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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 29, 2023

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

Fox Factory Holding Corp.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**26-1647258**
(State or Other Jurisdiction of Incorporation or Organization)	(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)

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)

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If any 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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

Based upon the closing price of the registrant's common stock on the NASDAQ Global Select Market on June 30, 2023 (the last business day of the registrant’s most recently completed second fiscal quarter), the approximate aggregate market value of the common stock held by non-affiliates of the registrant was approximately $4,026,813,587. As of February 15, 2024, there were 41,953,938 shares of the registrant’s common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s Definitive Proxy Statement for the 2023 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K are incorporated by reference in Part III, Items 10-14 of this Annual Report on Form 10-K.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K 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 United States ("U.S.") Securities and Exchange Commission ("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" 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 Annual Report on Form 10-K 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 net 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;*
- *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;*
- *the outcome of pending litigation;*
- *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 Annual Report on Form 10-K 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 Annual Report on Form 10-K, the risks, uncertainties and other factors expressed or implied discussed in Item 1A. Risk Factors of this Annual Report on Form 10-K 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 Annual Report on Form 10-K. 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 Annual Report on Form 10-K 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 Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K 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.

Fox Factory Holding Corp.
FORM 10-K
Table of Contents

PART I

ITEM 1. BUSINESS

Our company, Fox Factory Holding Corp., is a global leader in the design, engineering, manufacturing and marketing of premium products and systems that deliver championship-level performance for customers worldwide. Fox Factory Holding Corp. is the holding company of Fox Factory, Inc. As used herein, “Fox Factory,” “FOX,” the “Company,” “we,” “our,” and similar terms refer to Fox Factory Holding Corp. and its subsidiaries, unless the context indicates otherwise. 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. Some 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-consumer channels.

Fox Factory, Inc., our operating subsidiary, was incorporated in California in 1978. Fox Factory Holding Corp. was incorporated in Delaware on December 28, 2007. In October 2018, we announced the relocation of our business headquarters from Scotts Valley, California to Braselton, Georgia, which was effective on December 31, 2018. In June 2021, we established a principal executive office in Duluth, Georgia.

In August 2013, we completed an initial public offering (“IPO”) of our common stock. Our common stock is traded on the NASDAQ Global Select Market (the “NASDAQ”) under the symbol “FOXF.”

Description of our business

We are a designer, manufacturer and marketer of performance-defining products and systems used primarily on bikes, off-road vehicles and trucks, side-by-sides, on-road vehicles with and without off-road capabilities, ATVs, snowmobiles, and specialty vehicles and applications, and premium baseball and softball gear and equipment. We believe our products offer innovative design, performance, durability and reliability. Our brand is associated with high-performance and technologically advanced products, by which we generally mean products that provide users with improved control and comfort while riding over rough terrain in varied environments or providing improved control and responsiveness for on-road only vehicles or out on a ball field . We believe that the performance of our products has been demonstrated by, and our brand benefits from, the success of professional athletes who use our products in elite competitive events, such as the Olympic Games, the Union Cycliste Internationale Mountain Bike World Cup, the X Games, the Baja 1000, and professional baseball. We believe the exposure our products receive when used by successful professional athletes positively influences the purchasing habits of enthusiasts and other consumers seeking high-performance products. We believe that our strategic focus on the performance and racing segments in our markets influences many aspiring and enthusiast consumers who we believe seek to emulate the performance of professional and other elite athletes. We believe our products are generally sold at premium prices, which to us means manufacturer suggested retail sale prices that are generally in the upper quartile of their respective product categories.

We design our products for, and market our products to, some of the world’s leading cycling and automotive OEMs and to consumers through the aftermarket channel. Many of our OEM customers, including Specialized, Trek Bicycles, Giant, Orbea, Canyon Bicycles, Santa Cruz Bicycles, and Yeti Cycles in Specialty Sports and BRP, Ford, Polaris, Toyota, 4 Wheel Parts, Kawasaki, Yamaha, and Honda in Powered Vehicles and Aftermarket Applications, are among the market leaders in their respective product categories, and help shape, as well as respond to, consumer trends in their respective categories. We believe that OEMs often prominently display and incorporate our products to improve the marketability and consumer demand for their performance models, which reinforces our brand image. In addition, consumers select our products in the aftermarket channel where we market through a global network of dealers and distributors.

Industry

We participate in large global markets for bikes, powered vehicles, and baseball equipment used by recreational and professional consumers. Today, our products for bicycles are primarily for mountain bikes, e-bikes and gravel bikes. Our products for powered vehicles are used primarily on off-road vehicles and trucks, on-road vehicles with and without off-road capabilities, side-by-sides, ATVs, snowmobiles, specialty vehicles and applications, including military, motorcycles, and commercial trucks.

We focus on premium-priced products within each of these categories, which we consider to be the high-end segment because of their higher retail sale prices, where we believe consumers prefer well-designed, performance-oriented equipment. We believe that performance-defining products, which include suspension systems, as well as wheels, cranks, and other components, are critical to the performance of the bikes and powered vehicles in the product categories in which we focus and that technical features, component performance, product design, durability, reliability, and brand recognition strongly influence consumer-purchasing decisions.

We believe the high-end segments in which we participate are well positioned for growth due to several factors, including:

- increasing consumer appetite for performance-defining products;
- increasing average retail sales prices, which we believe are driven by differentiated and feature-rich products with advanced technologies;
- continuing product cycle innovation, which we observed often motivates consumers to upgrade and purchase new products for enhanced performance; and
- increasing sales opportunities for high-end bikes, powered vehicles, and premium baseball equipment in international markets.

As vehicles in our end-markets evolve and grow more capable, performance-defining products and systems have become, and we believe will continue to be, increasingly more important for improved performance and control. Additionally, we believe there are opportunities to continue to leverage our technical know-how of suspension products to provide solutions beyond our current applications and end-markets.

Our competitive strengths

Broad offering of performance-defining products across multiple consumer markets

Our performance-defining products enhance vehicle performance across multiple consumer markets. Through the use of adjustable suspension, position sensitive damping, multiple air spring technologies, lightweight and rigid materials, and other technologies and methods, our products improve the performance and control of the vehicles used by our consumers. We believe our reputation for performance-defining products is reinforced by the successful finishes in world class competitive events by athletes incorporating our products in their vehicles, gear and equipment.

