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

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**FORM 10-Q**

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(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 27, 2024

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_ to \_\_\_\_

Commission File Number: 001-36040

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**Fox Factory Holding Corp.**

(Exact name of registrant as specified in its charter)

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**Delaware**

(State or other jurisdiction of incorporation or organization)

**26-1647258**

(I.R.S. Employer Identification No.)

2055 Sugarloaf Circle, Suite 300, Duluth GA 30097

(Address of principal executive offices) (Zip Code)

(831) 274-6500

(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value \$0.001 per share	FOXF	The NASDAQ Stock Market LLC (NASDAQ Global Select Market)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>		

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of October 24, 2024, there were 41,683,396 shares of the registrant's common stock outstanding.

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**Fox Factory Holding Corp.**  
**FORM 10-Q**  
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**PART I. FINANCIAL INFORMATION**  
**ITEM 1. FINANCIAL STATEMENTS**

**FOX FACTORY HOLDING CORP.**  
**Condensed Consolidated Balance Sheets**  
**(in thousands, except per share data)**  
**(unaudited)**

	As of September 27, 2024	As of December 29, 2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 89,241	\$ 83,642
Accounts receivable (net of allowances of \$1,901 and \$1,158, respectively)	192,539	171,060
Inventory	401,363	371,841
Prepays and other current assets	128,026	141,512
Total current assets	811,169	768,055
Property, plant and equipment, net	243,215	237,192
Lease right-of-use assets	108,054	84,317
Deferred tax assets	21,554	21,297
Goodwill	635,991	636,565
Trademarks and brands, net	265,876	273,293
Customer and distributor relationships, net	165,775	184,269
Core technologies, net	23,904	25,785
Other assets	12,721	11,525
Total assets	\$ 2,288,259	\$ 2,242,298
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 134,554	\$ 104,150
Accrued expenses	93,874	103,400
Current portion of long-term debt	24,286	14,286
Total current liabilities	252,714	221,836
Revolver	210,000	370,000
Term Loans, less current portion	534,144	359,242
Other liabilities	94,343	69,459
Total liabilities	1,091,201	1,020,537
Commitments and contingencies (Refer to <a href="#">Note 8 - Commitments and Contingencies</a> )		
Stockholders' equity		
Preferred stock, \$0.001 par value — 10,000 authorized and no shares issued or outstanding as of September 27, 2024 and December 29, 2023	—	—
Common stock, \$0.001 par value — 90,000 authorized; 42,573 shares issued and 41,683 outstanding as of September 27, 2024; 42,844 shares issued and 41,954 outstanding as of December 29, 2023	42	42
Additional paid-in capital	336,231	348,346
Treasury stock, at cost; 890 common shares as of September 27, 2024 and December 29, 2023	(13,754)	(13,754)
Accumulated other comprehensive (loss) income	(1,055)	9,041
Retained earnings	875,594	878,086
Total stockholders' equity	1,197,058	1,221,761
Total liabilities and stockholders' equity	\$ 2,288,259	\$ 2,242,298

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**FOX FACTORY HOLDING CORP.**  
**Condensed Consolidated Statements of Income**  
**(in thousands, except per share data)**  
**(unaudited)**

	For the three months ended		For the nine months ended	
	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Net sales	\$ 359,121	\$ 331,117	\$ 1,041,084	\$ 1,131,683
Cost of sales	251,642	223,890	719,484	759,132
Gross profit	107,479	107,227	321,600	372,551
Operating expenses:				
General and administrative	32,436	25,710	106,819	89,692
Sales and marketing	29,103	24,439	89,828	74,664
Research and development	16,103	8,904	45,331	39,374
Amortization of purchased intangibles	11,035	6,809	33,355	19,982
Total operating expenses	88,677	65,862	275,333	223,712
Income from operations	18,802	41,365	46,267	148,839
Interest expense	14,228	3,466	41,422	11,405
Other income, net	(456)	(878)	(458)	(318)
Income before income taxes	5,030	38,777	5,303	137,752
Provision (benefit) for income taxes	250	3,484	(1,388)	20,957
Net income	\$ 4,780	\$ 35,293	\$ 6,691	\$ 116,795
Earnings per share:				
Basic	\$ 0.11	\$ 0.83	\$ 0.16	\$ 2.76
Diluted	\$ 0.11	\$ 0.83	\$ 0.16	\$ 2.75
Weighted-average shares used to compute earnings per share:				
Basic	41,699	42,395	41,674	42,350
Diluted	41,724	42,510	41,719	42,497

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**FOX FACTORY HOLDING CORP.**  
**Condensed Consolidated Statements of Comprehensive Income (Loss)**  
**(in thousands)**  
**(unaudited)**

	For the three months ended		For the nine months ended	
	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Net income	\$ 4,780	\$ 35,293	\$ 6,691	\$ 116,795
Other comprehensive income (loss)				
Interest rate swap				
Change in net unrealized gains, net of tax effects of \$(1,339) and \$(1,659) for the three and nine months ended September 27, 2024, respectively, and \$(79) and \$(440) for the three and nine months ended September 29, 2023, respectively	(5,161)	782	(3,363)	970
Reclassification of net gains on interest rate swap to net earnings	(1,779)	(1,063)	(5,339)	(3,189)
Net change, net of tax effects	(6,940)	(281)	(8,702)	(2,219)
Foreign currency translation adjustments	2,487	(2,423)	(1,394)	(2,538)
Other comprehensive (loss) income	(4,453)	(2,704)	(10,096)	(4,757)
Comprehensive income (loss)	\$ 327	\$ 32,589	\$ (3,405)	\$ 112,038

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**FOX FACTORY HOLDING CORP.**  
**Condensed Consolidated Statements of Stockholders' Equity**  
(in thousands)  
(unaudited)

	Common Stock		Treasury		Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings	Total stockholders' equity
	Shares	Amount	Shares	Amount				
<b>Balance - December 30, 2022</b>	43,160	\$ 42	890	\$ (13,754)	\$ 356,239	\$ 14,782	\$ 764,077	\$ 1,121,386
Issuance of common stock under equity compensation plans, net of shares repurchased for income tax withholding	33	—	—	—	(2,155)	—	—	(2,155)
Stock-based compensation expense	—	—	—	—	5,701	—	—	5,701
Other comprehensive loss	—	—	—	—	—	(2,452)	—	(2,452)
Net income	—	—	—	—	—	—	41,767	41,767
<b>Balance - March 31, 2023</b>	43,193	\$ 42	890	\$ (13,754)	\$ 359,785	\$ 12,330	\$ 805,844	\$ 1,164,247
Issuance of common stock under equity compensation plans, net of shares repurchased for income tax withholding	51	—	—	—	(3,063)	—	—	(3,063)
Stock-based compensation expense	—	—	—	—	4,483	—	—	4,483
Other comprehensive income	—	—	—	—	—	399	—	399
Net income	—	—	—	—	—	—	39,735	39,735
<b>Balance - June 30, 2023</b>	43,244	\$ 42	890	\$ (13,754)	\$ 361,205	\$ 12,729	\$ 845,579	\$ 1,205,801
Issuance of common stock under equity compensation plans, net of shares repurchased for income tax withholding	26	—	—	—	(945)	—	—	(945)
Stock-based compensation expense	—	—	—	—	3,858	—	—	3,858
Other comprehensive loss	—	—	—	—	—	(2,704)	—	(2,704)
Net income	—	—	—	—	—	—	35,293	35,293
<b>Balance - September 29, 2023</b>	43,270	\$ 42	890	\$ (13,754)	\$ 364,118	\$ 10,025	\$ 880,872	\$ 1,241,303

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	Common Stock		Treasury		Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings	Total stockholders' equity
	Shares	Amount	Shares	Amount				
<b>Balance - December 29, 2023</b>	42,844	\$ 42	890	\$ (13,754)	\$ 348,346	\$ 9,041	\$ 878,086	\$ 1,221,761
Issuance of common stock under equity compensation plans, net of shares repurchased for income tax withholding	40	—	—	—	(1,315)	—	—	(1,315)
Purchase and retirement of common stock	(378)	—	—	—	(16,077)	—	(9,082)	(25,159)
Stock-based compensation expense	—	—	—	—	3,906	—	—	3,906
Other comprehensive loss	—	—	—	—	—	(3,208)	—	(3,208)
Net loss	—	—	—	—	—	—	(3,496)	(3,496)
<b>Balance - March 29, 2024</b>	42,506	\$ 42	890	\$ (13,754)	\$ 334,860	\$ 5,833	\$ 865,508	\$ 1,192,489
Issuance of common stock under equity compensation plans, net of shares repurchased for income tax withholding	67	—	—	—	(1,229)	—	—	(1,229)
Purchase and retirement of common stock	—	—	—	—	—	—	(52)	(52)
Stock-based compensation expense	—	—	—	—	2,203	—	—	2,203
Other comprehensive loss	—	—	—	—	—	(2,435)	—	(2,435)
Net income	—	—	—	—	—	—	5,407	5,407
<b>Balance - June 28, 2024</b>	42,573	\$ 42	890	\$ (13,754)	\$ 335,834	\$ 3,398	\$ 870,863	\$ 1,196,383
Issuance of common stock under equity compensation plans, net of shares repurchased for income tax withholding	1	—	—	—	(68)	—	—	(68)
Purchase and retirement of common stock	—	—	—	—	—	—	(49)	(49)
Stock-based compensation expense	—	—	—	—	465	—	—	465
Other comprehensive loss	—	—	—	—	—	(4,453)	—	(4,453)
Net income	—	—	—	—	—	—	4,780	4,780
<b>Balance - September 27, 2024</b>	42,574	\$ 42	890	\$ (13,754)	\$ 336,231	\$ (1,055)	\$ 875,594	\$ 1,197,058

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**FOX FACTORY HOLDING CORP.**  
**Condensed Consolidated Statements of Cash Flows**  
(in thousands)  
(unaudited)

	For the nine months ended	
	September 27, 2024	September 29, 2023
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 6,691	\$ 116,795
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	61,699	43,519
Provision for inventory reserve	2,685	3,906
Stock-based compensation	6,574	14,042
Amortization of acquired inventory step-up	4,485	9,903
Amortization of loan fees	2,572	679
Amortization of deferred gains on prior swap settlements	(3,189)	(3,189)
Loss on disposal of property and equipment	55	372
Deferred taxes	(752)	(512)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(21,825)	53,299
Inventory	(28,997)	20,411
Income taxes	(25,270)	(20,384)
Prepays and other assets	9,911	(53,502)
Accounts payable	24,154	(51,389)
Accrued expenses and other liabilities	11,318	(7,265)
Net cash provided by operating activities	<u>50,111</u>	<u>126,685</u>
<b>INVESTING ACTIVITIES:</b>		
Acquisitions of businesses, net of cash acquired	(5,041)	(130,918)
Acquisition of other assets, net of cash acquired	(5,344)	(2,432)
Purchases of property and equipment	(32,087)	(32,048)
Net cash used in investing activities	<u>(42,472)</u>	<u>(165,398)</u>
<b>FINANCING ACTIVITIES:</b>		
Proceeds from revolver	169,000	210,000
Payments on revolver	(329,000)	(220,000)
Proceeds from issuance of debt	200,000	—
Repayment of term debt	(13,214)	—
Purchase and retirement of common stock	(25,000)	—
Repurchases from stock compensation program, net	(2,613)	(6,163)
Deferred debt issuance/modification costs	(855)	—
Net cash used in financing activities	<u>(1,682)</u>	<u>(16,163)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(358)	257
CHANGE IN CASH AND CASH EQUIVALENTS	5,599	(54,619)
CASH AND CASH EQUIVALENTS—Beginning of period	83,642	145,250
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 89,241</u>	<u>\$ 90,631</u>

*The accompanying notes are an integral part of these condensed consolidated financial statements.*



**FOX FACTORY HOLDING CORP.**  
**Condensed Consolidated Statements of Cash Flows**  
**(in thousands)**  
**(unaudited)**

SUPPLEMENTAL CASH FLOW INFORMATION:	For the nine months ended	
	September 27, 2024	September 29, 2023
Cash paid during the period for:		
Income tax payment	\$ 24,641	\$ 42,017
Interest	\$ 43,389	\$ 14,608
Amounts included in the measurement of lease liabilities	\$ 13,961	\$ 10,026
Non-cash operating activities:		
Right-of-use assets obtained in exchange for lease obligations	\$ 38,719	\$ 28,812
Non-cash investing and financing activities:		
Capital expenditures included in accounts payable	\$ 947	\$ 756

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**FOX FACTORY HOLDING CORP.**  
**Notes to Condensed Consolidated Financial Statements**  
**(in thousands)**  
**(unaudited)**

**1. Description of the Business, Basis of Presentation, and Summary of Significant Accounting Policies - Fox Factory Holding Corp.** (the “Company”) designs, engineers, manufactures, and markets performance-defining products and systems for customers worldwide. Our premium brand, performance-defining products and systems are used primarily on bicycles (“bikes”), side-by-side vehicles (“side-by-sides”), on-road vehicles with and without off-road capabilities, off-road vehicles and trucks, all-terrain vehicles (“ATVs”), snowmobiles, and specialty vehicles and applications. In addition, we also offer premium baseball and softball gear and equipment. Certain of our products are specifically designed and marketed to some of the leading cycling and powered vehicle original equipment manufacturers (“OEMs”), while others are distributed to consumers through a global network of dealers and distributors and through direct-to-customer channels.

Throughout this Form 10-Q, unless stated otherwise or as the context otherwise requires, the “Company,” “FOX,” “Fox Factory,” “we,” “us,” “our,” and “ours” refer to Fox Factory Holding Corp. and its operating subsidiaries on a consolidated basis.

**Basis of Presentation** - The accompanying condensed consolidated financial statements are unaudited. These unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted (“GAAP”) in the United States of America (“U.S.” or “United States”) and applicable rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) regarding interim financial reporting. The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the fiscal year ended December 29, 2023 included in the Company’s Annual Report on Form 10-K, as filed with the SEC on February 23, 2024. In management’s opinion, the unaudited interim condensed consolidated financial statements reflect all adjustments, which are of a normal and recurring nature, that are necessary for a fair presentation of financial results for the interim periods presented. Operating results for any quarter are not necessarily indicative of the results for the full fiscal year.

**Fiscal Year Calendar** - The Company operates on a 52-53-week fiscal year calendar. For 2024 and 2023, the Company’s fiscal year will end or has ended on January 3, 2025 and December 29, 2023, respectively. The 12-month periods ended January 3, 2025 and December 29, 2023, will include or have included 53 and 52 weeks, respectively. The three and nine-month periods ended September 27, 2024 and September 29, 2023 each included 13 weeks and 39 weeks, respectively.

