow are key measures used by management to understand and evaluate our financial performance, 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 (loss) 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 (loss) 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 (loss) 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, the anticipated closing of our agreement to be acquired by Resideo. 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. 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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-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	
	March 29, 2024	March 31, 2023
Net sales	\$ 246,078	\$ 252,040
Costs and expenses:		
Cost of sales, exclusive of depreciation and amortization	137,611	145,813
Selling, general, and administrative expenses	90,820	93,797
Depreciation and amortization	15,369	15,202
Total costs and expenses	243,800	254,812
Income (loss) from operations	2,278	(2,772)
Other expenses (income):		
Interest expense	14,237	13,949
Other expense (income), net	(51)	827
Total other expenses	14,186	14,776
Loss before income taxes	(11,908)	(17,548)
Income tax expense (benefit)	11,025	(3,000)
Net loss	\$ (22,933)	\$ (14,548)
Net loss per share, basic and diluted	\$ (0.30)	\$ (0.19)
Weighted average shares outstanding, basic and diluted	76,360	75,291



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

	As of	
	March 29, 2024	December 29, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 41,251	\$ 61,023
Accounts receivable, net	45,340	45,879
Inventories	249,241	268,793
Prepaid expenses	23,403	21,067
Other current assets	2,312	2,678
Total current assets	361,547	399,440
Long-term assets:		
Property and equipment, net	44,595	45,560
Goodwill	592,186	592,389
Other intangible assets, net	492,693	505,077
Operating lease right-of-use assets	49,752	51,851
Other assets	9,042	8,611
Total assets	\$ 1,549,815	\$ 1,602,928
Liabilities and stockholders' equity		
Current liabilities:		
Current maturities of long-term debt	\$ 3,900	\$ 3,900
Accounts payable	59,202	67,295
Accrued liabilities	58,513	62,631
Current operating lease liability	11,611	11,456
Current tax receivable agreement liability	12,827	21,107
Total current liabilities	146,053	166,389
Long-term liabilities:		
Long-term debt, net of current portion	495,070	495,620
Deferred income tax liabilities, net	33,809	26,975
Operating lease liability, net of current portion	49,582	52,090
Tax receivable agreement liability, net of current portion	67,735	80,929
Other liabilities	18,997	21,068
Total liabilities	811,246	843,071
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.01 par value, 500,000 shares authorized; 76,472 shares issued and outstanding as of March 29, 2024 and 75,944 shares issued and outstanding at December 29, 2023	765	759
Preferred stock, \$0.01 par value; 50,000 shares authorized, no shares issued and outstanding	—	—
Additional paid-in capital	873,746	872,065
Accumulated deficit	(132,347)	(109,414)
Accumulated other comprehensive loss	(3,595)	(3,553)
Total stockholders' equity	738,569	759,857
Total liabilities and stockholders' equity	\$ 1,549,815	\$ 1,602,928



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

	Three Months Ended	
	March 29, 2024	March 31, 2023
Cash flows from operating activities:		
Net loss	\$ (22,933)	\$ (14,548)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization	15,369	15,202
Amortization of debt issuance costs	827	772
Deferred income taxes	6,601	(5,869)
Equity-based compensation	5,913	7,763
Non-cash operating lease expense	2,518	3,310
Bad debt expense	159	307
Non-cash compensation forfeiture	(1,787)	—
Interest rate cap (income) expense	(170)	818
Fair value adjustment to contingent value rights	(1,200)	600
Valuation adjustment to TRA liability	(367)	144
Other, net	—	130
Change in operating assets and liabilities:		
Accounts receivable	(173)	(2,614)
Inventories	18,435	1,205
Prepaid expenses and other assets	(2,261)	1,268
Accounts payable, accrued liabilities, and operating lease liabilities	(14,964)	(11,118)
Net cash provided by (used in) operating activities	<u>5,967</u>	<u>(2,630)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(2,080)	(9,164)
Other, net	—	39
Net cash used in investing activities	<u>(2,080)</u>	<u>(9,125)</u>
Cash flows from financing activities:		
Payments on long-term debt	(1,300)	(1,300)
Proceeds from revolving credit facility	—	38,000
Proceeds from interest rate cap	490	—
Repurchase and retirement of common stock	—	(293)
Payment of tax withholding obligation on settlement of equity awards	(2,439)	(1,024)
Payments of tax receivable agreement	(21,107)	(10,191)
Payments of contingent consideration	—	(250)
Net cash (used in) provided by financing activities	<u>(24,356)</u>	<u>24,942</u>
Effect of exchange rate changes on cash and cash equivalents	697	148
Net increase (decrease) in cash and cash equivalents	(19,772)	13,335
Cash and cash equivalents at beginning of the period	61,023	21,117
Cash and cash equivalents at end of the period	<u>\$ 41,251</u>	<u>\$ 34,452</u>
Supplementary cash flow information:		
Cash paid for interest	\$ 14,341	\$ 14,098
Cash paid for taxes, net	\$ 519	\$ 969
Noncash investing and financing activities:		
Capital expenditure in accounts payable	\$ 238	\$ 937