Premium brand with strong consumer loyalty

We believe that we developed a reputation for performance-defining products and that we own and license established trademarks, such as FOX®, FOX RACING SHOX®, BLACK WIDOW®, ROCKY RIDGE®, RACE FACE®, MARZOCCHI®, MARUCCI®, VICTUS®, BAUM BAT®, LIZARD SKINS®, and BASEBALL PERFORMANCE LAB®, which are perceived as premium brands. As such, our performance-defining products are generally sold at premium prices. We take great effort to maintain our brands in the eyes of consumers. For instance, our FOX® logo is prominently displayed on our FOX® branded products used on bikes and powered vehicles sold by our OEM customers, which helps further reinforce our brand image. We believe that our brands achieved strong loyalty from our consumers. To support our brands, we introduce new products that we believe feature innovative technologies designed to improve vehicle performance and enhance our brand loyalty with consumers.

Track record of innovation and new product introductions

Innovation, including new product development, is a key component of our growth strategy. Due to our experience in suspension engineering and design in multiple markets and with a variety of vehicles, solutions we develop for use in one market can ultimately be deployed across multiple markets. For example, we believe our success in the high-end ATV category led to the widespread adoption of our suspension technology in the side-by-sides market. Our innovative product development and speed to market are supported by:

- our racing culture, including on-site technical race support of professional athletes, which provides us with unique real-time insights as to the evolving performance-defining product needs of those participating in challenging world-class events and is an integral part of our research and development efforts;
- ongoing research and development through a team of full-time engineers and numerous other technicians and employees who spend at least part of their time testing and using our products and helping develop engineering-based solutions to enhance our product offerings;
- feedback from professional athletes, race teams, enthusiasts and other consumers who use our products;

- strategic and collaborative relationships with OEM customers, which furthers our ability to extend technologies and applications across end-markets; and
- our integrated manufacturing facilities and performance testing centers, which allow us to quickly move from concept to product.

Over the past several years, we have developed multiple new products, such as:

- Semi-active Dual Live Valve shocks with compression and rebound control, for ultimate confidence and control, which such technology is currently being used in UTVs and the top tier of off-road performance trucks;
- Live Valve, our proprietary semi-active, electronic suspension that processes data from multiple vehicle sensors to adjust the suspension virtually instantaneously to the demands of changing terrain, which such technology is currently in use UTVs, trucks, and mountain bikes;
- The next generation of Live Valve combined with a 3.1-inch diameter anodized aluminum shock body, specifically designed to withstand the higher internal pressures created by the new valve's wider dynamic range, which such technology has been adopted at the top tier of trucks in the U.S.;
- Electronically adjustable rear suspension pre-load allowing a user to easily compensate for the additional weight and bring a vehicle back to optimal ride height, which such technology is currently in use on select motorcycles to adapt to added passenger and luggage weight without using tools;
- Ridetech RidePro E5 Air Suspension Control System, improving comfort and performance to your vehicle, which such technology is currently being used in many classic muscle car and truck applications;
- Ridetech 62-67 Nova Suspension System (Coil-Over & Air), complete suspension upgrades with either coil or air sprung adjustable shocks that bring modern performance to vintage and classic muscle cars;
- Market leading 3-4" Bronco suspension lift products that are custom designed to each model configuration and that range from load spacers and coil-overs, to remote adjustable shocks for increased off-road performance, comfort and control;
- 32, 34 and 36 Factory Series FLOAT FIT4, which reduces overall fork weight, provides external adjustability with our fourth-generation FOX Isolated Technology ("IT") closed-cartridge damper, and includes the self-adjusting negative chamber air spring for quieter operation and ease of adjustment, which such technology is used widely across all brands of mountain bikes or as aftermarket upgrades to replace lower performing suspension;
- The GRIP2 fork damper, which is our next-evolution sealed cartridge FIT system, our highest performing gravity-focused damper. GRIP2 shares its roots with the original GRIP architecture, but has been enhanced with all-new technology: four-way adjustability, VVC high-speed rebound circuit, high-performance mid-valve, and overall friction-reducing treatments, which such technology is used widely across all brands of mountain bikes or as aftermarket upgrades to replace lower performing suspension;
- Rhythm series fork products developed to address a lower price point offering without compromising proven FOX performance;
- FOX AWL suspension fork for the growing electronic sports utility vehicle ("eSUV") commuter and e-mobility segment combining the confidence and stability of off-road capable suspension with the convenience of direct mount compatibility with full wrap fenders, lights, and anti-lock braking system, which such technology is found on a wide range of electric bikes;
- Race Face Vault Hub, a 120-point high-engagement mountain bike hubset featuring tool-free end caps that simplify conversion among all major axle standards and is approved for e-bike applications, which such technology is found in select Race Face mountain bike wheels and as standalone hubs; and
- Easton EC90 SL Crankset, a versatile and ultralight gravel road bike crankset that allows quick conversion between 1x and 2x chainring configurations.

Strategic brand for OEMs, dealers and distributors, and retailers

Through our strategic relationships, we are often sought out by our OEM customers and work closely with them to develop and design new products and product enhancements. We believe our collaborative approach and product development processes strengthen our relationships with our OEM customers. We believe consumers value our branded products when selecting performance bikes and powered vehicles, and as a result, OEMs purchase and incorporate our products in their bikes and powered vehicles in order to increase the sales of their premium-priced products. In addition, we believe the inclusion of our products on high-end bikes and powered vehicles reinforces our premium brand image which helps to drive our sales in the aftermarket channel where dealers and distributors sell our products to consumers.

Experienced management team

We have an experienced senior management team led by Michael C. Dennison, our Chief Executive Officer. Many members of our management team and many of our employees are avid users of our products, which further extends their knowledge of, and expertise in, our products and end-markets. We are able to attract and retain highly trained and specialized employees who enhance our Company culture and serve as strong brand advocates.

Our strategy

Our goal is to expand our leadership position as a designer, manufacturer and marketer of performance-defining products designed to enhance ride dynamics and performance. We intend to focus on the following key strategies in pursuit of this goal:

Continue to develop new and innovative products in current end-markets

We intend to continue to develop and introduce new and innovative products in our current end-markets to improve ride dynamics and performance for our consumers. For example, our patented position-sensitive damping systems provide terrain optimized ride characteristics across many of our product lines. We believe that performance and control are important to our consumer base, and that our frequent introduction of products with innovative and improved technologies increases both OEM and aftermarket demand as consumers seek out products for their vehicles that can deliver these characteristics. We also believe evolving market trends, such as changing bike wheel and tire sizes and increasing adoption rates of off-road capable, on-road trucks should increase demand for vehicles in our end-markets, which, in turn, should increase demand for our suspension products.