**Principles of Consolidation** - These condensed consolidated financial statements include the Company and its subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

**Summary of Significant Accounting Policies** - There have been no changes to our significant accounting policies described in our Annual Report on Form 10-K for the fiscal year ended December 29, 2023, as filed with the SEC on February 23, 2024 that had a material impact on our condensed consolidated financial statements and related notes.

**Revenue Recognition** - Revenues are generated from the sale of performance-defining products and systems to customers worldwide. The Company’s performance-defining products and systems are solutions that improve performance of powered vehicles, bikes, and baseball and softball gear and equipment. Powered vehicles include side-by-sides, on-road vehicles with off-road capabilities, off-road vehicles and trucks, ATVs, snowmobiles, specialty vehicles and applications, and motorcycles.

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a product to a customer, generally at the time of shipment. Contracts are generally in the form of purchase orders and are governed by standard terms and conditions. For larger OEMs, the Company may also enter into master agreements. Sales tax and other similar taxes are excluded from revenues. Revenues generated from upfit packages generally do not include the vehicle chassis, as the Company is not the principal in this arrangement and the automotive dealer purchases the chassis directly from the OEM. The Company is required to place a deposit on all Stellantis chassis, however that deposit is refunded when the chassis is sold through to the end customer. For other chassis, the Company entered into floorplan financing agreements, in which the Company pays interest expense based on the duration of time the chassis stay on the Company’s premises. Revenues generated from custom upfit packages from the Outside Van subsidiary generally include the vehicle chassis, of which the Company has the risks and rewards of ownership and are recognized over-time as work is performed based on actual costs incurred.

**FOX FACTORY HOLDING CORP.**  
**Notes to Condensed Consolidated Financial Statements**  
**(in thousands)**  
**(unaudited)**

We elected as a practical expedient to not capitalize the incremental costs to obtain contracts with customers since the amortization period would have been one year or less.

Provisions for discounts, rebates, sales incentives, returns, and other adjustments are generally provided for in the period the related sales are recorded, based on management's assessment of historical trends and projection of future results.

**Segments** - The Company determined that, as of the end of the first quarter of fiscal year 2024, due to the manner in which we began to operate the business to further drive long term value to our stockholders and customers, we have three operating and reportable segments. The Company considers operating segments to be components of the Company in which separate financial information is available that is evaluated regularly by the Company's chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance. The CODM for the Company is the Chief Executive Officer. Starting in March 2024, the Chief Executive Officer reviews additional financial information by operating and reportable segment for purposes of allocating resources and evaluating financial performance.

**Use of Estimates** - The preparation of the Company's condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. These estimates are based on information available as of the date of the financial statements; therefore, actual results could differ from management's estimates.

**Reclassifications** - We reclassified certain prior period amounts within our condensed consolidated balance sheets, condensed consolidated statements of other comprehensive income, and condensed consolidated statements of cash flows. The reclassifications did not have any impact on net income.

As of December 29, 2023, the Company classified all of its outstanding balance of the Incremental Term A Loan as non-current based on prepaying our required quarterly amortizing principal amounts for all of fiscal 2024. The prepayment was applied pro-rata to all future quarterly amounts instead. The Company analyzed the materiality of this accidental misclassification of current and non-current debt using Staff Accounting Bulletin No. 99 and concluded that in light of surrounding circumstances, this item would not have altered the judgement of a reasonable person relying on the Annual Report on Form 10-K. The current and non-current debt balances as of December 29, 2023 within our condensed consolidated balance sheets in this Quarterly Report on Form 10-Q are recast to reflect the correct classification. The recast did not have any impact on net income.

**Certain Significant Risks and Uncertainties** - As of September 27, 2024, the Company is subject to those risks common in manufacturing-driven markets, including, but not limited to, competitive forces, dependence on key personnel, customer demand for its products, the successful protection of its proprietary technologies, compliance with government regulations, and the possibility of not being able to obtain additional financing when needed.

Impacts from international geopolitical conflicts, including continuing tensions between Taiwan and China, the Russian invasion of Ukraine, and the Israel-Palestine conflict, on the global economy, energy supplies and raw materials may prove to negatively impact the Company's business and operations.

**Fair Value Measurements and Financial Instruments** - The Financial Accounting Standards Board ("FASB") has issued Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures, that requires the valuation of assets and liabilities required or permitted to be either recorded or disclosed at fair value based on hierarchy of available inputs as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets and liabilities in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

**FOX FACTORY HOLDING CORP.**  
**Notes to Condensed Consolidated Financial Statements**  
**(in thousands)**  
**(unaudited)**

The carrying amounts of the Company's financial instruments, including cash, receivables, accounts payable, accrued liabilities, and current portion of long-term debt approximate their fair values due to their short-term nature. The carrying amounts of the Company's revolver and long-term debt, excluding current portion, approximate their fair values because the interest rates vary with the market.

**Non-GAAP Financial Measures** - Total adjusted EBITDA presents the sum of the results of our three operating segments and unallocated corporate expenses on a consolidated basis. We believe that total adjusted EBITDA is an operating performance measure that measures operating results unaffected by differences in capital structures, capital investment cycles, and ages of related assets among otherwise comparable companies. In reviewing our corporate operating results, we also believe it is important to review the aggregate consolidated performance of all of our segments on the same basis we review the performance of each of our segments and draw comparisons between periods based on the same measure of consolidated performance.

Management believes investors' understanding of our performance is enhanced by including this non-GAAP financial measure as a reasonable basis for comparing our ongoing results of operations. Many investors are interested in understanding the performance of our business by comparing our results from ongoing operations from one period to the next and would ordinarily add back items that are not part of normal day-to-day operations of our business. By providing total adjusted EBITDA, together with reconciliations, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing strategic initiatives.

However, total adjusted EBITDA is not a measurement of financial performance under U.S. GAAP, and our total adjusted EBITDA may not be comparable to similarly titled measures of other companies. Total adjusted EBITDA has important limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under U.S. GAAP. For example, total adjusted EBITDA:

- does not reflect the Company's cash expenditures or requirements for capital expenditures or capital commitments;
- does not reflect changes in, or cash requirements for, the Company's working capital needs; and
- does not reflect any costs related to the current or future replacement of assets being depreciated or amortized.

We also use total adjusted EBITDA:

- as a measure of operating performance to assist us in comparing our operating performance on a consistent basis because it removes the impact of items not directly resulting from our core operations;
- for planning purposes, including the preparation of our internal annual operating budgets and financial projections;
- to evaluate the performance and effectiveness of our operational strategies; and
- as a basis to calculate incentive compensation payments for our key employees.

Please see [Note 16 – Segment Information](#) for our definition of adjusted EBITDA. Under ASC 280, adjusted EBITDA is our measure of segment profitability and financial performance of our operating segments, and when used in this context, the term adjusted EBITDA is a financial measure prepared in accordance with U.S. GAAP. Adjusted EBITDA reported for the Company on a consolidated basis is a non-U.S. GAAP financial measure.

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**Recent Accounting Pronouncements**

In September 2022, the FASB issued ASU 2022-04, Liabilities - Supplier Finance Programs (Subtopic 405): Disclosure of Supplier Finance Program Obligations. Under ASU 2022-04, the buyer in a supplier finance program is required to disclose sufficient information to allow a user of the financial statements to understand the program's nature, activity during the period, changes from period to period, and potential magnitude. The guidance is effective for interim and annual periods beginning after December 15, 2022, with early adoption permitted. These amendments will be applied retrospectively to each period in which a balance sheet is presented, except for the disclosure of rollforward information, which will be applied prospectively. The Company adopted the interim disclosure requirements, as applicable, during the first quarter of 2023 and adopted the annual disclosure requirements, except for the annual rollforward, in the Company's 2023 Annual Report on Form 10-K. The Company expects to adopt the annual rollforward requirement in our 2024 Annual Report on Form 10-K. Refer to the "Bailment Pool Arrangements" section within [Note 8 - Commitments and Contingencies](#) for further details of this adoption.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The amendments in ASU 2023-07 require disclosure of significant segment expenses that are regularly provided to the CODM and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items to reconcile to segment profit or loss, and the title and position of the entity's CODM. The amendments in this update also expand the interim segment disclosure requirements. These amendments do not change how a public entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted and the amendments in this update are required to be applied on a retrospective basis. The Company plans to adopt ASU 2023-07 in the Annual Report on Form 10-K for fiscal year 2024 ending January 3, 2025 and subsequent interim periods. The adoption is not expected to have a material impact on the Company's financial conditions and results of operations.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvement to Income Tax Disclosures to enhance the transparency and decision usefulness of income tax disclosures through changes to the rate reconciliation and income taxes paid information. ASU 2023-09 is effective for annual periods beginning after December 15, 2024 on a prospective basis. Early adoption is permitted. The Company is currently evaluating the impact of this accounting standard update on its consolidated financial statements and related disclosures.

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**2. Revenues**

The following table summarizes total net sales by segment:

	For the three months ended		For the nine months ended	
	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Powered Vehicles Group	\$ 109,336	\$ 123,076	\$ 345,244	\$ 405,519
Aftermarket Applications Group	100,283	136,039	309,264	430,391
Specialty Sports Group	149,502	72,002	386,576	295,773
Total net sales	<u>\$ 359,121</u>	<u>\$ 331,117</u>	<u>\$ 1,041,084</u>	<u>\$ 1,131,683</u>

The following table summarizes total net sales by sales channel:

	For the three months ended		For the nine months ended	
	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
OEM	\$ 161,270	\$ 155,632	\$ 450,378	\$ 570,550
Aftermarket/Non-OEM <sup>(1)</sup>	197,851	175,485	590,706	561,133
Total net sales	<u>\$ 359,121</u>	<u>\$ 331,117</u>	<u>\$ 1,041,084</u>	<u>\$ 1,131,683</u>

(1) Aftermarket/non-OEM sales include sales to dealers and dealerships, distributors, sales through our websites, retail sales and various others, including Marucci's sales within each of these.

The following table summarizes total net sales generated by geographic location of the customer:

	For the three months ended		For the nine months ended	
	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
North America	\$ 264,808	\$ 268,703	\$ 827,623	\$ 864,612
Europe	53,789	31,958	118,563	147,082
Asia	34,581	25,540	79,066	104,399
Rest of the world	5,943	4,916	15,832	15,590
Total net sales	<u>\$ 359,121</u>	<u>\$ 331,117</u>	<u>\$ 1,041,084</u>	<u>\$ 1,131,683</u>

**3. Inventory**

Inventory consisted of the following:

	September 27, 2024	December 29, 2023
Raw materials	\$ 250,696	\$ 217,888
Work-in-process	11,012	8,813
Finished goods	139,655	145,140
Total inventory	<u>\$ 401,363</u>	<u>\$ 371,841</u>

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#### 4. Prepaids and Other Current Assets

Prepaids and other current assets consisted of the following:

	September 27, 2024	December 29, 2023
Prepaid chassis deposits	\$ 89,017	\$ 108,866
Advanced payments and prepaid contracts	20,526	14,025
Other current assets	18,483	18,621
Total	\$ 128,026	\$ 141,512

#### 5. Property, Plant and Equipment, net

Property, plant and equipment, net consisted of the following:

	September 27, 2024	December 29, 2023
Machinery and manufacturing equipment	\$ 162,925	\$ 149,502
Building and building improvements	82,874	77,998
Leasehold improvements	41,798	38,115
Internal-use computer software	38,853	35,518
Information systems, office equipment and furniture	30,184	26,972
Transportation equipment	20,896	15,505
Land and land improvements	15,028	14,692
Total property, plant and equipment	392,558	358,302
Less: accumulated depreciation and amortization	(149,343)	(121,110)
Total property, plant and equipment, net	\$ 243,215	\$ 237,192

The Company's long-lived assets by geographic location are as follows:

	September 27, 2024	December 29, 2023
United States	\$ 202,944	\$ 198,033
International	40,271	39,159
Total long-lived assets	\$ 243,215	\$ 237,192

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**6. Accrued Expenses**

Accrued expenses consisted of the following:

	September 27, 2024	December 29, 2023
Payroll and related expenses	\$ 28,743	\$ 17,988
Income tax payable	—	21,743
Warranty	22,498	20,001
Current portion of lease liabilities	16,637	14,115
Accrued sales rebate	11,121	11,885
Other accrued expenses	14,875	17,668
Total	<u>\$ 93,874</u>	<u>\$ 103,400</u>

The Company generally provides a limited warranty for products for a one, two or three-year period beginning on: (i) in the case of OEM sales, the date the bike or powered vehicle is purchased from an authorized OEM where the product is incorporated as original equipment on the purchased bike or powered vehicle; (ii) in the case of aftermarket/non-OEM sales, the date the product is originally purchased from an authorized dealer; or (iii) in the case of upfitting sales, the date of the retail sale to an end customer. Activity related to warranties is as follows:

	For the three months ended		For the nine months ended	
	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Beginning warranty liability	\$ 20,693	\$ 19,751	\$ 20,001	\$ 17,071
Charge to cost of sales	5,623	4,152	15,112	12,763
Fair value of warranty assumed in acquisition	—	—	—	100
Costs incurred	(3,818)	(3,862)	(12,615)	(9,893)
Ending warranty liability	<u>\$ 22,498</u>	<u>\$ 20,041</u>	<u>\$ 22,498</u>	<u>\$ 20,041</u>

*\*All changes to warranty liability were within normal course of business.*

**7. Debt****2022 Credit Facility**

On April 5, 2022, the Company entered into a new credit agreement with Wells Fargo Bank, National Association, and other named lenders (the “2022 Credit Facility”). The 2022 Credit Facility, which matures on April 5, 2027, provides for revolving loans, swingline loans and letters of credit up to an aggregate amount of \$650,000.

On April 5, 2022, the Company borrowed \$475,000 under the 2022 Credit Facility, which was used to repay all outstanding amounts owed under the Prior Credit Facility and for general corporate purposes. Future advances under the 2022 Credit Facility will be used to finance working capital, capital expenditures and other general corporate purposes of the Company. To the extent not previously paid, all then-outstanding amounts under the 2022 Credit Facility are due and payable on the maturity date.

The Company paid \$1,980 in debt issuance costs in connection with the 2022 Credit Facility, which were allocated to the revolver and amortized on a straight-line basis over the term of the facility. Additionally, the Company had \$4,473 of remaining unamortized debt issuance costs related to the Prior Credit Facility. The Company expensed \$1,927 of the remaining unamortized debt issuance costs and allocated \$2,546 to the 2022 Credit Facility.