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

	Three Months Ended	
	March 29, 2024	March 31, 2023
Net loss	\$ (22,933)	\$ (14,548)
Interest expense	14,237	13,949
Income tax expense (benefit)	11,025	(3,000)
Depreciation and amortization	15,369	15,202
Other expense (income), net	(51)	827
Equity-based compensation	5,913	7,763
Compensation expense for payouts in lieu of TRA participation ^(a)	(1,687)	279
Fair value adjustment to contingent value rights ^(b)	(1,200)	600
IT system transition costs ^(c)	19	133
Severance cost ^(d)	—	1,276
Deferred acquisition payments ^(e)	—	78
Other professional services costs ^(f)	—	38
Other ^(g)	1,805	75
Adjusted EBITDA	<u>\$ 22,497</u>	<u>\$ 22,672</u>



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

	Three Months Ended	
	March 29, 2024	March 31, 2023
Net loss	\$ (22,933)	\$ (14,548)
Amortization	12,145	12,437
Equity-based compensation	5,913	7,763
Foreign currency loss (gain)	1,090	(58)
Interest rate cap (income) expense	(170)	818
Compensation expense for payouts in lieu of TRA participation ^(a)	(1,687)	279
Fair value adjustment to contingent value rights ^(b)	(1,200)	600
IT system transition costs ^(c)	19	133
Severance cost ^(d)	—	1,276
Deferred acquisition payments ^(e)	—	78
Other professional services costs ^(f)	—	38
Other ^(g)	1,693	—
Income tax effect of adjustments ^(h)	(4,915)	(5,450)
Adjusted Net (Loss) Income	<u>\$ (10,045)</u>	<u>\$ 3,366</u>

- (a) Represents expense, net of forfeitures, related to payments to certain pre-IPO owners in lieu of their participation in the 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 noncash gains and losses recorded from fair value adjustments related to 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.
- (c) 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.
- (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 were 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 professional service fees associated with management remediation of the material weakness that was disclosed as part of our initial Registration Statement, preparation for compliance with the



Sarbanes-Oxley Act ("SOX"), the implementation of new accounting standards, and accounting for non-recurring transactions.

- (g) Represents non-recurring expenses related to consulting, restructuring, and other expenses, including costs associated with the merger agreement, which management believes are not representative of our operating performance.
- (h) Represents the tax impacts with respect to each adjustment noted above after considering 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	
	March 29, 2024	March 31, 2023
Net sales	\$ 246,078	\$ 252,040
Cost of sales, exclusive of depreciation and amortization ^(a)	137,611	145,813
Net sales less cost of sales, exclusive of depreciation and amortization	\$ 108,467	\$ 106,227
Contribution Margin	44.1 %	42.1 %

- (a) Cost of sales for the three months ended March 29, 2024 and March 31, 2023 excludes depreciation and amortization of \$15.4 million and \$15.2 million, respectively.



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

	Three Months Ended	
	March 29, 2024	March 31, 2023
Net cash provided by (used in) operating activities	\$ 5,967	\$ (2,630)
Purchases of property and equipment	(2,080)	(9,164)
Free Cash Flow	<u>\$ 3,887</u>	<u>\$ (11,794)</u>



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

	Three Months Ended	
	March 29, 2024	March 31, 2023 ^(d)
Domestic integrators ^(a)	\$ 211,342	\$ 214,543
Domestic other ^(b)	5,403	4,176
International ^(c)	29,333	33,321
Total	<u>\$ 246,078</u>	<u>\$ 252,040</u>

- (a) “Domestic integrators” is defined as professional “do-it-for-me” integrators who transact with Snap One through a traditional integrator channel in the United States.
- (b) “Domestic other” is defined as 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.
- (d) Certain amounts, including ANLA, LLC (“Access Networks”) net sales, have been reclassified to conform to the current period presentation.



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

	Three Months Ended	
	March 29, 2024	March 31, 2023
Proprietary products ^(a)	\$ 163,621	\$ 171,375
Third-party products ^(b)	82,457	80,665
Total	\$ 246,078	\$ 252,040

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