Leverage technology and brand to expand into new categories and end-markets

We believe innovation is the foundation of our company. As we continue to leverage the latest technology to develop a diverse portfolio of performance-defining products, our Powered Vehicle Group facility extends our ability to not only scale to newer levels but also do it efficiently. We have great relations with our OEM and aftermarket partners and given our key distinct strengths, we believe we have and will continue to win more applications. Leveraging our technology and scale, we successfully expanded into recreational vehicles and street car applications, and we believe there are opportunities to further penetrate these markets and grow with more pioneering product applications. Additionally, to grow our end user base, we are now looking at ways to explore international opportunities with some of our applications.

Opportunistically expand our business platform through acquisitions

Over the past several years, we completed acquisitions that we believe enhance our business and strategically expand our product offerings. In March 2020, we acquired substantially all the issued and outstanding capital stock of SCA Performance Holdings, Inc. (“SCA”), a leading OEM authorized specialty vehicle manufacturer for light duty trucks and sport utility vehicles. In May 2021, through our wholly owned subsidiary, SCA, we acquired all of the issued and outstanding stock of Manifest Joy LLC (“Outside Van”), a custom van conversion company that designs and custom engineers recreational vehicles. In December 2021, through our wholly owned subsidiary, Shock Therapy Suspension, Inc., we acquired substantially all the assets of Shock Therapy LLC (“Shock Therapy”), a premier suspension tuning company in the off-road industry. In March 2023, we purchased all of the outstanding equity of CWH Blocker Corp., (“Blocker”), and thereafter, though Blocker, acquired all of the outstanding equity interest of CWH Holdco, LLC, the parent company of Custom Wheel House, LLC (“Custom Wheel House”). Custom Wheel House is a designer, marketer, and distributor of high-performance wheels, performance off-road tires, and accessories, including the premier flagship brand Method Race Wheels. In November 2023, through our wholly owned subsidiary, Marucci Merger Sub, Inc., we acquired substantially all the issued and outstanding capital stock of Wheelhouse Holdings, Inc., the parent company of Marucci Sports, LLC (“Marucci”), a leading designer, manufacturer, and marketer of highly engineered premium wood, aluminum and composite baseball bats as well as other diamond sports products. The Company expects these acquisitions to expand its North American geographic manufacturing footprint and broaden its product offerings in the automotive and sport industries. We believe there is opportunity to expand our total available market by broadening our acquisition focus to include a more diverse range of performance products that add to or improve our customers’ enjoyment of their activities of choice. We also believe that our passionate customer base has a desire for other types of performance products beyond those that attach to a vehicle or bike.

Increase our aftermarket penetration

We currently have a broad aftermarket distribution network of thousands of retail dealers and distributors worldwide. We intend to further penetrate the aftermarket channel by selectively adding dealers and distributors in certain geographic markets, increasing our internal sales force and strategically expanding aftermarket-specific products and services to existing vehicle platforms.

Accelerate international growth

We believe international expansion represents a significant opportunity for us and we have, and intend to continue to, selectively increase infrastructure investments and focus on identified geographic regions. We believe that rising consumer discretionary income in a number of developing markets and increasing consumer preferences for premium performance bikes and powered vehicles should contribute to increasing demand for our products. In addition, we believe increasing international viewership of racing and extreme sports and other outdoor events, such as the Union Cycliste Internationale Mountain Bike World Cup and X Games, is contributing to the growth of international participation in activities in which our products are used. We intend to leverage the recognition of our brands to capitalize on these trends by globally increasing our sales to both OEMs and dealers and distributors, particularly in markets where we perceive significant opportunities.

Improve operating and supply chain efficiencies

In the fourth quarter of 2021, we completed the construction of an approximately 336,000 square foot state-of-the-art facility in Hall County, Georgia (the “Gainesville Facility”) to diversify our manufacturing platform and provide additional long-term capacity to support growth in our Powered Vehicles Group. The Gainesville Facility is used for manufacturing, warehousing, distribution and office space. Additionally, we completed the transition of our Watsonville, California facility (the “Watsonville Facility”) and the relocation of our powered vehicles suspension manufacturing to the Gainesville Facility in the first quarter of 2022.

Seasonality

Certain portions of our business are seasonal; we believe this seasonality is due to the delivery of new products. As we diversified our product offerings and our product launch cycles, seasonal fluctuations are becoming less material.

Competition

The markets for performance-defining products are highly competitive. We compete with other companies that produce products for sale to OEMs, dealers and distributors, and retailers as well as with OEMs that produce their own line of products for their own use. Some of our competitors may have greater financial, research and development or marketing resources than we do. Competition in the high-end segment of the performance-defining market revolves around technical features, performance, product design, innovation, reliability and durability, brand, time to market, customer service and reliable order execution. While the pricing of competing products is always a factor, we believe the performance of our products helps justify our premium pricing. Within our markets, we compete with several large companies and numerous small companies that provide branded and unbranded products across many of our product lines. These competitors can be divided into the following categories:

Powered Vehicles

Within the market for off-road and specialty vehicle suspension components, we compete with ThyssenKrupp Bilstein Suspension GmbH (commonly known as “Bilstein”), King Shock Technology, Inc. (commonly known as “King Shocks”), Icon Vehicle Dynamics, Sway-A-Way, Pro Comp USA Suspension, and Rancho (“Tenneco”).

Within the market for powered vehicle suspension components, we compete with several companies in different submarkets. In the ATV and side-by-sides markets, outside of vertically-integrated OEMs, we compete with ZF Sachs (ZF Friedrichshafen AG), and Walker Evans Racing for OEM business and Elka Suspension Inc., Öhlins Racing AB, Works Performance Products, and Penske Racing Shocks / Custom Axis, Inc. for aftermarket business. In the snowmobile market, we compete with KYB (Kayaba Industry Co., Ltd.), Öhlins Racing AB (a wholly-owned subsidiary of Tenneco), Walker Evans Racing, Works Performance Products, Inc., and Penske Racing Shocks / Custom Axis, Inc.

Aftermarket Applications

In the market for suspension systems, or lift kits, we compete with TransAmerican Wholesale/Pro Comp USA, Rough Country Suspension Systems, TeraFlex, Falcon, ReadyLIFT Suspension, Tuff Country EZ-Ride Suspension, and Rusty's Off-Road. In the market for upfitted vehicles, we compete with Roush Performance and DSI Custom Vehicles.

Specialty Sports

Within the market for bike suspension components, we compete with several companies that manufacture front and rear suspension products, including RockShox (a subsidiary of SRAM Corp.), X-Fusion Shox (a wholly owned subsidiary of A-Pro), Manitou (a subsidiary of HB Performance Systems), SR Suntour, DT Swiss (a subsidiary of Vereinigte Drahtwerke AG), Cane Creek Cycling, DVO Suspension, Bos-Mountain Bike Suspensions, and Öhlins Racing AB. In the market for other bike components, we compete with SRAM, Truvativ and Zipp (all subsidiaries of SRAM Corp.), DT Swiss (a subsidiary of Vereinigte Drahtwerke AG), Mavic (a subsidiary of Bourrelier), and Shimano.