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The Company may borrow, prepay and re-borrow principal under the 2022 Credit Facility during its term. Advances under the 2022 Credit Facility can be either Adjusted Term Secured Overnight Financing Rate (“SOFR”) loans or base rate loans. SOFR rate revolving loans bear interest on the outstanding principal amount thereof for each interest period at a rate per annum equal to Term SOFR for such calculation plus 0.10% plus a margin ranging from 1.00% to 2.00%. Base rate revolving loans bear interest on the outstanding principal amount thereof at a rate per annum equal to the highest of (i) Federal Funds Rate plus 0.50%, (ii) the rate of interest in effect for such day as publicly announced from time to time by the lender as its “prime rate”, and (iii) Adjusted Term SOFR rate for a one-month tenor plus 1.00%, subject to the interest rate floors set forth therein, plus a margin ranging from 0.00% to 1.00%.

On November 14, 2023, in connection and concurrently with the closing of the Marucci acquisition (as discussed in [Note 15 - Acquisitions](#)), the Company entered into the First Incremental Facility Amendment (the “Amendment”) amending the 2022 Credit Facility. The Amendment provided the Company with a term loan in an amount of \$400,000 (the “Incremental Term A Loan”) and a delayed draw term loan in an amount of \$200,000 (the “Delayed Draw Term Loan”) and, together with the Incremental Term A Loan, the “Incremental Term Loans”), each of which are permitted under the 2022 Credit Facility, subject to satisfaction of certain conditions. The Incremental Term A Loan was fully funded on November 14, 2023 and used to fund a portion of the consideration owed under the Marucci acquisition. The Delayed Draw Term Loan was available to the Company from and including December 6, 2023, until the earlier of (a) May 14, 2024 and (b) the date on which the Delayed Draw Term commitments have been terminated. Each Incremental Term Loan is subject to quarterly amortization payments of principal at a rate of 5.00% per annum. The Incremental Term Loans are in the form of term SOFR loans and base rate loans, at the option of the Company, and have an applicable margin ranging from 0.50% to 1.50% for base rate loans and 1.50% to 2.50% for term SOFR loans, subject to adjustment provisions. Each Incremental Term Loan has a maturity date of April 5, 2027, consistent with the 2022 Credit Facility.

The Company paid \$10,063 in debt issuance costs, of which \$6,709 were allocated to the Term A Loan and \$3,354 were allocated to the Delayed Draw Term Loan. Loan fees allocated to the Term A Loan are amortized using the interest method over the term of the Credit Facility. Loan fees allocated to the Delayed Draw Term Loan were deferred as an asset until the debt was drawn.

On May 13, 2024, the Company borrowed the full amount of \$200,000 of the Delayed Draw Term Loan. The fees were reclassified to a contra-liability account and amortized over the term of the drawn debt using the interest method.

On July 31, 2024, the Company entered into the Third Amendment to the Credit Facility to secure an improved covenant profile on its capital structure to provide more flexibility given the uncertain macro environment.

At September 27, 2024, the one-month SOFR and three-month SOFR rates were 5.21% and 5.33%, respectively. At September 27, 2024, our weighted-average interest rate on outstanding borrowing was 6.30%.

The 2022 Credit Facility is secured by substantially all of the Company’s assets, restricts the Company’s ability to make certain payments and engage in certain transactions, and requires that the Company satisfy customary financial ratios. The Company was in compliance with the covenants as of September 27, 2024.

The following table summarizes the revolver under the 2022 Credit Facility:

	September 27, 2024	December 29, 2023
Amount outstanding	\$ 210,000	\$ 370,000
Standby letters of credit	171	—
Available borrowing capacity	439,829	280,000
Total borrowing capacity	\$ 650,000	\$ 650,000

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As of September 27, 2024, future principal payments for term loan debt, including the current portion, are summarized as follows:

<b>For fiscal year</b>	<b>September 27, 2024</b>
2024 (remaining 3 months)	\$ 6,071
2025	24,286
2026	24,286
2027	512,143
Total	\$ 566,786
Debt issuance cost	(8,356)
Long-term debt, net of issuance cost	558,430
Less: current portion	(24,286)
Long-term debt less current portion	\$ 534,144

On April 5, 2022, the Company executed an interest rate swap agreement and, subsequently, on August 26, 2024, the Company entered into three additional interest rate swap agreements. Through the swap agreements, the Company hedges the variability of cash flows in interest payments associated with the first \$500,000 of its variable rate debt. Refer to [Note 9 - Derivatives and Hedging](#) for further details.

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**8. Commitments and Contingencies**

**Indemnification Agreements** - In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to customers, vendors, lessors, business partners, and other parties with respect to certain matters, including, but not limited to, losses arising out of breach of such agreements, services to be provided by the Company or intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with directors and certain officers and employees that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers or employees. While the outcome of these matters cannot be predicted with certainty, the Company does not believe that the outcome of any claims under indemnification arrangements will have a material effect on the Company's results of operations, financial position or liquidity.

**Legal Proceedings** - On February 20, 2024, a complaint alleging violations of federal securities laws and seeking certification as a class action was filed against the Company and certain of its current and former officers in the United States District Court for the Northern District of Georgia in Atlanta. On August 16, 2024, the plaintiff filed an amended complaint that purports to seek damages on behalf of a putative class of persons who purchased the Company's common stock between May 6, 2021 and November 2, 2023. The amended complaint asserts claims under Sections 10(b) and 20 of the Securities Exchange Act and alleges that the Company and certain current and former officers made material misstatements and omissions to investors regarding demand for the Company's products and its inventory levels. The amended complaint generally seeks money damages, interest, attorneys' fees, and other costs. The defendants deny all allegations of wrongdoing, believe the plaintiff's positions are without merit, and intend to vigorously defend themselves. On October 15, 2024, the defendants filed a motion to dismiss the amended complaint. Per the Court's scheduling order, the plaintiff will file his opposition by December 13, 2024, and defendants will reply by January 13, 2025.

On October 9, 2024, and October 29, 2024, two stockholder derivative complaints were filed in the United States District Court for the Northern District of Georgia against certain of the Company's officers and its directors, with the Company named as a nominal defendant. The cases are assigned to the same judge presiding over the securities fraud class action. The complaints are premised on substantially the same factual allegations as the securities fraud class action, but in these complaints, the plaintiff claims that the Company's officers and directors breached their fiduciary duties or otherwise engaged in wrongdoing by allowing the underlying securities fraud to occur. The defendants deny all allegations of wrongdoing, believe the plaintiffs' claims are without merit, and intend to vigorously defend themselves.

**Bailment Pool Arrangements** - The Company has relationships with several OEM partners, including General Motors ("GM"), Ford Motor Company ("Ford"), and Stellantis to obtain truck chassis. For Stellantis chassis, the Company pays a cash deposit upon transfer of the chassis to the Company's premises, and records the chassis within prepaids and other current assets on the condensed consolidated balance sheets until the chassis are transferred to the dealer customer's floor plan, at which time the cash deposit is returned to the Company. For GM and Ford, the Company has entered into floor plan financing agreements with the OEM. The Company receives an allocation of chassis and pays interest expense on the allocated value of chassis based on the duration of time they are on the Company's premises. Bailment, which is the non-ownership transfer of the chassis from GM and Ford to the Company, ends when the vehicle is sold to an authorized dealer, or upon authorized return of the vehicle to the manufacturer. The Company does not pay a cash deposit to obtain GM and Ford chassis, and accordingly it does not recognize an asset or a liability related to these chassis. Interest payments made to manufacturer-affiliated finance companies are classified as operating activities in the condensed consolidated statements of cash flows.

At September 27, 2024 and December 29, 2023, the Company utilized \$37,398 and \$9,036, out of a maximum of \$51,100 and \$49,400 of Ford allocation of chassis, respectively, and \$9,453 and \$11,362, respectively, out of a maximum of \$49,500 and \$100,000 GM allocation of chassis. The Company incurred interest expense related to chassis on hand of \$374 and \$450 during the three months ended September 27, 2024 and December 29, 2023, respectively, and \$789 and \$3,359 during the nine months ended September 27, 2024 and December 29, 2023, respectively.

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**9. Derivatives and Hedging**

The Company is exposed to certain risks relating to its ongoing business operations. The primary risk managed by using derivative instruments is interest rate risk. The Company utilizes interest rate swaps to limit its exposure to interest rate risk by converting a portion of its floating-rate debt to a fixed-rate basis, thus reducing the impact of interest rate changes on future interest expense. Interest rate swaps involve the receipt of floating-rate amounts in exchange for fixed-rate interest payments based on the SOFR over the lives of the agreements without an exchange of the underlying principal amounts. The Company hedges the variability of cash flows in interest payments associated with the first \$500,000 of its variable rate debt through the interest rate swaps.

As of September 27, 2024 and December 29, 2023, the Company had the following interest rate swap contracts:

Effective Date	Termination Date	Notional Amount	September 27, 2024	December 29, 2023
			Unrealized Gain (Loss) in AOCI	Unrealized Gain in AOCI
September 2, 2020	June 11, 2021	\$200,000	\$ 39	\$ 104
July 2, 2021	April 5, 2022	\$200,000	1,889	5,013
April 5, 2022	April 5, 2027	\$100,000	1,411	3,394
September 20, 2024	December 26, 2025	\$100,000	(318)	—
September 20, 2024	December 25, 2026	\$200,000	(928)	—
September 20, 2024	September 21, 2029	\$100,000	(626)	—
Total			\$ 1,467	\$ 8,511

On June 11, 2021, the Company terminated its existing swap agreement (the “2020 Swap Agreement”) and entered into an interest rate swap agreement (the “2021 Swap Agreement”) with a notional amount of \$200,000. On April 5, 2022, the Company terminated its 2021 Swap Agreement and entered into a new interest rate swap agreement (the “2022 Swap Agreement”) with a notional amount of \$100,000. The terminated 2020 and 2021 Swap Agreements resulted in unrealized gains of \$324 and \$12,270, respectively, at the termination dates that will continue to be accounted for in accumulated other comprehensive income, or AOCI, and amortized into earnings over the term of the associated debt instrument. On August 26, 2024, the Company entered into new interest rate swap agreements with an aggregate notional amount of \$400,000.

The interest rate swaps are indexed to a three-month Term SOFR as defined in the agreements. The interest rate swaps met the criteria as cash flow hedges under ASC 815, Derivatives and Hedging (“ASC 815”), and are recorded to other assets or other liabilities on the condensed consolidated balance sheets. Refer to [Note 10 - Fair Value Measurements and Financial Instruments](#) for additional information on determining the fair value. The unrealized gains or losses, after tax, will be recorded in accumulated other comprehensive income, a component of equity, and are expected to be reclassified into interest expense on the condensed consolidated statements of income when the forecasted transactions affect earnings. As required under ASC 815, the interest rate swap contracts’ effectiveness will be assessed on a quarterly basis using a quantitative regression analysis.

The unrealized gains and losses net of tax, deferred to accumulated other comprehensive income resulting from the derivative instruments designated as cash flow hedges for the three and nine months ended September 27, 2024 were net losses of \$5,161 and \$3,363, respectively; and for the three and nine months ended September 29, 2023 were gains of \$782 and \$970, respectively. The reclassifications of unrealized gains from accumulated other comprehensive income into earnings related to the derivative instruments designated as cash flow hedges during the three and nine months ended September 27, 2024 were \$1,779 and \$5,339, respectively; and during the three and nine months ended September 29, 2023 were \$1,063 and \$3,189, respectively.

Over the next 12 months, the Company estimates that \$9,032 will be reclassified as a decrease to interest expense related to the interest rate swap contracts.

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## 10. Fair Value Measurements and Financial Instruments

The following table presents the Company's hierarchy for its assets and liabilities measured at fair value on a recurring basis as of the following periods:

	September 27, 2024				December 29, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets:</b>								
Deferred Compensation Plan Investments	\$ 4,410	—	—	\$ 4,410	\$ 3,794	—	—	3,794
Interest Rate Swaps	—	1,411	—	1,411	—	3,394	—	3,394
Total assets measured at fair value	<u>\$ 4,410</u>	<u>\$ 1,411</u>	<u>\$ —</u>	<u>\$ 5,821</u>	<u>\$ 3,794</u>	<u>\$ 3,394</u>	<u>\$ —</u>	<u>\$ 7,188</u>
<b>Liabilities:</b>								
Incremental Term Loans	\$ —	\$ 558,430	\$ —	\$ 558,430	\$ —	\$ 373,528	\$ —	\$ 373,528
Revolver	—	210,000	—	210,000	—	370,000	—	370,000
Interest Rate Swaps	—	1,872	—	1,872	—	—	—	—
Total liabilities measured at fair value	<u>\$ —</u>	<u>\$ 770,302</u>	<u>\$ —</u>	<u>\$ 770,302</u>	<u>\$ —</u>	<u>\$ 743,528</u>	<u>\$ —</u>	<u>\$ 743,528</u>

There were no transfers of assets or liabilities between Level 1, Level 2, and Level 3 categories of the fair value hierarchy during the three and nine months ended September 27, 2024.

As of September 27, 2024, the carrying amount of the principal under the Company's 2022 Credit Facility - Incremental Term Loans and Revolver approximated fair value because they had variable interest rates that reflected market changes in interest rates and changes in the Company's net leverage ratio.

The Company mitigate the cash flow risk associated with changes in interest rates on its variable rate debt through interest rate swap agreements. Refer to [Note 9 - Derivatives and Hedging](#) for additional details of the agreement. In accordance with ASC 815, interest rate swap contracts are recognized as assets or liabilities on the condensed consolidated balance sheets and are measured at fair values. The fair values were estimated based on expected cash flows over the life of the swaps. These expected cash flows were determined using a pricing model that incorporated reasonable assumptions and available market data.

The Company invests in marketable securities to mitigate the risk associated with the investment return on the non-qualified deferred compensation plan provided to executives and non-employee directors. The investments are recorded as cash and cash equivalents at their quoted market price.

## 11. Stockholders' Equity

### Share Repurchase Plan

On November 1, 2023, the Company's Board of Directors authorized a share repurchase plan for up to \$300,000 in shares of the Company's common stock, par value \$0.001 per share. The share repurchase program is scheduled to expire on November 1, 2028. Repurchases of shares of common stock under the stock repurchase plan will be made in accordance with applicable securities laws and may be made under a variety of methods, which may include open market purchases. The stock repurchase program does not obligate the Company to acquire any particular amount of common stock, and it may be suspended or terminated at any time at the Company's discretion.

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There were no repurchases of common stock during the three months ended September 27, 2024. During the nine months ended September 27, 2024, the Company repurchased approximately 378 shares for \$25,000, at an average price of \$66.03. All repurchased shares were immediately retired. The aggregate cost of share repurchases and average price paid per share exclude 1% excise tax on share repurchases imposed as part of the Inflation Reduction Act of 2022. Common stock was reduced by the number of shares retired at \$0.001 par value per share. The excess purchase price over par value was allocated between additional paid-in capital and retained earnings. As of September 27, 2024, authorized repurchases of \$250,000 remain available to the Company.

**Equity Incentive Plans**

The following table summarizes the allocation of stock-based compensation in the accompanying condensed consolidated statements of income:

	For the three months ended		For the nine months ended	
	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Cost of sales	\$ 324	\$ 330	\$ 880	\$ 903
Sales and marketing	244	418	912	1,096
Research and development	266	331	892	834
General and administrative	(369)	2,779	3,890	11,209
Total	\$ 465	\$ 3,858	\$ 6,574	\$ 14,042

The Company grants both time-based and performance-based stock awards, which also include a time-based vesting feature. Compensation expense for time-based stock awards is measured at the grant date based on the closing market price of the Company's common stock and recognized ratably over the vesting period.

For performance-based stock awards, compensation expense is measured based on estimates of the number of shares ultimately expected to vest at each reporting date based on management's expectations regarding the relevant performance criteria. The recognition of compensation expense associated with performance-based stock awards requires defined criteria for assessing achievement and judgment in assessing the probability of meeting the performance goals.

The following table summarizes the activity for the Company's unvested restricted stock units ("RSUs") for the nine months ended September 27, 2024:

	Unvested RSUs	
	Number of shares outstanding	Weighted-average grant date fair value
Unvested at December 29, 2023	248	\$ 100.09
Granted	331	\$ 45.92
Canceled	(27)	\$ 80.15
Vested	(137)	\$ 94.75
Unvested at September 27, 2024	415	\$ 59.99

As of September 27, 2024, the Company had approximately \$19,175 of unrecognized stock-based compensation expense related to RSUs, which will be recognized over the remaining weighted-average vesting period of approximately 2.04 years.

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During the nine months ended September 27, 2024, the Company issued performance-based restricted stock units (“PSUs”) to certain executives that represent shares potentially issuable in the future. Issuance is based upon the Company’s performance, over a three-year performance period, against an adjusted EBITDA margin target. The PSUs vest only upon the achievement of the applicable performance goals for the performance period, and, depending on the actual achievement on the performance goals, the grantee may earn between 0% and 200% of the target PSUs. The Company also issued PSUs to certain executives and non-executives based upon the Company’s performance, over a four-year performance period, against a trailing 12-month revenue target. These revenue-growth PSUs vest only upon the achievement of the applicable performance goals for the performance period, and, depending on the actual achievement on the performance goals, the grantee may earn either 0% or 100% of the target PSUs. The fair value of PSUs is calculated based on the stock price on the date of grant assuming the performance goals will be achieved.

The following table summarizes the activity for the Company’s unvested PSUs for the nine months ended September 27, 2024:

	<b>Unvested PSUs</b>	
	<b>Number of shares outstanding</b>	<b>Weighted-average grant date fair value</b>
Unvested at December 29, 2023	70	\$ 116.54
Granted	225	\$ 46.78
Canceled	(17)	\$ 52.89
Unvested at September 27, 2024	<u>278</u>	<u>\$ 64.01</u>

The stock-based compensation expense recognized each period is dependent upon our estimate of the number of shares that will ultimately vest based on the achievement of certain performance conditions. The Company reduced the attainment percentage during the three months ended September 27, 2024. Future stock-based compensation expense for unvested PSUs could reach a maximum of \$27,716 assuming achievement at the maximum level. The unrecognized stock-based compensation expense is expected to be recognized over a weighted average period of 2.10 years.

## 12. Earnings Per Share

Basic earnings per share amounts are computed by dividing net income for the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share amounts are computed by dividing net income for the period by the weighted average number of shares of common stock and potentially dilutive common stock outstanding during the period. Potentially dilutive common shares include shares issuable upon the exercise of outstanding stock options and vesting of RSUs and PSUs, which are reflected in diluted earnings per share by application of the treasury stock method.

The Company excluded 198 and 134 shares from the calculation of diluted earnings per share for the three and nine months ended September 27, 2024, and 3 shares for the nine months ended September 29, 2023, respectively, as these shares would have been antidilutive. No potentially antidilutive shares were excluded from the calculation of diluted earnings per share for the three months ended September 29, 2023.

**FOX FACTORY HOLDING CORP.**  
**Notes to Condensed Consolidated Financial Statements**  
**(in thousands, except per share data)**  
**(unaudited)**

The following table presents the calculation of basic and diluted earnings per share:

	For the three months ended		For the nine months ended	
	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Net income	\$ 4,780	\$ 35,293	\$ 6,691	\$ 116,795
Weighted average shares used to compute basic earnings per share	41,699	42,395	41,674	42,350
Dilutive effect of employee stock plans	25	115	45	147
Weighted average shares used to compute diluted earnings per share	41,724	42,510	41,719	42,497
Earnings per share:				
Basic	\$ 0.11	\$ 0.83	\$ 0.16	\$ 2.76
Diluted	\$ 0.11	\$ 0.83	\$ 0.16	\$ 2.75

### 13. Income Taxes

	For the three months ended		For the nine months ended	
	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Provision (benefit) for income taxes	\$ 250	\$ 3,484	\$ (1,388)	\$ 20,957
Effective tax rates	5.0 %	9.0 %	(26.2)%	15.2 %

For the three months ended September 27, 2024, the difference between the Company's effective tax rate of 5.0% and the 21% federal statutory rate was due to a benefit from the U.S. research and development tax credit, offset by the impact of discrete items on lower levels of pre-tax income, including a modification of the tax treatment of certain research and development expenditures recognized in prior years.

For the nine months ended September 27, 2024, the difference between the Company's effective tax rate of (26.2)% and the 21% federal statutory rate was due to a benefit from the U.S. research and development tax credit, offset by the impact of discrete items on lower levels of pre-tax income, including a modification of the tax treatment of certain research and development expenditures recognized in prior years.

For the three months ended September 29, 2023, the difference between the Company's effective tax rate of 9.0% and the 21% federal statutory rate was due to a benefit from the U.S. research and development tax credit related to multiple periods and lower tax rate on foreign derived intangible income. These benefits were partially offset by other non-deductible expenses and state taxes.

For the nine months ended September 29, 2023, the difference between the Company's effective tax rate of 15.2% and the 21% federal statutory rate resulted primarily from a lower tax rate on foreign derived intangible income and benefit from the U.S. research and development tax credit related to multiple periods. These benefits were partially offset by other non-deductible expenses and state taxes.

We do not expect the results from any ongoing income tax audits to have a material impact on our consolidated financial condition, results of operations, or cash flows.



**FOX FACTORY HOLDING CORP.**  
**Notes to Condensed Consolidated Financial Statements**  
**(in thousands)**  
**(unaudited)**

**14. Related Party Transactions**

On March 3, 2023, the Company acquired all of the outstanding equity interest of Custom Wheel House, LLC (“Custom Wheel House”). Custom Wheel House has building leases for its office facilities in California. The buildings are owned by the former owner of Custom Wheel House, who was an employee of the Company until May 2024. Related-party rent expenses under these leases were \$0 and \$371 for the three and nine months ended September 27, 2024, and \$180 and \$360 for the three and nine months ended September 29, 2023.

**15. Acquisitions**

*Acquisition of Marucci Sports LLC*

On November 14, 2023, the Company, through Fox Factory, Inc., acquired 100% of the issued and outstanding stock of Wheelhouse Holdings Inc. (“Wheelhouse”) from Compass Group Diversified Holdings LLC for \$567,236, net of cash acquired. Wheelhouse is the parent company of Marucci Sports, LLC (“Marucci”), which is an industry-leading designer, manufacturer, and distributor of premium performance baseball, softball, and other sports-related products. Marucci also develops and licenses franchises for sports training facilities, and its customer base is primarily located in the United States and certain international markets. The Company believes the acquisition advances FOX’s position as a diversified provider of market-leading branded products with a proven ability to win over both professional athletes and passionate consumer bases, while positioning the combined company for future profitable growth. This transaction was accounted for as a business combination.

The purchase price of Marucci was preliminarily allocated to the assets acquired and liabilities assumed based on their estimated respective fair values as of November 14, 2023 with the excess purchase price allocated to goodwill. During the nine months ended September 27, 2024, the Company updated the purchase price allocation and recorded adjustments to net assets of \$892 and goodwill of \$850. The following table summarizes the provisional fair values of the identifiable assets acquired and liabilities assumed at the date of the acquisition:

**FOX FACTORY HOLDING CORP.**  
**Notes to Condensed Consolidated Financial Statements**  
**(in thousands)**  
**(unaudited)**

**Acquisition consideration**

Cash consideration, net of cash acquired	\$	567,092
Due to sellers		144
Total consideration at closing	\$	<u>567,236</u>

**Fair market values**

Accounts receivable	\$	31,268
Inventory		52,672
Prepaid and other current assets		1,256
Property, plant and equipment		19,257
Lease right-of-use assets		9,423
Trademarks and brands		174,700
Customer and distributor relationships		83,800
Core technologies		20,600
Goodwill		243,940
Other assets		583
Total assets acquired	\$	<u>637,499</u>

Accounts payable	\$	13,626
Accrued expenses		10,512
Other current liabilities		1,854
Deferred Taxes		37,282
Other liabilities		6,989
Total liabilities assumed	\$	<u>70,263</u>

**Purchase price allocation**

	\$	<u>567,236</u>
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The gross contractual accounts receivable acquired in the acquisition was \$32,455, of which \$1,187 was not expected to be collected.

The amounts above represent the Company's provisional fair value estimates related to the acquisition as of November 14, 2023. The Company's valuation is preliminary and subject to the Company's validation of deferred taxes. The Company incurred \$3,798 of acquisition costs in conjunction with the Marucci acquisition, of which \$672 were incurred during the nine months ended September 27, 2024, respectively. These costs are classified as general and administrative expenses in the accompanying consolidated statements of income. Additional debt issuance costs of \$6,709 were incurred in association with financing the transaction and are amortized over the term of the Incremental Term Loan A. Refer to [Note 7 - Debt](#) for further details.

The values assigned to the identifiable intangible assets were determined by discounting the estimated future cash flows associated with these assets to their present value. The goodwill of \$243,940 reflects the strategic fit of Marucci with the Company's operations. The weighted average amortization period of the total acquired intangible assets was 16 years. The weighted average amortization periods of the customer and distributor relationship, trade name and trademark, and developed technology assets were 18, 15, and 13 years, respectively. Goodwill is expected to have an indefinite life and will be subject to impairment testing. The goodwill is not deductible for income tax purposes. Marucci previously purchased intangibles in asset acquisitions with a remaining net tax basis approximating \$57,735, which the Company may deduct for income tax purposes.

The results of operations for Marucci have been included in the Company's consolidated statements of income since the closing date of the acquisition on November 14, 2023. The total revenue for Marucci for the three and nine months ended September 27, 2024 amounted to \$49,631 and \$150,848, respectively. The total pre-tax income for Marucci for the three and nine months ended September 27, 2024 amounted to \$4,354 and \$11,226, respectively.

**FOX FACTORY HOLDING CORP.**  
**Notes to Condensed Consolidated Financial Statements**  
**(in thousands)**  
**(unaudited)**

**16. Segment Information**

Due in part to how we operate our business and to best serve our customers, we manage our activities based on three operating segments: Powered Vehicles Group, Aftermarket Applications Group, and Specialty Sports Group. All of our segments design, engineer and manufacture performance-defining products and systems for customers worldwide.

The following is a description of our operating segments.

**Powered Vehicles Group:** This segment operates 2 plants in the United States. Our premium products sold under the FOX brand are for off-road vehicles and trucks, side-by-sides, on-road vehicles with and without off-road capabilities, ATVs, snowmobiles, specialty vehicles and applications, motorcycles, and commercial trucks. These products are sold through both OEM and aftermarket channels.

**Aftermarket Applications Group:** This segment operates 15 plants across the United States. Our range of aftermarket applications products includes premium products under the BDS Suspension, Zone Offroad, JKS Manufacturing, RT Pro UTV, 4x4 Posi-Lok, Ridetech, Tuscany, Outside Van, SCA, and Custom Wheel House brands designed for off-road vehicles and trucks, side-by-sides, on-road vehicles with or without off-road capabilities, specialty vehicles and applications, and commercial trucks.

**Specialty Sports Group:** This segment operates 9 plants and 13 distribution facilities (11 in the United States, 4 in Taiwan, and one facility each in Australia, Canada, Germany, Japan, Sweden, Switzerland, and United Kingdom). Our bike product offerings are used on a wide range of performance mountain bikes, e-bikes and gravel bikes under the FOX, Race Face, Easton Cycling and Marzocchi brands. These products are sold through both OEM and aftermarket channels. Our products for diamond sports include premium baseball and softball equipment under the Marucci, Victus, Lizard Skins, and Baum Bat brands and are sold through dealers and distributors and through direct-to-customer channels.

Net sales and expenses are measured in accordance with the policies and procedures described in Note 1 – Business and Summary of Significant Accounting Policies within our 2023 Form 10-K.

We measure the profitability and financial performance of our operating segments based on adjusted EBITDA. Adjusted EBITDA provides a measure of our underlying segment results that is in line with our approach to risk management. We define adjusted EBITDA as net income adjusted for (a) interest expense, (b) income tax or tax benefits, (c) amortization including amortization of purchased intangibles, (d) depreciation, (e) stock-based compensation, (f) litigation and settlement related expenses, (g) organizational restructuring expenses, (h) acquisition and integration-related expenses, and (i) strategic transformation costs. Adjusted EBITDA Margin is defined as adjusted EBITDA divided by net sales.

Segment asset information is not presented because it is not evaluated by the CODM at the segment level.

The tables that follow show selected segment financial information including information for prior comparative periods. Unallocated corporate expenses are corporate overhead expenses that are not directly attributable to one of our business segments and include unallocated occupancy costs for our corporate headquarters, acquisition costs, other benefit and compensation programs, including performance-based compensation, and administrative expenses such as accounting, finance, legal, human resources, and information technology expenses.