Within the market for baseball and softball gear and equipment, we compete with offerings from multiple large baseball equipment manufacturers, including Easton (under the Easton and Rawlings brands) and Wilson Sporting Goods Company (under the Wilson, DeMarini, Louisville Slugger, and Evoshield brands), and numerous smaller wood bat specific brands including Old Hickory, Chandler Bats, Tucci, Dove Tail, Sam Bat, and D-Bat.

Our products

We design and manufacture performance-defining products, of which a significant portion is suspension products. These suspension products dissipate the energy and force generated by bikes and powered vehicles while they are in motion. Suspension products allow wheels or skis (in the case of snowmobiles) to move up and down to absorb bumps and shocks while maintaining contact with the ground for better control. Our products use adjustable suspension, position-sensitive damping, electronically controllable damping, multiple air spring technologies, low weight and structural rigidity, all of which improve user control for greater performance. We also offer premium baseball and softball gear and equipment.

We use high-grade materials in our products and developed a number of sophisticated assembly processes to maintain quality across all product lines. Our suspension products are assembled according to precise specifications throughout the assembly process to create consistently high-performance levels and customer satisfaction.

Powered Vehicles

In our powered vehicle product categories, we offer premium products under the FOX brand 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. In each of the years ended December 29, 2023, December 30, 2022 and December 31, 2021, approximately 36%, 27% and 28%, respectively, of our net sales were attributable to net sales of powered vehicles related products.

Products for these vehicles are designed for use on roads, trail riding, racing, and to help maximize performance and comfort. Our products have also been used on limited quantities of off-road military vehicles and other small-scale select military applications. Our aftermarket truck suspension component products in the powered vehicles category range from two-inch bolt-on shocks to our patented position sensitive internal bypass shocks. In addition, we manufacture suspension systems that enhance the handling and ride quality of muscle cars, trucks, sports cars and hot rods.

Aftermarket Applications

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. In each of the years ended December 29, 2023, December 30, 2022 and December 31, 2021, approximately 38%, 31% and 28%, respectively, of our net sales were attributable to net sales of aftermarket applications related products.

We also offer lift kits and components with our shock products and aftermarket accessory packages for use in trucks. With the recent acquisitions of Shock Therapy in December 2021 and Custom Wheel House in 2023, we added suspension tuning services and high-performance wheels, off-road tires and accessories to the portfolio. Our upfitting category leverages our strong partnerships with Ford, General Motors, Jeep, Nissan and RAM, enabling us to obtain truck, van and sports utility vehicle ("SUV") chassis directly from the manufacturers' facilities. We seek to improve each vehicle's capability with high quality, proprietary components and products, such as lift kits, shock products, superchargers, interior accessories, wheels, tires, lighting, and body enhancements, while still maintaining the factory warranty and safety standards that our customers expect. Our upfitting category includes brands such as Black Widow, Rocky Ridge, Badlander, Black Ops, Harley-Davidson and Shelby American.

Specialty Sports

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. In each of the years ended December 29, 2023, December 30, 2022 and December 31, 2021, approximately 27%, 42% and 45%, respectively, of our net sales were attributable to net sales of bike-related products. Primarily for the mountain bike market, we offer mid-end and high-end front fork and rear suspension products designed for cross-country, trail, all-mountain, free-ride and downhill riding. Our mountain bike suspension products are sold in five series and under the Marzocchi brand: (i) our Marzocchi BOMBER series, designed for a rider who values ease of use over adjustability; (ii) our FOX Rhythm series, designed to provide FOX performance at the entry price point of the high-end mountain bikes segment; (iii) our FOX Performance series, designed for demanding enthusiasts; (iv) our FOX Performance Elite series, designed for experienced and expert riders; and (v) our FOX Factory series, designed for maximum performance at a professional level.

We also offer mountain and gravel bike wheels and other performance-defining cycling components under the Race Face and Easton Cycling brands including cranks, chainrings, pedals, bars, stems, and seat posts.

We offer six categories of baseball and softball products under the Marucci brands: (i) metal bats, (ii) wood bats, (iii) apparel & accessories, (iv) batting gloves, (v) fielding gloves, and (vi) bags & protective equipment. Our product strategy encompasses producing high quality products recognized by consumers for their performance, craftsmanship, and value, and building on a rich history to introduce innovative new products.

Research and development

Research and development are at the core of our product innovation and market leadership strategy. We have a growing team of engineers and technicians focused on designing innovative products and developing engineering-based solutions to enhance our product offerings. In addition, a large number of our other employees, many of whom use our products in their recreational activities, contribute to our research and development and product innovation initiatives. Their involvement in the development of new products ranges from participating in initial brainstorming sessions to test riding products in development. Product development also includes collaborating with OEM customers across end-markets, field testing by professional athletes and sponsored race teams and working with enthusiasts and other users of our products. This feedback helps us to develop innovative products that meet our demanding standards as well as the evolving needs of professional and recreational end users and to quickly commercialize these products.

Our research and development activities are supported by state-of-the-art engineering software design tools, integrated manufacturing facilities and a performance-testing center equipped to enhance product safety, durability and performance. Our testing center collects data and tests products prior to and after commercial introduction. Suspension products undergo a variety of rigorous performance and accelerated life tests before they are introduced into the market. Baseball and softball products are also subject to rigorous product validation on the field and in the Marucci performance lab where Big League and amateur players test and provide feedback before product rollout and distribution. Research and development expenses totaled approximately $53.2 million, $56.2 million and $46.6 million in fiscal years 2023, 2022 and 2021, respectively.

Intellectual property

Intellectual property is an important aspect of our business. We rely upon a combination of patents, trademarks, trade names, licensing arrangements, trade secrets, know-how and proprietary technology and we secure and protect our intellectual property rights.

Our intellectual property counsel diligently protects our new technologies with patents and trademarks and defends against patent infringement allegations. We patent our proprietary technologies related to vehicle suspension and other products in the U.S. and various foreign patent offices. Our principal intellectual property also includes our registered trademarks in the U.S. and a number of international jurisdictions, including the marks FOX®, FOX RACING SHOX® and REDEFINE YOUR LIMITS®. Although our intellectual property is important to our business operations and constitutes a valuable asset in the aggregate, we do not believe that any single patent, trademark or trade secret is critical to the success of our business as a whole. We cannot be certain that our patent applications will be issued or that any issued patents will provide us with any competitive advantages or will not be challenged by third parties.