**FOX FACTORY HOLDING CORP.**  
**Notes to Condensed Consolidated Financial Statements**  
(in thousands)  
(unaudited)

	For the three months ended		For the nine months ended	
	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
<b>Net sales</b>				
Powered Vehicles Group	\$ 109,336	\$ 123,076	\$ 345,244	\$ 405,519
Aftermarket Applications Group	100,283	136,039	309,264	430,391
Specialty Sports Group	149,502	72,002	386,576	295,773
Net sales	<u>\$ 359,121</u>	<u>\$ 331,117</u>	<u>\$ 1,041,084</u>	<u>\$ 1,131,683</u>
Net income	4,780	35,293	6,691	116,795
Provision (benefit) for income taxes	250	3,484	(1,388)	20,957
Depreciation and amortization	20,845	14,807	61,699	43,519
Non-cash stock-based compensation	465	3,858	6,574	14,042
Litigation and settlement-related expenses	466	654	3,226	2,291
Other acquisition and integration-related expenses (1)	459	1,121	6,092	11,720
Organizational restructuring expenses	723	1,849	1,199	1,849
Strategic transformation costs	266	—	1,520	—
Interest and other expense, net	13,772	2,588	40,964	11,087
<b>Adjusted EBITDA</b>	<u>\$ 42,026</u>	<u>\$ 63,654</u>	<u>\$ 126,577</u>	<u>\$ 222,260</u>
Powered Vehicles Group	8,948	26,385	40,719	67,925
Aftermarket Applications Group	9,394	31,877	38,420	105,986
Specialty Sports Group	36,521	19,727	89,792	95,666
Unallocated corporate expenses	(12,837)	(14,335)	(42,354)	(47,317)
<b>Adjusted EBITDA</b>	<u>\$ 42,026</u>	<u>\$ 63,654</u>	<u>\$ 126,577</u>	<u>\$ 222,260</u>

(1) Represents various acquisition-related costs and expenses incurred to integrate acquired entities into the Company's operations and the impact of the finished goods inventory valuation adjustment recorded in connection with the purchase of acquired assets, per period as follows:

	For the three months ended		For the nine months ended	
	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Acquisition related costs and expenses	\$ 459	\$ 113	\$ 1,607	\$ 1,817
Purchase accounting inventory fair value adjustment amortization	—	1,008	4,485	9,903
<b>Other acquisition and integration-related expenses</b>	<u>\$ 459</u>	<u>\$ 1,121</u>	<u>\$ 6,092</u>	<u>\$ 11,720</u>

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and with our audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended December 29, 2023, as filed with the SEC on February 23, 2024, and our other reports and registration statements that we file with the SEC from time to time. In addition to historical condensed consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Quarterly Report on Form 10-Q, particularly in the "Risk Factors" section included in Part II, Item 1A.

Unless the context otherwise requires, the terms "FOX," the "Company," "we," "us," and "our" in this Quarterly Report on Form 10-Q refer to Fox Factory Holding Corp. and its operating subsidiaries on a consolidated basis.

### *Cautionary Note Regarding Forward-Looking Statements*

This Quarterly Report on Form 10-Q includes forward-looking statements, which are subject to the "safe harbor" created by Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We may make forward-looking statements in our SEC filings, press releases, news articles, earnings presentations and when we are speaking on behalf of the Company. Forward-looking statements generally relate to future events or our future financial or operating performance that involve substantial risks and uncertainties. In some cases, you can identify forward-looking statements because they contain words such as "may," "might," "will," "would," "should," "expect," "plan," "anticipate," "could," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "likely," "potential", "remain" or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this Quarterly Report on Form 10-Q are subject to numerous risks and uncertainties, including but not limited to risks related to:

- changes in general economic conditions, including market and macro-economic disruptions resulting from escalating tensions between China and Taiwan, the on-going Russian war in Ukraine, the Israel-Palestine conflict, or due to growing inflation or higher interest rates;
- our dependency on a limited number of suppliers for materials, product parts, and vehicle chassis could lead to an increase in material costs, disruptions in our supply chain, or reputational costs;
- our ability to develop new and innovative products in our current end-markets;
- our ability to leverage our technologies and brand to expand into new categories and end-markets;
- the spread of highly infectious or contagious disease, such as COVID-19, could cause severe disruptions in the U.S. and global economy, which could in turn disrupt the business activities and operations of our customers, as well as our businesses and operations;
- our ability to increase our aftermarket penetration;
- our ability to accelerate international growth;
- our exposure to exchange rate fluctuations;
- the loss of key customers;
- our ability to improve operating and supply chain efficiencies;
- our ability to enforce our intellectual property rights;
- our future financial performance, including our sales, cost of sales, gross profit or gross margins, operating expenses, ability to generate positive cash flow and ability to maintain our profitability;
- our ability to maintain our premium brand image and high-performance products;
- our ability to maintain relationships with the professional athletes and race teams we sponsor;
- our ability to selectively add additional dealers and distributors in certain geographic markets;
- the growth of the markets in which we compete, our expectations regarding consumer preferences and our ability to respond to changes in consumer preferences;
- changes in demand for performance-defining products;

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- the loss of key personnel, management and skilled engineers;
- our ability to successfully identify, evaluate and manage potential or completed acquisitions and to benefit from such acquisitions;
- legal and regulatory developments, including the resolution of legal proceedings or regulatory or other governmental inquiries, and the impact of changing emissions and other related climate change regulations in the various jurisdictions in which our products are produced, used, and/or sold;
- the cost of compliance with, or liabilities related to, environmental or other governmental regulations or changes in governmental or industry regulatory standards;
- future disruptions in the operations of our manufacturing facilities;
- our ability to adapt our business model to mitigate the impact of certain changes in tax laws;
- changes in the relative proportion of profit earned in the numerous jurisdictions in which we do business and in tax legislation, case law and other authoritative guidance in those jurisdictions;
- product recalls and product liability claims; and
- future economic or market conditions.

You should not rely upon forward-looking statements as predictions of future events. We based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations, and prospects and the outcomes of any of the events described in any forward-looking statements are subject to risks, uncertainties, and other factors. In addition to the risks, uncertainties and other factors discussed above and elsewhere in this Quarterly Report on Form 10-Q, the risks, uncertainties and other factors expressed or implied in Part I, Item 1A. "Risk Factors" of our 2023 Annual Report on Form 10-K, as filed with the SEC on February 23, 2024, could cause or contribute to actual results differing materially from those set forth in any forward-looking statement. Moreover, we operate in a very competitive and challenging environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. We cannot assure you that the results, events, and circumstances reflected in the forward-looking statements will be achieved or occur and you should not place undue reliance on our forward-looking statements. Actual results, events, or circumstances could differ materially from those contemplated by, set forth in, or underlying any forward-looking statements. For all of these forward-looking statements, we claim the protection of the safe harbor for forward-looking statements in Section 27A of the Securities Act and Section 21E of the Exchange Act.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

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

There have been no changes to the critical accounting policies and estimates described in our Annual Report on Form 10-K for the fiscal year ended December 29, 2023, as filed with the SEC on February 23, 2024, that had a material impact on our condensed consolidated financial statements and related notes.

### **Recent Accounting Pronouncements**

See [Note 1 - Description of the Business, Basis of Presentation, and Summary of Significant Accounting Policies](#) to the accompanying notes to unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for further details regarding this topic.

## Results of Operations

The table below summarizes our results of operations:

(in millions)	For the three months ended		For the nine months ended	
	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Net sales	\$ 359.1	\$ 331.1	\$ 1,041.1	\$ 1,131.7
Cost of sales	251.6	223.9	719.5	759.1
Gross profit	107.5	107.2	321.6	372.6
Operating expenses:				
General and administrative	32.4	25.7	106.8	89.7
Sales and marketing	29.1	24.4	89.8	74.7
Research and development	16.1	8.9	45.3	39.4
Amortization of purchased intangibles	11.0	6.8	33.4	20.0
Total operating expenses	88.7	65.9	275.3	223.7
Income from operations	18.8	41.4	46.3	148.8
Interest expense	14.2	3.5	41.4	11.4
Other income, net	(0.5)	(0.9)	(0.5)	(0.3)
Income before income taxes	5.0	38.8	5.3	137.8
Provision (benefit) for income taxes	0.3	3.5	(1.4)	21.0
Net income	\$ 4.8	\$ 35.3	\$ 6.7	\$ 116.8

\*Amounts may not foot due to rounding.

The following table sets forth selected statement of income data as a percentage of net sales for the periods indicated:

	For the three months ended		For the nine months ended	
	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	70.1	67.6	69.1	67.1
Gross profit	29.9	32.4	30.9	32.9
Operating expenses:				
General and administrative	9.0	7.8	10.3	7.9
Sales and marketing	8.1	7.4	8.6	6.6
Research and development	4.5	2.7	4.4	3.5
Amortization of purchased intangibles	3.1	2.1	3.2	1.8
Total operating expenses	24.7	19.9	26.4	19.8
Income from operations	5.2	12.5	4.4	13.2
Interest expense	4.0	1.0	4.0	1.0
Other income, net	(0.1)	(0.3)	—	—
Income before income taxes	1.4	11.7	0.5	12.2
Provision (benefit) for income taxes	0.1	1.1	(0.1)	1.9
Net income	1.3 %	10.7 %	0.6 %	10.3 %

\*Percentages may not foot due to rounding.

[Table of Contents](#)**Three months ended September 27, 2024 compared to three months ended September 29, 2023***Consolidated net sales*

(in millions)	For the three months ended		Change (\$)	Change (%)
	September 27, 2024	September 29, 2023		
Net sales	\$ 359.1	\$ 331.1	\$ 28.0	8.5 %

Total net sales for the three months ended September 27, 2024 increased \$28.0 million, or 8.5%, compared to the three months ended September 29, 2023. The increase in net sales is primarily due to the inclusion of \$49.6 million in net sales from Marucci that was acquired in November 2023, and a \$27.9 million increase in bike sales, partially offset by a shift in product mix, higher interest rates impacting industry and consumer demands, and higher inventory levels at dealerships. Although bike sales improved compared to prior year, the ongoing channel inventory recalibration and, to a lesser extent, lower end consumer demand remain headwinds.

*Cost of sales*

(in millions)	For the three months ended		Change (\$)	Change (%)
	September 27, 2024	September 29, 2023		
Cost of sales	\$ 251.6	\$ 223.9	\$ 27.7	12.4 %

Cost of sales for the three months ended September 27, 2024 increased \$27.7 million, or 12.4%, compared to the three months ended September 29, 2023. The increase in cost of sales and a decrease in gross margin of 250 basis points to 29.9% for the three months ended September 27, 2024 as compared to the same prior fiscal year period are primarily due to a shift in our product line mix and reduced operating leverage on lower volume.

*Operating expenses*

(in millions)	For the three months ended		Change (\$)	Change (%)
	September 27, 2024	September 29, 2023		
Operating expenses:				
General and administrative	\$ 32.5	\$ 25.7	\$ 6.8	26.5 %
Sales and marketing	29.1	24.5	4.6	18.8
Research and development	16.1	8.9	7.2	80.9
Amortization of purchased intangibles	11.0	6.8	4.2	61.8
Total operating expenses	\$ 88.7	\$ 65.9	\$ 22.8	34.6 %

Total operating expenses for the three months ended September 27, 2024 were \$88.7 million, compared to \$65.9 million for the three months ended September 29, 2023. General and administrative expenses increased \$6.8 million, and sales and marketing expenses increased \$4.6 million primarily due to the inclusion of Marucci operating expenses. Research and development expenses increased \$7.2 million mainly due to personnel investments to support future growth and product innovation and additional benefit from a state research and development tax credit received in prior year. Amortization of purchased intangibles increased by \$4.2 million driven by amortization of additional acquired intangibles.



[Table of Contents](#)*Income from operations*

(in millions)	For the three months ended		Change (\$)	Change (%)
	September 27, 2024	September 29, 2023		
Income from operations	\$ 18.8	\$ 41.4	\$ (22.6)	(54.6)%

As a result of the factors discussed above, income from operations for the three months ended September 27, 2024 decreased \$22.6 million, or 54.6%, compared to income from operations for the three months ended September 29, 2023.

*Interest and other expense, net*

(in millions)	For the three months ended		Change (\$)	Change (%)
	September 27, 2024	September 29, 2023		
Interest expense	\$ 14.2	\$ 3.5	\$ 10.7	305.7 %
Other income, net	(0.5)	(0.9)	0.4	(44.4)
Interest and other expense, net	\$ 13.7	\$ 2.6	\$ 11.1	426.9 %

Interest and other expense, net for the three months ended September 27, 2024 increased by \$11.1 million to \$13.7 million, compared to \$2.6 million for the three months ended September 29, 2023. Interest expense increased by \$10.7 million due to additional debt and higher interest rates.

*Income taxes*

(in millions)	For the three months ended		Change (\$)	Change (%)
	September 27, 2024	September 29, 2023		
Provision for income taxes	\$ 0.3	\$ 3.5	\$ (3.2)	(91.4)%

The effective tax rates were 5.0% and 9.0% for the three months ended September 27, 2024 and September 29, 2023, respectively.

For the three months ended September 27, 2024, the difference between the Company's effective tax rate of 5.0% and the 21% federal statutory rate was due to a benefit from the U.S. research and development tax credit, offset by the impact of discrete items on lower levels of pre-tax income, including a modification of the tax treatment of certain research and development expenditures recognized in prior years.

For the three months ended September 29, 2023, the difference between our effective tax rate of 9.0% and the 21% federal statutory rate was due to a benefit from the U.S. research and development tax credit related to multiple periods and a lower tax rate on foreign derived intangible income. These benefits were partially offset by other non-deductible expenses and state taxes.

*Net income*

(in millions)	For the three months ended		Change (\$)	Change (%)
	September 27, 2024	September 29, 2023		
Net income	\$ 4.8	\$ 35.3	\$ (30.5)	(86.4)%

As a result of the factors described above, our net income decreased \$30.5 million, or 86.4%, to \$4.8 million in the three months ended September 27, 2024 from \$35.3 million for the three months ended September 29, 2023.

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### *Segment Review*

Due in part to how we operate our business and to best serve our customers, we manage our activities based on three operating segments: Powered Vehicles Group, Aftermarket Applications Group, and Specialty Sports Group.

For additional financial information related to our operating segments including the reconciliation of net income attributable to our common stockholders to adjusted EBITDA, see [Note 16 – Segment Information](#).

The following table summarizes consolidated net sales and adjusted EBITDA by segment:

(in millions)	For the three months ended		Change (\$)	Change (%)
	September 27, 2024	September 29, 2023		
<b>Net sales</b>				
Powered Vehicles Group	\$ 109.3	\$ 123.1	\$ (13.7)	(11.2)%
Aftermarket Applications Group	100.3	136.0	(35.8)	(26.3)
Specialty Sports Group	149.5	72.0	77.5	107.6
Net sales	<u>\$ 359.1</u>	<u>\$ 331.1</u>	<u>\$ 28.0</u>	<u>8.5 %</u>
<b>Adjusted EBITDA</b>				
Powered Vehicles Group	\$ 8.9	\$ 26.4	\$ (17.5)	(66.3)%
Aftermarket Applications Group	9.4	31.9	(22.5)	(70.5)
Specialty Sports Group	36.5	19.7	16.8	85.3
Unallocated corporate expenses	(12.8)	(14.3)	1.5	(10.5)
Adjusted EBITDA	<u>\$ 42.0</u>	<u>\$ 63.7</u>	<u>\$ (21.7)</u>	<u>(34.1)%</u>

#### ***Powered Vehicles Group***

Powered Vehicles Group net sales decreased by \$13.7 million, or 11.2%, due to lower industry demand in Power Sports and automotive because of higher interest rates.

Powered Vehicles Group adjusted EBITDA decreased by \$17.5 million, or 66.3%, driven by a decrease in gross profit, an increase in personnel investments and additional benefit from a state research and development tax credit received in prior year.

#### ***Aftermarket Applications Group***

Aftermarket Applications Group net sales decreased by \$35.8 million, or 26.3%, driven by lower upfitting sales due to product mix, higher interest rates impacting industry dealers and consumers, and higher inventory levels at dealerships.

Aftermarket Applications Group adjusted EBITDA decreased by \$22.5 million, or 70.5%, mainly due to lower gross profit.

#### ***Specialty Sports Group***

Specialty Sports Group net sales increased by \$77.5 million, or 107.6%, primarily due to the inclusion of \$49.6 million in net sales from Marucci, which we acquired in November 2023, and a \$27.9 million increase in bike sales. Although bike sales improved compared to prior year, the ongoing channel inventory recalibration and, to a lesser extent, lower end consumer demand remain headwinds.

Specialty Sports Group adjusted EBITDA increased by \$16.8 million, or 85.3%, primarily due to an increase in gross profit driven by the inclusion of Marucci.

### Unallocated corporate expenses

Unallocated corporate expenses consist of corporate overhead expenses that are not directly attributable to one of our business segments and include unallocated occupancy costs for our corporate headquarters, acquisition costs, other benefit and compensation programs, including performance-based compensation, and administrative expenses such as accounting, finance, legal, human resources, and information technology expenses.

Unallocated corporate expenses decreased by \$1.5 million, or 10.5%, driven by cost containment measures.

### Nine months ended September 27, 2024 compared to nine months ended September 29, 2023

#### Consolidated net sales

(in millions)	For the nine months ended		Change (\$)	Change (%)
	September 27, 2024	September 29, 2023		
Net sales	\$ 1,041.1	\$ 1,131.7	\$ (90.6)	(8.0)%

Total net sales for the nine months ended September 27, 2024 decreased \$90.6 million, or 8.0%, compared to the nine months ended September 29, 2023. The decrease in net sales is primarily due to product mix, higher interest rates impacting industry and consumer demands, higher levels of inventory at dealerships, and the ongoing bike channel inventory recalibration, offset by the inclusion of \$150.8 million in net sales from Marucci that was acquired in November 2023.

#### Cost of sales

(in millions)	For the nine months ended		Change (\$)	Change (%)
	September 27, 2024	September 29, 2023		
Cost of sales	\$ 719.5	\$ 759.1	\$ (39.6)	(5.2)%

Cost of sales for the nine months ended September 27, 2024 decreased \$39.6 million, or 5.2%, compared to the nine months ended September 29, 2023. The decrease in cost of sales is primarily due to our decreased sales. Our gross margin decreased by 200 basis points to 30.9% for the nine months ended September 27, 2024 as compared to the same prior fiscal year period is primarily due to a shift in our product line mix and operating leverage on lower volume.

#### Operating expenses

(in millions)	For the nine months ended		Change (\$)	Change (%)
	September 27, 2024	September 29, 2023		
Operating expenses:				
General and administrative	\$ 106.8	\$ 89.7	\$ 17.1	19.1 %
Sales and marketing	89.8	74.7	15.1	20.2
Research and development	45.3	39.4	5.9	15.0
Amortization of purchased intangibles	33.4	20.0	13.4	67.0
Total operating expenses	\$ 275.3	\$ 223.7	\$ 51.6	23.1 %

Total operating expenses for the nine months ended September 27, 2024 were \$275.3 million, compared to \$223.7 million for the nine months ended September 29, 2023. General and administrative expenses increased \$17.1 million and sales and marketing expenses increased \$15.1 million primarily due to the inclusion of Marucci operating expenses and the full nine months of Custom Wheel House operating expenses, partially offset by our cost containment measures. Research and development expenses increased \$5.9 million driven by personnel investments to support future growth and product innovation and the inclusion of Marucci expenses. Amortization of purchased intangibles increased by \$13.4 million mainly due to amortization of additional acquired intangibles.

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### *Income from operations*

(in millions)	For the nine months ended		Change (\$)	Change (%)
	September 27, 2024	September 29, 2023		
Income from operations	\$ 46.3	\$ 148.8	\$ (102.5)	(68.9)%

As a result of the factors discussed above, income from operations for the nine months ended September 27, 2024 decreased \$102.5 million or 68.9%, compared to income from operations for the nine months ended September 29, 2023.

### *Interest and other expense, net*

(in millions)	For the nine months ended		Change (\$)	Change (%)
	September 27, 2024	September 29, 2023		
Interest expense	\$ 41.4	\$ 11.4	\$ 30.0	263.2 %
Other expense, net	(0.5)	(0.3)	(0.2)	66.7
Interest and other expense, net	\$ 40.9	\$ 11.1	\$ 29.8	268.5 %

Interest and other expense, net for the nine months ended September 27, 2024 increased by \$29.8 million to \$40.9 million, compared to \$11.1 million for the nine months ended September 29, 2023. Interest expense increased by \$30.0 million to \$41.4 million due to additional debt and higher interest rates.

### *Income taxes*

(in millions)	For the nine months ended		Change (\$)	Change (%)
	September 27, 2024	September 29, 2023		
(Benefit) provision for income taxes	\$ (1.4)	\$ 21.0	\$ (22.4)	(106.7)%

The effective tax rates were (26.2)% and 15.2% for the nine months ended September 27, 2024 and September 29, 2023, respectively.

For the nine months ended September 27, 2024, the difference between the Company's effective tax rate of (26.2)% and the 21% federal statutory rate was due to a benefit from the U.S. research and development tax credit, offset by the impact of discrete items on lower levels of pre-tax income, including a modification of the tax treatment of certain research and development expenditures recognized in prior years.

For the nine months ended September 29, 2023, the difference between our effective tax rate of 15.2% and the 21% federal statutory rate resulted primarily from a lower tax rate on foreign derived intangible income and benefit from the U.S. research and development tax credit related to multiple periods. These benefits were partially offset by other non-deductible expenses and state taxes.

### *Net income*

(in millions)	For the nine months ended		Change (\$)	Change (%)
	September 27, 2024	September 29, 2023		
Net income	\$ 6.7	\$ 116.8	\$ (110.1)	(94.3)%

As a result of the factors described above, our net income decreased \$110.1 million, or 94.3% to \$6.7 million for the nine months ended September 27, 2024 from \$116.8 million for the nine months ended September 29, 2023.

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### *Segment Review*

For additional financial information related to our operating segments including the reconciliation of net income attributable to our common stockholders to adjusted EBITDA, see [Note 16 – Segment Information](#).

The following table summarizes consolidated net sales and adjusted EBITDA by segment:

(in millions)	For the nine months ended		Change (\$)	Change (%)
	September 27, 2024	September 29, 2023		
<b>Net sales</b>				
Powered Vehicles Group	\$ 345.2	\$ 405.5	\$ (60.3)	(14.9)%
Aftermarket Applications Group	309.3	430.4	(121.1)	(28.1)
Specialty Sports Group	386.6	295.8	90.8	30.7
Net sales	<u>\$ 1,041.1</u>	<u>\$ 1,131.7</u>	<u>\$ (90.6)</u>	<u>(8.0)%</u>
<b>Adjusted EBITDA</b>				
Powered Vehicles Group	\$ 40.7	\$ 67.9	\$ (27.2)	(40.1)%
Aftermarket Applications Group	38.4	106.0	(67.6)	(63.8)
Specialty Sports Group	89.8	95.7	(5.9)	(6.2)
Unallocated corporate expenses	(42.3)	(47.3)	5.0	(10.6)
Adjusted EBITDA	<u>\$ 126.6</u>	<u>\$ 222.3</u>	<u>\$ (95.7)</u>	<u>(43.0)%</u>

#### ***Powered Vehicles Group***

Powered Vehicles Group net sales decreased by \$60.3 million, or 14.9%, due to lower industry demand in Power Sports and automotive because of higher interest rates.

Powered Vehicles Group adjusted EBITDA decreased by \$27.2 million, or 40.1%, mainly due to a decrease in gross profit.

#### ***Aftermarket Applications Group***

Aftermarket Applications Group net sales decreased by \$121.1 million, or 28.1%, driven by lower upfitting sales due to product mix, higher interest rates impacting industry dealers and consumers, and higher inventory levels at dealerships.

Aftermarket Applications Group adjusted EBITDA decreased by \$67.6 million, or 63.8%, mainly due to lower gross profit.

#### ***Specialty Sports Group***

Specialty Sports Group net sales increased by \$90.8 million, or 30.7%, primarily due to the inclusion of \$150.8 million in net sales from Marucci, partially offset by a reduction in bike sales of \$60.0 million because of the ongoing bike channel inventory recalibration and, to a lesser extent, lower end consumer demand.

Specialty Sports Group adjusted EBITDA decreased by \$5.9 million, or 6.2%, primarily due to a decline in gross profit driven by reduced operating leverage on lower volume, offset by the inclusion of Marucci which grew year over year.

#### ***Unallocated corporate expenses***

Unallocated corporate expenses decreased by \$5.0 million, or 10.6%, driven by cost containment measures.

## Liquidity and Capital Resources

Our primary cash needs are to support working capital, interest on debt, employee compensation, capital expenditures, acquisitions, debt repayments, and other general corporate purposes. Historically, we generally financed our liquidity needs with operating cash flows, borrowings under our Prior Credit Facility and our 2022 Credit Facility, and the issuance of common stock. These sources of liquidity may be impacted by events described in [Cautionary Note Regarding Forward-Looking Statements](#) and [Part II, Item 1A. Risk Factors](#).

As of September 27, 2024, we held \$31.0 million of our \$89.2 million of cash and cash equivalents in accounts of our subsidiaries outside of the U.S., which we may repatriate.

A summary of our operating, investing and financing activities is shown in the following table:

(in millions)	For the nine months ended	
	September 27, 2024	September 29, 2023
Net cash provided by operating activities	\$ 50.1	\$ 126.7
Net cash used in investing activities	(42.5)	(165.4)
Net cash used in financing activities	(1.7)	(16.2)
Effect of exchange rate changes on cash and cash equivalents	(0.4)	0.3
Change in cash and cash equivalents	\$ 5.6	\$ (54.6)

*\*Amounts may not foot due to rounding.*

We expect that cash on hand, cash flow from operations and availability under our 2022 Credit Facility will be sufficient to fund our operations during the next 12 months from the date of this Form 10-Q and beyond.

### Operating activities

In the nine months ended September 27, 2024, net cash provided by operating activities was \$50.1 million. Our investment in operating assets and liabilities is a result of an increase in inventory of \$29.0 million, a decrease in income taxes payable of \$25.3 million, and an increase in accounts receivable of \$21.8 million, partially offset by an increase in accounts payable of \$24.2 million, an increase in accrued expenses and other liabilities of \$11.3 million, and a decrease in prepaids and other assets of \$9.9 million. The decrease in income taxes payable is mainly due to lower income tax expense and our income tax payments. The increase in inventory is mainly due to timing and some seasonal inventory. The change in our accounts receivable reflects an increase in our sales and the timing of customer collections. The decrease in prepaids and other assets is primarily due to lower chassis deposits as we worked to sell through model year 2024. The increase in accrued expenses and other liabilities is mainly due to additional leases. The change in our accounts payable is driven by timing of inventory purchases and vendor payments.

In the nine months ended September 29, 2023, net cash provided by operating activities was \$126.7 million. Our investment in operating assets and liabilities is a result of increases in prepaids and other assets of \$53.5 million primarily due to carrying more chassis to meet current year production needs for the upfitting product lines, and decreases in accounts payable of \$51.4 million, income taxes payable of \$20.4 million and accrued expenses and other liabilities of \$7.3 million, partially offset by decreases in accounts receivable of \$53.3 million and inventory of \$20.4 million. The change in our accounts receivable reflects a shift in our product line mix and the timing of customer collections. The change in our accounts payable is driven by timing of inventory purchases and vendor payments. The change in accrued expenses and other liabilities is primarily due to payments made for compensation and tax related accruals. The decrease in inventory reflects our continued efforts to optimize inventory levels.

### Investing activities

In the nine months ended September 27, 2024 and September 29, 2023, net cash used in investing activities consisted of \$42.5 million and \$165.4 million, respectively. Investing activities for the nine months ended September 27, 2024 consisted of \$32.1 million of property and equipment additions, \$5.3 million of cash consideration for our acquisition of other assets, and \$5.0 million of cash consideration for our acquisitions. Investing activities for the nine months ended September 29, 2023 consisted of \$130.9 million of cash consideration for our purchase of Custom Wheel House, \$32.0 million of property and equipment additions and \$2.4 million in cash consideration for our purchase of other assets.

### *Financing activities*

In the nine months ended September 27, 2024, net cash used in financing activities was \$1.7 million, and consisted of the proceeds from our 2022 Credit Facility revolver of \$169.0 million and draw from the Delayed Draw Term Loan of \$200.0 million that were used to support our working capital, offset by payments of \$329.0 million to reduce the revolver borrowings, \$13.2 million repayments on our term loans, \$25.0 million to repurchase shares of our common stock for retirement, and payments of \$2.6 million to repurchase shares of our common stock to cover withholding taxes from our stock-based compensation program.

In the nine months ended September 29, 2023, net cash provided by financing activities was \$16.2 million, and consisted of the proceeds from our 2022 Credit Facility of \$210.0 million that were used to support our working capital and the purchase of Custom Wheel House, offset by payments of \$220.0 million to reduce the revolver borrowings and payments of \$6.2 million to repurchase shares of our common stock to cover withholding taxes from our stock-based compensation program.