In addition to the foregoing protections, we generally control access to and use of our proprietary and other confidential information using internal and external controls, including contractual protections with employees, OEMs, distributors and others.

Customers

Our OEM customers include market leaders in their respective categories, and they help define, as well as respond to, consumer trends in their respective industries. These OEM customers include our products on a number of their performance models. We believe OEMs often use our products to improve the marketability and demand of their own products, which, in turn, strengthens our brand image. In addition, consumers select our performance-defining products in the aftermarket channel, where we market through a global network of dealers and distributors. We currently sell to approximately 100 OEMs and distribute our products to more than 5,000 retail dealers and distributors worldwide. In 2023, 50% of our net sales resulted from net sales to OEM customers and 50% resulted from net sales to dealers and distributors for resale in the aftermarket channel. No material portion of our business is subject to renegotiation of profits or termination of contracts or subcontracts at the election of the U.S. government.

Net sales attributable to our 10 largest OEM customers, which can vary from year-to-year, collectively accounted for approximately 35% of our net sales in fiscal years 2023, 2022 and 2021. In 2023, our sales to Ford, a powered vehicles OEM, accounted for approximately 13% of total net sales. In 2022 and 2021, no single customer represented 10% or more of our sales.

Although we refer to the branded bike OEMs that use our products throughout this document as “our customers,” “our OEM customers” or “our bike OEM customers,” branded bike OEMs often use contract manufacturers to manufacture and assemble their bikes. As a result, even though we typically negotiate price and volume requirements directly with our bike OEM customers, the contract manufacturer may place the purchase order and therefore assumes the payment responsibilities.

Our North American net sales totaled $1,127.6 million, $1,009.2 million, and $811.3 million, or 77%, 63% and 62%, of our total net sales in 2023, 2022 and 2021, respectively. Our international net sales totaled $336.6 million, $593.3 million and $487.8 million or 23%, 37% and 38% of our total net sales in fiscal years 2023, 2022 and 2021, respectively. Net sales attributable to countries outside the U.S. are based on shipment location. Our international net sales, however, do not necessarily reflect the location of the end users of our products, as many of our products are incorporated into bikes and powered vehicles that are assembled at international locations and then shipped back to the U.S. Additional information about our product revenues and certain geographical information is available in Note 2. Revenues of the Notes to Consolidated Financial Statements in this Annual Report on Form 10-K.

Powered Vehicles

We sell our powered vehicle suspension products to OEMs, including BRP, Ford, Polaris, Toyota, Kawasaki, Yamaha, and Honda. We also are continually nurturing and developing relationships with our existing and new OEMs, as the powered vehicles market continues to grow. After incorporating our products on their powered vehicles, OEMs typically sell their powered vehicles to independent dealers, which then sell directly to consumers.

Aftermarket Applications

In the aftermarket, we typically sell suspension products to dealers and distributors, both domestically and internationally. Our dealers sell directly to consumers. When we sell to our distributors, they sell to independent dealers, which then sell directly to consumers. In our upfitting product category, we sell to a broad network of automotive dealerships.

Specialty Sports

We sell our bike suspension and components products to a broad network of domestic and international bike OEMs, including Specialized, Trek Bicycles, Giant, Orbea, Canyon Bicycles, Santa Cruz Bicycles, and Yeti Cycles. We have long-standing relationships with many of the top bike OEMs. After incorporating our products on their bikes, OEMs typically sell their bikes to independent dealers, which then sell directly to consumers.

In the aftermarket, we typically sell to North American dealers and through distributors internationally. Our dealers sell directly to aftermarket consumers. Our overseas distributors sell to independent dealers, which then sell directly to consumers.

We sell our baseball and softball gear and equipment products through several channels including Big Box Retailers; Direct-to-Consumer, Direct-to-Team, the company's experiential Clubhouse retail stores and other Owned Channels; and third-party e-commerce and resellers.

Sales and marketing

We employ specialized and dedicated sales professionals. Each sales professional is fully responsible for servicing either OEM or aftermarket customers within our product categories, which ensures that our customers are in contact with capable and knowledgeable sales professionals to address their specific needs. We strongly believe that providing a high level of service to our end customers is essential to maintaining our reputational excellence in the marketplace. Our sales professionals receive training on the brands' latest products and technologies and attend trade shows and events to increase their market knowledge.

Our marketing strategy focuses on strengthening and promoting our brands in the marketplace. We strategically focus our marketing efforts on enthusiasts seeking high-end, performance-defining products and systems through promotions at destination riding locations and individual and team sponsorships. We believe the performance of our products has been demonstrated by, and our brands benefit from, the success of professional athletes who use our products in elite competitive events such as the Olympic Games, the Union Cycliste Internationale Mountain Bike World Cup, the X Games and the Baja 1000. We also believe these successes positively influence the purchasing habits of enthusiasts and other consumers seeking performance-defining products.

We believe that our strategic focus on the performance and racing segments in our markets, including our sponsorships of a number of professional athletes and race teams, influences many aspiring and enthusiast consumers and enables our products to be sold at premium price points. In order to continue to enhance our brand image, we will need to maintain our position in the suspension products industry and to continue to provide high-quality products and services.

We have also been able to develop long-term strategic relationships with leading OEMs. Our reputation for performance-defining products plays a critical role in our aftermarket sales to consumers.

In addition to our websites and traditional marketing channels, such as print advertising and tradeshows, we maintain an active social media presence, including an Instagram feed, Facebook page, YouTube channel, Vimeo channel and Twitter feed to increase brand awareness, foster loyalty and build a community of users. As strategies and marketing plans are developed for our products, our internal marketing and communications group works to ensure brand cohesion and consistency.

Manufacturing and backlog

We manufacture and complete final assembly on most of our products. By controlling the manufacturing process of our products, we can maintain our strict quality standards, customize our machines and processes for the specific requirements of our products, and quickly respond to feedback we receive on our products in development and otherwise. Furthermore, manufacturing our own products enables us to adjust our labor and production inputs to meet seasonal demands and the customized requirements of some of our customers.

In the fourth quarter of 2021, we completed the construction of our Gainesville Facility to diversify our manufacturing platform and provide additional long-term capacity to support growth in our Powered Vehicles Group. As a result of the completion of our Gainesville Facility, we were able to realign our manufacturing and production processes efficiently to work through the backlog during the year.