### **2022 Credit Facility**

On April 5, 2022, the Company entered into a new credit agreement with Wells Fargo Bank, National Association, and other named lenders (the “2022 Credit Facility”). The 2022 Credit Facility, which matures on April 5, 2027, provides for revolving loans, swingline loans and letters of credit up to an aggregate amount of \$650.0 million.

On April 5, 2022, the Company borrowed \$475.0 million under the 2022 Credit Facility, which was used to repay all outstanding amounts owed under the Prior Credit Facility and for general corporate purposes. Future advances under the 2022 Credit Facility will be used to finance working capital, capital expenditures and other general corporate purposes of the Company. To the extent not previously paid, all then-outstanding amounts under the 2022 Credit Facility are due and payable on the maturity date.

The Company paid \$2.0 million in debt issuance costs in connection with the 2022 Credit Facility, which were allocated to the revolver and amortized on a straight-line basis over the term of the facility. Additionally, the Company had \$4.5 million of remaining unamortized debt issuance costs related to the Prior Credit Facility. The Company expensed \$1.9 million of the remaining unamortized debt issuance costs and allocated \$2.5 million to the 2022 Credit Facility.

The Company may borrow, prepay and re-borrow principal under the 2022 Credit Facility during its term. Advances under the 2022 Credit Facility can be either Adjusted Term SOFR loans or base rate loans. SOFR rate revolving loans bear interest on the outstanding principal amount thereof for each interest period at a rate per annum equal to Term SOFR for such calculation plus 0.10% plus a margin ranging from 1.00% to 2.00%. Base rate revolving loans bear interest on the outstanding principal amount thereof at a rate per annum equal to the highest of (i) Federal Funds Rate plus 0.50%, (ii) the rate of interest in effect for such day as publicly announced from time to time by the lender as its “prime rate”, and (iii) Adjusted Term SOFR rate for a one-month tenor plus 1.00%, subject to the interest rate floors set forth therein, plus a margin ranging from 0.00% to 1.00%. At September 27, 2024, the one-month SOFR and three-month SOFR rates were 5.21% and 5.33%, respectively. At September 27, 2024, our weighted-average interest rate on outstanding borrowing was 6.30%.

On November 14, 2023, in connection and concurrently with the closing of the Marucci acquisition, the Company entered into the First Incremental Facility Amendment (the “Amendment”) amending the 2022 Credit Facility. The Amendment provided the Company with the Incremental Term A Loan in an amount of \$400.0 million and the Delayed Draw Term Loan in an amount of \$200.0 million, each of which are permitted under the 2022 Credit Facility, subject to satisfaction of certain conditions. The Incremental Term A Loan was fully funded on November 14, 2023 and used to fund a portion of the consideration owed under the Marucci acquisition. The Delayed Draw Term Loan was available to the Company for up to six months commencing on December 6, 2023, until the earlier of (a) May 14, 2024 and (b) the date on which the Delayed Draw Term commitments have been terminated. Each Incremental Term Loan is subject to quarterly amortization payments of principal at a rate of 5.00% per annum. The Incremental Term Loans are in the form of term SOFR loans and base rate loans, at the option of the Company, and have an applicable margin ranging from 0.50% to 1.50% for base rate loans and 1.50% to 2.50% for term SOFR loans, subject to adjustment provisions. Each Incremental Term Loan has a maturity date of April 5, 2027, consistent with the 2022 Credit Facility.

The Company paid \$10.1 million in debt issuance costs, of which \$6.7 million were allocated to the Term A Loan and \$3.4 million were allocated to the Delayed Draw Term Loan. Loan fees allocated to the Term A Loan are amortized using the interest method over the term of the Credit Facility. Loan fees allocated to the Delayed Draw Term Loan were deferred as an asset until the debt is drawn.

On May 13, 2024, the Company borrowed the full amount of \$200,000 of the Delayed Draw Term Loan. The fees were reclassified to a contra-liability account and amortized over the term of the drawn debt using the interest method.

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On July 31, 2024, the Company entered into the Third Amendment to the Credit Facility to secure an improved covenant profile on its capital structure to provide more flexibility given the uncertain macro environment. The Company continues to work on gaining further flexibility.

The 2022 Credit Facility is secured by substantially all of the Company's assets, restricts the Company's ability to make certain payments and engage in certain transactions, and requires that the Company satisfy customary financial ratios. The Company was in compliance with the covenants as of September 27, 2024.

### **Material Cash Requirements**

There have been no material changes to the information in our material cash requirements related to commitments or contractual obligations from those reported in our Annual Report on Form 10-K for the fiscal year ended December 29, 2023, as filed with the SEC on February 23, 2024.

### **Inflation**

Historically, inflation has not had a material effect on our results of operations. However, significant increases in inflation, particularly those related to wages and increases in the cost of raw materials have and could continue to have an adverse impact on our business, financial condition and results of operations.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes to the disclosures discussed in the section "Quantitative and Qualitative Disclosures About Market Risk" in Part II, Item 7A of our Annual Report on Form 10-K for the fiscal year ended December 29, 2023, as filed with the SEC on February 23, 2024.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### **Evaluation of Disclosure Controls and Procedures**

We maintain "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our management, under the direction and with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of September 27, 2024. Based on the evaluation of our disclosure controls and procedures as of September 27, 2024, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

#### **Changes in Internal Control over Financial Reporting**

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.



## **Inherent Limitations on Effectiveness of Controls**

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal controls over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal controls over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include, but are not limited to, the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

On February 20, 2024, a complaint alleging violations of federal securities laws and seeking certification as a class action was filed against the Company and certain of its current and former officers in the United States District Court for the Northern District of Georgia in Atlanta. On August 16, 2024, the plaintiff filed an amended complaint that purports to seek damages on behalf of a putative class of persons who purchased the Company's common stock between May 6, 2021 and November 2, 2023. The amended complaint asserts claims under Sections 10(b) and 20 of the Securities Exchange Act and alleges that the Company and certain current and former officers made material misstatements and omissions to investors regarding demand for the Company's products and its inventory levels. The amended complaint generally seeks money damages, interest, attorneys' fees, and other costs. The defendants deny all allegations of wrongdoing, believe the plaintiff's positions are without merit, and intend to vigorously defend themselves. On October 15, 2024, the defendants filed a motion to dismiss the amended complaint. Per the Court's scheduling order, the plaintiff will file his opposition by December 13, 2024, and defendants will reply by January 13, 2025.

On October 9, 2024, and October 29, 2024, two stockholder derivative complaints were filed in the United States District Court for the Northern District of Georgia against certain of the Company's officers and its directors, with the Company named as a nominal defendant. The cases are assigned to the same judge presiding over the securities fraud class action. The complaints are premised on substantially the same factual allegations as the securities fraud class action, but in these complaints, the plaintiff claims that the Company's officers and directors breached their fiduciary duties or otherwise engaged in wrongdoing by allowing the underlying securities fraud to occur. The defendants deny all allegations of wrongdoing, believe the plaintiffs' claims are without merit, and intend to vigorously defend themselves.

### **ITEM 1A. RISK FACTORS**

*Work stoppages or other disruptions, including those that involve our customers, could adversely affect our operating results.*

A portion of our goods move through ports on the coasts of the U.S. We have a global supply chain, and we import products from our third-party vendors and our Fox Taiwan facility into the U.S. largely through these ports. Dockworkers, none of whom are our employees, must offload freight from ships arriving at these ports. We do not control the activities of these employees or seaports, and we could suffer supply chain disruptions due to any disputes, capacity shortages, slowdowns, or shutdowns that may occur, as was experienced in February 2015, in relation to certain ports on the West Coast of the U.S. Most recently, the International Longshoremen's Association ("ILA"), which negotiates on behalf of 45,000 dockworkers at three dozen ports from Maine to Texas and collectively handles about half of seaborne imports into the U.S., began a member strike due to disagreements with the United States Maritime Alliance. While the ILA strike was suspended after two days and dockworkers returned to ports following an improved wage offer and tentative agreement with the United States Maritime Alliance, the parties continue to negotiate on a long-term agreement. The 2015 strike lasted longer than we forecasted, and any similar labor dispute in the future or any slowdown or stoppage relating to the ongoing labor agreement negotiations, including the reinstatement of a strike by the ILA, could potentially have a negative effect on both our financial condition and results of operations. Further, the improved wage offer outlined in the tentative agreement with the ILA could increase import and export

costs. Additionally, the Baltimore Francis Scott Key bridge accident in March 2024 leading to the suspension of activity in the Port of Baltimore caused rerouting of shipping vessels, which may create congestion and delays in other ports, including certain East Coast ports through which we import products, increase fuel costs for shipping, and have long-standing impacts on supply chains in the retail and manufacturing industries. While the Port of Baltimore opened to maritime traffic on June 10, 2024, the bridge that is not expected to be rebuilt until late 2028 and further work to clear out wreckage and maintenance of the port may continue to cause delays in the Port of Baltimore and other East Coast ports where activities are rerouted. The incident has also raised concerns regarding deteriorating infrastructure throughout the U.S., which may further cause shipping delays and harm results of operation as such infrastructure is replaced or updated with new safety measures. Furthermore, the ongoing effects of the COVID-19 pandemic increased uncertainty for global supply chains, as port congestion and shipping container shortages have become exacerbated, which could adversely affect our operating results.

Work stoppages, labor disputes, and other disruptions involving our customers or otherwise could also adversely affect our operating results. For example, the United Auto Workers Union (“UAW”) 2023 strike impacted Ford Motor Company, General Motors, and Stellantis after the UAW was unable to reach a deal with the three automakers. Automotive OEMs are some of the largest customers of our powered vehicle suspension products. Recently, the UAW again threatened strikes against one of Ford Motor Company’s units and Stellantis, though Ford and the UAW reached a tentative agreement prior to any strike activity by workers. The 2023 UAW strike may have lingering effects that could continue to impact the automotive industry. Any such lingering effects may adversely impact our own business, financial condition, or results of operation. Any future strikes, including the threatened 2024 UAW strikes and including any strikes against our customers, are highly unpredictable and may negatively affect our business. The ultimate impact on our business, financial position, and results of operations will depend on factors beyond our control, including the duration and scope of labor strikes.

***U.S. policies related to global trade and tariffs could have a material adverse effect on our results of operations.***

The current domestic and international political environment, including existing and potential changes to U.S. policies related to global trade and tariffs, have resulted in uncertainty surrounding the future state of the global economy. In 2018, the U.S. imposed tariffs of 25% on steel and 10% on aluminum, with only a handful of countries exempt from the increase. Throughout the Trump Administration, the U.S. and China imposed a variety of tariffs on most goods traded between the two countries. The U.S. and the European Union also imposed tariffs on each other’s products stemming from a dispute at the World Trade Organization related to aircraft. The Biden Administration and U.S. Congress have created significant uncertainty about their review of tariffs and future relationships between the U.S. and other countries with respect to regulations. Recently, a coalition of U.S. producers of aluminum extrusions filed a petition with U.S. trade authorities requesting the imposition of anti-dumping duties against imports of aluminum extrusions from 15 countries. The U.S. Department of Commerce began investigations based on the petitions and, following preliminary determinations, the U.S. Customs and Border Patrol started collecting anti-dumping duty cash deposits in May 2024. The final phase of hearings occurred in October 2024. The International Trade Commission is expected to announce final determinations on November 12, 2024, with the issuance of orders to follow. Because aluminum is one the primary raw materials used in the production of our products, our operating results could be adversely impacted by the imposition of duties on extruded aluminum.

While we have limited exposure to implemented tariffs at this time, any expansion in the types of tariffs implemented has the potential to negatively impact our supply chain costs and the operating performance of our customers, which in turn may negatively affect our sales, gross margin, and operating performance. Additionally, there is a risk that continued U.S. tariffs on imports could be met with additional retaliatory tariffs on U.S.-produced exports and that the broader trade uncertainty could intensify. This has the potential to significantly impact global trade and economic conditions in many of the regions where we do business and have a material adverse effect on our results of operations.

Except as noted in this Item 1A, there have been no material changes to the risk factors described in our Form 10-K for the 2023 fiscal year ended December 29, 2023.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS****Issuer Purchases of Equity Securities**

The following table contains the details related to the repurchase of common stock based on the date of trade during the quarter ended September 27, 2024:

<b>Period</b>	<b>Total Number of Shares Purchased <sup>(1)</sup></b>	<b>Weighted-average Price Paid per Share <sup>(2)</sup></b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(3)</sup></b>	<b>Approximate Dollar Value of Shares that May Yet be Purchased under the Plans or Programs <sup>(3)</sup></b>
6/29-8/2	609	\$ 51.14	—	\$ 250,000,000
8/3-8/30	—	\$ —	—	\$ 250,000,000
8/31-9/27	—	\$ —	—	\$ 250,000,000
Total	609	\$ 51.14	—	\$ 250,000,000

(1) Shares acquired from holders of restricted stock unit awards to satisfy tax-withholding obligations.

(2) The average price paid per share excludes excise tax on share repurchases imposed as part of the Inflation Reduction Act of 2022.

(3) On November 1, 2023, the Company's Board of Directors authorized a share repurchase plan for up to \$300 million in shares of the Company's common stock, par value \$0.001 per share. Refer to [Note 11. Stockholders' Equity](#) for further details.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION****Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements**

During the three months ended September 27, 2024, none of our officers or directors (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933).

**ITEM 6. EXHIBITS**

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	File No.	Filing Date	
<a href="#">3.1</a>	Second Amended and Restated Certificate of Incorporation	10-Q	001-36040	August 4, 2023	
<a href="#">3.2</a>	Second Amended and Restated Bylaws	8-K	001-36040	August 1, 2024	
<a href="#">10.1</a>	Third Amendment to Credit Agreement, dated July 31, 2024				X
<a href="#">10.2</a>	Amendment to Pilot Agreement, dated September 25, 2024				X
<a href="#">10.3†</a>	Executive Separation and Release Agreement, dated August 13, 2024, between Fox Factory, Inc., Fox Factory Holding Corp., and Thomas L. Fletcher.	8-K	001-36040	August 15, 2024	
<a href="#">31.1</a>	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as amended.				X
<a href="#">31.2</a>	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as amended.				X
<a href="#">32.1*</a>	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended.				X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				X
101.SCH	Inline XBRL Taxonomy Extension Schema Document				X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				X
104	Cover page formatted as Inline XBRL and contained in Exhibit 101				

† Management contract or compensatory plan.

X Filed herewith

\* In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 34-47986, the certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Form 10-Q and will not be deemed “filed” for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act.

**SIGNATURES**

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 thereunto duly authorized.

October 31, 2024

FOX FACTORY HOLDING CORP.  
By: /s/ Dennis C. Schemm  
**Dennis C. Schemm, Chief Financial Officer**  
**(Principal Financial Officer)**

October 31, 2024

FOX FACTORY HOLDING CORP.  
By: /s/ Brendan R. Enick  
**Brendan R. Enick, Chief Accounting Officer**  
**(Principal Accounting Officer)**

**THIRD AMENDMENT TO CREDIT AGREEMENT**

**THIS THIRD AMENDMENT TO CREDIT AGREEMENT** (this “Amendment”) is made and entered into as of July 31, 2024 (the “Amendment Effective Date”), by and among FOX FACTORY HOLDING CORP., a Delaware corporation (the “Borrower”), certain of the Borrower’s subsidiaries identified on the signature pages hereto (together with the Borrower, each a “Loan Party” and collectively, the “Loan Parties”), certain of the Lenders (as herein defined) identified on the signature pages hereto as the “Required Lenders” (the “Required Lenders”) and WELLS FARGO BANK, NATIONAL ASSOCIATION, as administrative agent (the “Administrative Agent”) for the Secured Parties (as defined in the Credit Agreement referred to below).

**RECITALS**

**WHEREAS**, the Borrower, the lenders from time to time party thereto (the “Lenders”) and the Administrative Agent have entered into a Credit Agreement, dated as of April 5, 2022 (as amended pursuant to that certain First Incremental Facility Amendment, dated as of November 14, 2023, that certain Second Amendment to Credit Agreement and First Amendment to Guaranty and Security Agreement, dated as of June 5, 2024, and as further amended, restated, supplemented, replaced, increased, refinanced or otherwise modified from time to time, the “Credit Agreement”);

**WHEREAS**, the Borrower has notified the Administrative Agent that it is requesting that (a) the Credit Agreement be amended pursuant to the terms hereof and (b) the Administrative Agent and the Required Lenders amend the Credit Agreement to effect such amendments as may be necessary or appropriate in connection with the foregoing; and

**WHEREAS**, in accordance with the terms of the Credit Agreement, the Administrative Agent, the Required Lenders and the Loan Parties agree that the Credit Agreement is hereby, subject to the terms and conditions of this Amendment, amended as provided below in order to effect the terms, conditions and amendments set forth herein.

**NOW, THEREFORE**, in consideration of the foregoing, the terms and conditions, premises and other mutual covenants set forth in this Amendment, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Administrative Agent, the Required Lenders and the Loan Parties hereby agree as follows:

**Section 1. Definitions.** Unless otherwise defined herein, all capitalized terms used and not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

**Section 2. Amendments to the Credit Agreement.** From and after the Amendment Effective Date (as defined below), the Credit Agreement shall be amended by deleting Section 7.01 therein and inserting a new Section 7.01 as set forth below in replacement thereof:

**Section 7.01 Consolidated Net Leverage Ratio.**

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The Borrower will maintain, (i) as of the end of each Fiscal Quarter ending after the Closing Date through the Fiscal Quarter ending June 30, 2024, a Consolidated Net Leverage Ratio of not greater than 4.00:1.00, (ii) as of the end of the Fiscal Quarter ending September 27, 2024, a Consolidated Net Leverage Ratio of not greater than 4.75:1.00, (iii) as of the end of the Fiscal Quarter ending January 3, 2025, a Consolidated Net Leverage Ratio of not greater than 4.75:1.00, (iv) as of the end of the Fiscal Quarter ending April 4, 2025, a Consolidated Net Leverage Ratio of not greater than 4.25:1.00 and (v) as of the end of the Fiscal Quarter ending July 4, 2025 and each Fiscal Quarter thereafter, a Consolidated Net Leverage Ratio of not greater than 4.00:1.00; provided, that such permitted ratio shall, at the Borrower's election, increase by 0.50:1.00 for the first four Fiscal Quarters following a Permitted Acquisition exceeding \$75,000,000; provided further, that, no such election by the Borrower shall cause the permitted ratio to exceed 4.75:1.00.

**Section 3. Conditions Precedent to Effectiveness.** This Amendment shall become effective as of the day and year first set forth above (the "Amendment Effective Date") upon the satisfaction or waiver of the following conditions:

- a. Executed Amendment. The Administrative Agent shall have received counterparts of this Amendment, executed by a duly authorized officer of each party hereto.
- b. Fees and Expenses. The Administrative Agent shall have received all fees and other amounts due and payable by any Loan Party on or prior to the date hereof, including (i) those fees set forth in that certain Third Amendment Fee Letter, dated as of the Amendment Effective Date, by and between the Borrower and the Administrative Agent and (ii) to the extent invoiced, reimbursement or payment of all reasonable out-of-pocket expenses (including fees, charges and disbursements of counsel) required to be reimbursed or paid by the Borrower under any Loan Document.

**Section 4. Amendment Agreement is a "Loan Document".** This Amendment is a Loan Document and all references to a "Loan Document" in the Credit Agreement and the other Loan Documents (including, without limitation, all such references in the representations and warranties in the Credit Agreement and the other Loan Documents) shall be deemed to include this Amendment.

**Section 5. Representations and Warranties; No Default.** Each Loan Party represents and warrants to the Administrative Agent and the Lenders, that, (a) the representations and warranties made by such Loan Party set forth in the Loan Documents to which it is a party are true and correct in all material respects (except to the extent any such representation and warranty by its terms is qualified by materiality or Material Adverse Effect, in which case such representation and warranty (as so qualified) is true and correct in all respects), in each case on and as of the date hereof (or true and correct in all material respects of a specified date, if earlier) and (b) no Default or Event of Default exists, or would result, from the consummation of the transactions contemplated by this Amendment on the date hereof.

**Section 6. Reaffirmation of Obligations.** Each Loan Party (a) acknowledges and consents to all of the terms and conditions of this Amendment, (b) affirms all of its obligations under the Loan Documents to which it is a party and (c) agrees that this Amendment does not operate to reduce or discharge its obligations under the Loan Documents to which it is a party.

**Section 7. Reaffirmation of Security Interests.** Each Loan Party (a) affirms that each of the Liens granted by such Loan Party in or pursuant to the Loan Documents to which it is a party are valid and subsisting and (b) agrees that this Amendment does not in any manner impair or otherwise adversely affect any of the Liens granted by such Loan Party in or pursuant to the Loan Documents to which it is a party.

**Section 8. No Other Changes.** Except as modified hereby, all of the terms and provisions of the Loan Documents shall remain in full force and effect.

**Section 9. Counterparts; Delivery.** This Amendment may be executed in any number of counterparts and by the various parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of this Amendment by telecopy or in any other electronic format (such as .pdf format) shall be effective as delivery of a manually executed original counterpart of this Amendment. Subject to Section 11.18 of the Credit Agreement, execution of this Amendment shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper based recordkeeping system, as the case may be.

**Section 10. Governing Law.** This Amendment shall be deemed to be a contract made under, and for all purposes shall be construed in accordance with, the laws of the State of New York.

*[Signature Page Follows]*



**IN WITNESS WHEREOF**, the undersigned have caused this Amendment to be duly executed and delivered as of the date first above written.

**ADMINISTRATIVE AGENT:**

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
as Administrative Agent

By: /s/ Corey Coward  
Name: Corey Coward  
Title: Senior Vice President

*Signature Page to Third Amendment to Credit Agreement*

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**REQUIRED LENDERS:**

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
as a Lender

By: /s/ Corey Coward  
Name: Corey Coward  
Title: Senior Vice President

**REQUIRED LENDERS:**

Bank of America, NA, as a Lender

By: /s/ Ryan Maples  
Name: Ryan Maples  
Title: Senior Vice President

**REQUIRED LENDERS:**

**PNC BANK, NATIONAL ASSOCIATION,**  
as a Lender

By: /s/ Larry D. Jackson  
Name: Larry D. Jackson  
Title: Senior Vice President

**REQUIRED LENDERS:**

**CAPITAL ONE, NATIONAL ASSOCIATION,** as a Lender

By: /s/ Alfredo Wang  
Name: Alfredo Wang  
Title: Duly Authorized Signatory

**REQUIRED LENDERS:**

**CITIZENS BANK,**  
as a Lender

By: /s/ Douglas Kennedy  
Name: Douglas Kennedy  
Title: Senior Vice President

**REQUIRED LENDERS:**

**HSBC BANK USA, NATIONAL ASSOCIATION,**  
as a Lender

By: /s/ Ketak Sampat  
Name: Ketak Sampat  
Title: Senior Vice President

**REQUIRED LENDERS:**

**REGIONS BANK,**  
as a Lender

By: /s/ Cheryl L. Shelhart  
Name: Cheryl L. Shelhart  
Title: Managing Director

**REQUIRED LENDERS:**

**TD Bank, NA**

By: /s/ Kristen Schmidt  
Name: Kristen Schmidt  
Title: Managing Director

**REQUIRED LENDERS:**

**BANK UNITED, N.A.,**  
as a Lender

By: /s/ Adam Gordon  
Name: Adam Gordon  
Title: Southeast Regional Executive

**BORROWER:**

**FOX FACTORY HOLDING CORP.,**

a Delaware corporation

By: /s/ Dennis C. Shemm

Name: Dennis C. Schemm

Title: Chief Financial Officer

*Signature Page to Third Amendment to Credit Agreement*

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**OTHER LOAN PARTIES:**

**FOX FACTORY, INC.,**  
a California corporation

By: /s/ Dennis C. Shemm  
Name: Dennis C. Schemm  
Title: Chief Financial Officer

**ST USA HOLDING CORP.,**  
a Delaware corporation

By: /s/ Dennis C. Shemm  
Name: Dennis C. Schemm  
Title: Chief Financial Officer

**FF US ACQUISITION CORP.,**  
a Delaware corporation

By: /s/ Dennis C. Shemm  
Name: Dennis C. Schemm  
Title: Chief Financial Officer

**SCA PERFORMANCE HOLDINGS, INC.,**  
a Delaware corporation

By: /s/ Dennis C. Shemm  
Name: Dennis C. Schemm  
Title: Chief Financial Officer

**SCA PERFORMANCE, INC.,**  
a Delaware corporation

By: /s/ Dennis C. Shemm  
Name: Dennis C. Schemm  
Title: Chief Financial Officer

**ROCKY RIDGE TRUCKS, INC.,**  
a Delaware corporation

By: /s/ Dennis C. Shemm  
Name: Dennis C. Schemm  
Title: Chief Financial Officer

**CWH BLOCKER CORP.,**  
a Delaware corporation

By: /s/ Dennis C. Shemm  
Name: Dennis C. Schemm  
Title: Chief Financial Officer

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**CWH HOLDCO LLC,**  
a Delaware limited liability company

By: /s/ Dennis C. Shemm  
Name: Dennis C. Schemm  
Title: Chief Financial Officer

**CUSTOM WHEEL HOUSE, LLC,**  
a Delaware limited liability company

By: /s/ Dennis C. Shemm  
Name: Dennis C. Schemm  
Title: Chief Financial Officer

**WHEELHOUSE HOLDINGS INC.,**  
a Delaware corporation

By: /s/ Dennis C. Shemm  
Name: Dennis C. Schemm  
Title: Chief Financial Officer

**MARUCCI SPORTS, LLC,**  
a Delaware limited liability company

By: /s/ Brendan R. Enick  
Name: Brendan R. Enick  
Title: Treasurer

*Signature Page to Third Amendment to Credit Agreement*

**AMENDMENT TO PILOT AGREEMENT**

**THIS AMENDMENT**, dated as of September 25, 2024, between **GAINESVILLE AND HALL COUNTY DEVELOPMENT AUTHORITY** (the “Authority”), a public body corporate and politic, duly organized and existing under the Constitution and laws of the State of Georgia, and **FOX FACTORY, INC.**, a California corporation (the “Lessee”).

**WITNESSETH:**

**WHEREAS**, the Authority and the Lessee have heretofore entered into a Pilot Agreement, dated as of June 1, 2020 (said Pilot Agreement, as from time to time modified or amended, is herein called the “Agreement”); and

**WHEREAS**, the Authority and the Lessee have now determined that it is necessary to amend the Agreement in certain respects; and

**NOW, THEREFORE**, in consideration of the premises and of the mutual covenants hereinafter contained, the Authority and the Lessee agree to and do hereby amend the Agreement as follows:

**Section 1.** The Agreement shall be amended by deleting the first sentence of Section 5(b) in its entirety and substituting the following in lieu thereof:

“In the event that the Company fails to establish its North American manufacturing headquarters at the 2020 Project or on the 23-acre site it owns in Gainesville Industrial Park West and to establish a research and development facility at the 2020 Project or adjacent to Road Atlanta within Hall County, all on or before December 31, 2026 (hereinafter referred to as the “Headquarters Requirement”), then the Company agrees to make an additional payment (the “Additional Payment”) to the taxing authorities in the amount determined below.”

**Section 2.** This Amendment shall be retroactive to June 1, 2020.

**Section 3.** This Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 4.** All other terms of the Agreement shall continue in full force and effect subject to this Amendment as set forth herein.



**IN WITNESS WHEREOF**, the Authority and the Lessee have caused this Amendment to be executed in their respective corporate names and their respective corporate seals to be hereunto affixed and attested by their duly authorized officers as of the day first above written.

**GAINESVILLE AND HALL COUNTY  
DEVELOPMENT AUTHORITY**

By: /s/ William Bagwell  
Chairman

Attest: /s/ Treadwell Syfan  
Secretary

(SEAL)

**FOX FACTORY, INC.**

By: /s/ Dennis C. Schemm

Title: Chief Financial Officer

(CORPORATE SEAL)

**CERTIFICATION OF DISCLOSURE IN FOX FACTORY HOLDING CORP'S  
QUARTERLY REPORT FILED ON FORM 10-Q**

I, Michael C. Dennison, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Fox Factory Holding Corp.:
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 31, 2024

/s/ Michael C. Dennison

Michael C. Dennison

Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION OF DISCLOSURE IN FOX FACTORY HOLDING CORP'S  
QUARTERLY REPORT FILED ON FORM 10-Q**

I, Dennis C. Schemm, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Fox Factory Holding Corp.:
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 31, 2024

/s/ Dennis C. Schemm

Dennis C. Schemm

Chief Financial Officer

(Principal Financial Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned hereby certify, pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in their capacities as officers of Fox Factory Holding Corp. (the “Company”), that, to their knowledge, the Quarterly Report on Form 10-Q of the Company for the quarter ended September 27, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the financial statements included in such report.

October 31, 2024

/s/ Michael C. Dennison

Michael C. Dennison  
Chief Executive Officer  
(Principal Executive Officer)

/s/ Dennis C. Schemm

Dennis C. Schemm  
Chief Financial Officer  
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.