Furthermore, we strategically reallocated a majority of the aftermarket production to our El Cajon facility, leveraging its capabilities and optimizing resource allocation. We also expanded our existing product mix to other areas in the upfitting business, enhancing our market reach and product offerings. These initiatives significantly contributed to the increased manufacturing and production output, positioning us favorably to meet growing demand and capitalize on market opportunities.

We had approximately $30.7 million and $116.7 million in firm backlog orders at December 29, 2023 and December 30, 2022, respectively. The decrease in 2023 backlog, as compared to 2022, is due to many factors including the normalization of supply chain shortages we experienced in 2021 and 2022, the realignment of production forecasts with some of our large OEM customers, our effort to make space for newer model year chassis, and increased production and efficiency at our Powered Vehicles Group facilities.

Suppliers and raw materials

The primary raw materials used in the production of our products are aluminum, magnesium, carbon and steel. We generally use multiple suppliers for our raw materials and believe that our raw materials are in adequate supply and available from many suppliers at competitive prices. We do, however, depend on a limited number of suppliers for certain of our components. If our current suppliers for such components are unable to timely fill orders, or if we are required to transition to other suppliers, we could experience significant production delays or disruption to our business. Please read Item 1A. Risk Factors – Risks Related to Our Business and Operations - *"We depend on a limited number of suppliers for our materials and component parts for some of our products, and the loss of any of these suppliers or an increase in cost of raw materials could harm our business."* In addition, prices for our raw materials fluctuate. While we have been able to mitigate the impacts of price fluctuations on our business historically, we actively monitor the current market conditions and price trends.

We also have OEM partners that supply vehicle chassis used in our upfitting operations. Our operations could be negatively impacted if we are not able to receive vehicle chassis according to our production needs, or if an OEM decides to discontinue supplying chassis for other reasons.

We work closely with our supply base, and depend upon certain suppliers to provide raw inputs, such as forgings, castings and molded polymers optimized for weight, structural integrity, wear and cost. In certain circumstances, we depend upon a limited number of suppliers for such raw inputs. We typically have no firm contractual sourcing agreements with our suppliers other than purchase orders.

Miyaki is the exclusive producer of the Kashima coating for our suspension component tubes. As part of our agreement with Miyaki, or the Kashima Agreement, we have been granted the exclusive right to use the trademark "KASHIMACOAT" on products comprising the aluminum finished parts for suspension components (e.g., tubes) and on related sales and marketing material worldwide, subject to a minimum model year order and certain other exclusions. The Kashima Agreement does not contain minimum purchase obligations.

Human Capital Resources

Employee Overview

As of December 29, 2023, we had approximately 4,300 employees in the U.S., Canada, Europe, Taiwan and Australia. Our employees are primarily located in the U.S. We also use temporary employees at our manufacturing facilities to help us meet seasonal demands. None of our employees are subject to collective bargaining agreements.

Health and Safety

Employee health and safety in the workplace is one of our top priorities. In response to the COVID-19 pandemic, we have been working to keep our employees safe and healthy from this outbreak. Using guidance from the Centers for Disease Control ("CDC"), the World Health Organization ("WHO"), and the various states and counties in which we operate, we took a number of measures to keep employees safe. Employees are offered paid sick leave or paid time off to cover sickness and absences. We will continue to make our employees a priority.

Inclusion, Diversity and Engagement

At FOX, we believe that people are our greatest asset. Therefore, we are committed to building and maintaining an inclusive workplace in which all employees feel they belong, are empowered to be their best, and inspired to deliver maximum performance. Our employees have diverse skills, experiences and unique perspectives that collectively contribute to greater opportunities for engagement, innovation and business growth. Our commitment to Inclusion, Diversity, and Engagement aligns with our values of Leadership, Trust, Service, Agility, Ingenuity, and Collaboration and is a critical component of being a purpose-led organization. The Inclusion, Diversity, and Engagement strategy is sponsored by the entire Executive Leadership Team and is centered on the following objectives:

- build a globally diverse, high-performing workforce that mirrors the populations around us;
- foster an inclusive workplace culture where all feel like they are heard, welcomed, valued, and empowered; and
- engage our people in making an impact in the marketplace where we live, work, and play.

Employee Benefits

Our employee benefits are designed to attract and retain our employees and include medical, health and dental insurance, short-term and long-term disability insurance, accidental death and disability insurance, voluntary supplemental coverages, discount programs, and our 401(k) Plan. As part of the 401(k) Plan, FOX matches 50% of the first 6% of compensation contributed by the employee into the 401(k) Plan.

Practices related to working capital items

The Company does not believe that it, or the industry in general, has any special practices or special conditions affecting working capital items that are material to understanding our business. Information about the Company's working capital is incorporated herein by reference to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and to the Consolidated Statements of Cash Flows within Item 8 of this Annual Report on Form 10-K.

Government regulation

Environmental

Our manufacturing operations, facilities and properties in the U.S., Europe, Canada, and Taiwan are subject to evolving foreign, international, federal, state and local environmental and occupational health and safety laws and regulations, including those governing air emissions, wastewater discharge and the storage and handling of chemicals and hazardous substances. If we fail to comply with such laws and regulations, we could be subject to significant fines, penalties, costs, liabilities or restrictions on operations, which could negatively affect our financial condition.

We believe that our operations are in compliance, in all material respects, with applicable environmental and occupational health and safety laws and regulations, and our compliance with such laws and regulations has not had, nor is it expected to have, a material impact on our earnings or competitive position. However, new requirements, more stringent application of existing requirements or the discovery of previously unknown environmental conditions could result in material environmental related expenditures in the future. For example, in March 2022, the SEC proposed new rules for extensive and prescriptive climate-related disclosures in annual reports and registration statements, which would also require inclusion of certain climate-related financial metrics in a note to companies' audited financial statements. Please read "Risks Related to Laws and Regulations - Increasing focus on environmental, social and governance responsibility may impose additional costs on us and expose us to new risks" within Item 1A. Risk Factors.

Employment

We are subject to numerous foreign, federal, state and local government laws and regulations governing our relationships with our employees, including those relating to minimum wage, overtime, working conditions, hiring and firing, non-discrimination, work permits and employee benefits. We believe that our operations are conducted in compliance, in all material respects, with such laws and regulations. We never experienced a material work stoppage or disruption to our business relating to employee matters. We believe that our relationship with our employees is good.

Consumer safety

We are subject to the jurisdiction of the U.S. Consumer Product Safety Commission ("CPSC"), and other federal, state and foreign regulatory bodies including the National Highway Traffic Safety Administration ("NHTSA"), which enforces the Federal Motor Vehicle Safety standards. Under CPSC regulations, a manufacturer of consumer goods is obligated to notify the CPSC, if, among other things, the manufacturer becomes aware that one of its products has a defect that could create a substantial risk of injury. If the manufacturer has not already undertaken to do so, the CPSC may require a manufacturer to recall a product, which may involve product repair, replacement or refund. During the past three years, we initiated one voluntary product recall. For additional information, see Item 1A. Risk Factors in this Annual Report on Form 10-K.

Government contracts

No material portion of our business is subject to renegotiation of profits or termination of contracts or subcontracts at the election of the U.S. government.

Financial information about segments and geographic areas

We operate in one reportable segment: manufacturing, sale and service of performance-defining products. Additional information about our product segment and certain geographic information is available in Note 2. Revenues and Note 5. Property, Plant and Equipment, net of the Notes to Consolidated Financial Statements in this Annual Report on Form 10-K.

Corporate and available information

Our principal executive offices are located at 2055 Sugarloaf Circle, Suite 300, Duluth, GA 30097, and our telephone number is (831) 274-6500. Our website address is www.ridefox.com.

We file reports with the SEC, including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any other filings required by the SEC. We make available through the Investor Relations section of our website, free of charge, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The information on our website is not incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC.

The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

ITEM 1A. RISK FACTORS

Our business, financial condition, operating results and prospects could be materially and adversely affected by various risks and uncertainties that are described herein. In addition to the risks and uncertainties discussed elsewhere in this Annual Report on Form 10-K, you should carefully consider the risks and uncertainties described below. If any of these risks actually occur, our business, financial condition, operating results and prospects could be materially and adversely affected. In that event, the trading price of our common stock could decline.

Summary of Risk Factors

The risks described below include, but are not limited to, the following:

Risks Related to Our Business and Operations

- the impact of the risks associated with 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 are uncertain, but may prove to negatively impact our business and operations;
- our dependency on a limited number of suppliers for materials, component parts, and vehicle chassis could lead to an increase in material costs, disruptions in our supply chain, or reputational costs;
- failure to effectively compete against competitors, enhance existing products or develop, manufacture and market new products, such as artificial intelligence, machine learning, robotics, blockchain or other new approaches to data mining, that respond to consumer needs and preferences and achieve market acceptance could result in a decrease in demand for our products and negatively impact our business and financial results;
- our performance-defining products, and the bikes and powered vehicles into which many of them are incorporated, are discretionary purchases and may be adversely impacted by changes in the economy, a shrinking market for these powered vehicles, or a material decline in demand for the high-end bikes that make up a significant portion of our sales;
- our business, financial condition and results of operations have been and may continue to be adversely affected by global public health epidemics or pandemics, including the ongoing effects of the COVID-19 pandemic;
- our business depends substantially on our ability to maintain our premium brand image and to attract and retain experienced and qualified talent, including our senior management team;
- changes in our customer, channel and product mix could place demands that are more rigorous on our infrastructure and cause our profitability percentages to fluctuate;
- a disruption in the operations of our facilities or along our global supply chain, such as work stoppages, or delays in our planned expansion of certain facilities, including labor strikes, could have a negative effect on our business, financial condition or results of operations;
- we may not be able to sustain our past growth or successfully implement our growth strategy, which may have a negative effect on our business, financial condition or results of operations;
- the loss of the support of professional athletes for our products, or the inability to attract new professional athletes or disruption in relationships with dealers and distributors may harm our business;
- our business is dependent in large part on our relationships with dealers and distributors and their success and the orders we receive from our OEM customers and from their success. The loss of all or a substantial portion of our sales to any of these customers could have a material adverse impact on us and our results of operations;
- our international operations are exposed to risks associated with conducting business globally, including currency exchange rate fluctuations and policies related to global trade and tariffs;
- our sales could be impacted by the disruption of sales by other bike component manufacturers or if other bike component manufacturers enter into the specialty bike component market;
- if we are unable to enforce our intellectual property rights, our reputation and sales could be adversely affected, while intellectual property disputes could lead to significant costs or the inability to sell products;
- if we inaccurately forecast demand for our products or inaccurately predict OEM and dealer destocking and restocking cycles and production schedules, we may manufacture insufficient or excess quantities or our manufacturing costs could increase, which could adversely affect our business;
- product recalls and significant product repair and/or replacement due to product warranty costs and claims have had, and in the future could have, a material adverse impact on our business;
- an adverse determination in any material product liability claim against us could adversely affect our operating results or financial condition;

- we and our employees are subject to certain risks in our manufacturing and in the testing of our products;
- fuel shortages, or high prices for fuel, could have a negative effect on the use of powered vehicles that use our products;
- we rely on increasingly complex information systems for management of our manufacturing, distribution, sales and other functions. If our information systems fail to perform these functions adequately, if we or our vendors or commercial partners experience an interruption in our operations, or if we are impacted by cybersecurity attacks or data privacy issues, our business could suffer;
- we have grown and may continue to grow in the future through acquisitions, and we may not be able to effectively integrate businesses we acquire, or we may not be able to identify or complete any future acquisitions on favorable terms, or at all;
- our operating results are subject to quarterly variations in our sales, which could make our operating results difficult to predict and could adversely affect the price of our common stock;
- growth in our sales and the mix of domestic versus export shipments from Taiwan could cause additional foreign tax credits to not be realizable, potentially reducing our income and adversely affecting our cash flows;
- the current inflation affecting the economy and the Federal Reserve's repeated interest rate increases in response, could negatively impact our cash flows due to higher debt costs or negatively impact our customers' ability to finance powered vehicles or bikes that include our products;

Risks Related to Our Indebtedness and Liquidity

- our 2022 Credit Facility places operating restrictions on us and creates default risks, and the variable rate makes us more vulnerable to increases in interest rates;
- we continue to have the ability to incur debt and our levels of debt may affect our operations and our ability to pay the principal of and interest on our debt;
- we may incur losses on interest rate swap and hedging arrangements;

Risks Related to Laws and Regulations

- changes in tax laws and regulations or other factors could cause our income tax obligations to increase, potentially reducing our net income and adversely affecting our cash flows;
- we are subject to extensive U.S. federal and state, foreign and international safety, environmental, employment practices and other government regulations that may require us to incur expenses or modify product offerings in order to maintain compliance with such regulation, which could have a negative effect on our business and results of operations;
- unpredictability in increasingly stringent emission standards and increasing focus on environmental, social and governance responsibility, including climate change, may impose additional costs and new risks on us;
- we are subject to employment practice laws and regulations, and, as such, are exposed to litigation risks, and we may incur higher employee costs in the future;
- we retain certain personal information about individuals and are subject to various privacy and consumer protection laws;
- our vendors and any potential commercial partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements;
- we are, and may in the future be, subject to legal proceedings, which could have a negative effect on our business and results of operations if the outcomes of these proceedings are adverse to us;

Risks Related to Ownership of Our Common Stock

- potential volatility in our trading price, publications by securities or industry analysts, and future issuances, sales, and the perception of such could cause our stock price and trading volume to decline;
- anti-takeover provisions in our charter documents and Delaware law could discourage, delay or prevent a change in control of our Company;
- our Amended and Restated Certificate of Incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees;
- we cannot guarantee that our share repurchase program will be fully consummated or that it will enhance stockholder value, and the volatility of the price of our common stock could increase; and

General Risk Factors

- failure of our internal control over financial reporting could adversely affect our business and financial results.

RISKS RELATED TO OUR BUSINESS AND OPERATIONS

The impact of the risks associated with 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 is uncertain, and may prove to negatively impact our business and operations.

In recent years, diplomatic and trade relationships between the U.S. government and China have become increasingly frayed, and the threat of a takeover of Taiwan by China has increased. Since we have manufacturing in Taiwan and source products globally, our business, operations, and supply chains could be materially and adversely impacted by political, economic or other actions from China, or changes in China-Taiwan relations that impact Taiwan and its economy. In addition, we continue to monitor any adverse impact that the Israeli-Palestinian conflict, the conflict in Ukraine, and subsequent sanctions against Russia by the United States and European and Asian countries may have on the global economy, our business and operations, and our suppliers and customers. For example, a prolonged conflict may result in ongoing increased inflation, escalating energy prices and constrained availability, thereby increasing the costs of raw materials and production. To the extent that continuing political tensions may adversely affect our business, it may heighten many of the other risks described in our risk factors, such as those relating to data security, supply chain, volatility of price inputs, and market conditions; any of which could negatively affect our business and financial condition.

We depend on a limited number of suppliers for some of our materials, component parts, and products. The loss of any of these suppliers or an increase in the cost of raw materials could harm our business.

We depend on a limited number of suppliers for certain products and components. If our current suppliers—particularly, the minority of those that are "single-source" suppliers—cannot timely fulfill orders, or if we are required to transition to other suppliers, we could experience significant production delays or disruption to our business. We define a single-source supplier as a supplier from which we purchase all of a particular raw material or input used in our manufacturing operations, although other suppliers are available from which to purchase the same raw material or input of an equivalent substitute. For the majority of our products, we do not maintain long-term supply contracts with our suppliers and instead purchase these components on a purchase order basis. As a result, we cannot force suppliers to sell us the necessary components we use to manufacture our products, and we could face significant supply disruptions should they refuse to do so. As the majority of our bike component manufacturing occurs in Taiwan, we could experience difficulties locating qualified suppliers geographically closer to these facilities. Furthermore, such suppliers could experience difficulties in providing us with some or all of the materials we require, which could result in disruptions in our manufacturing operations. Similarly, all non-wood products sold by Marucci and wheels sold by Custom Wheel House are sourced from third-party suppliers, which could risk supply-chain challenges if those third-party suppliers are unable to fulfill production quotas. Our business, financial condition or results of operations could be materially and adversely impacted if we experience difficulties with our suppliers or manufacturing delays caused by our suppliers, whether in connection with our manufacturing operations in the U.S. or in Taiwan.

Our products require various raw materials (e.g., aluminum, magnesium, steel, carbon, and timber) for production output and manufacturing purposes. Historically, we effectively mitigated the impacts of price fluctuations for these components and raw materials on our business. However, if we experience material price increases of these components or raw materials in the future and are unable to pass on those increases to our customers, it could negatively affect our business, financial condition or operation results. For example, component or raw-material shortages and overall inflationary pressures may increase the prices of those components or raw materials, which could reduce our profit margins if our customers are unwilling to pay higher prices.

In addition to our various single-source suppliers, we also rely on one "sole-source" supplier, Miyaki Corporation, or Miyaki. We define a sole-source supplier as a supplier of a raw material or input for which there is no other supplier of the same product or an equivalent substitute. Miyaki is the exclusive producer of the Kashima coating for our suspension component tubes. As part of our agreement with Miyaki, we have been granted the exclusive right to use the trademark "KASHIMACOAT" on products comprising the aluminum finished parts for suspension components (e.g., tubes) and on related sales and marketing material worldwide, subject to certain exclusions. Although we believe we could obtain other coatings of comparable utility from other sources if necessary, we could no longer obtain this specific Kashima coating or use the trademark "KASHIMACOAT" if Miyaki were to stop supplying us with this coating. The need to replace the Kashima coating could temporarily disrupt our business and harm our business, financial condition, or results of operations.

Similarly, Marucci depends on a sole-source supplier for the manufacturing and finishing of select aluminum and composite metal bats. Any disruption or loss of our non-wood finishing supplier for our bats could temporarily diminish overall bat production output, which could negatively impact our business, financials, or results of operations.

We also have OEM partners that supply vehicle chassis used in our upfitting operations. An OEM may encounter difficulties and may be unable to deliver chassis according to our production needs, or an OEM may choose to discontinue supplying chassis for other reasons. Any interruption or discontinuation in the availability of chassis may result in increased production costs, delays in the delivery of our products, or lost sales, which could have an adverse effect on our business or financial condition.

If we are unable to continue to enhance existing products and develop, manufacture and market new products that respond to consumer needs and preferences and achieve market acceptance, we may experience a decrease in demand for our products, and our business and financial results could suffer.

Our growth strategy involves the continuous development of innovative performance-defining products. We may not be able to compete as effectively with our competitors, and ultimately satisfy the needs and preferences of our customers and the end users of our products, unless we can continue to enhance existing products and develop new, innovative products in the global markets in which we compete. In addition, we must continuously compete not only for end users who purchase our products through the dealers and distributors who are our customers, but also for the OEMs, which incorporate our products into their bikes and powered vehicles. These OEMs regularly evaluate our products against those of our competitors to determine if they are allowing the OEMs to achieve higher sales and market share on a cost-effective basis. Should one or more of our OEM customers determine that they could achieve overall better financial results by incorporating a competitor's new or existing product, they would likely do so, which could harm our business, financial condition, or results of operations.

Product development requires significant financial, technological, and other resources. While we expended approximately $53.2 million, $56.2 million and $46.6 million for our research and development efforts in fiscal years 2023, 2022 and 2021, respectively, there can be no assurance that this level of investment in research and development will be sufficient in the future to maintain our competitive advantage in product innovation, which could cause our business, financial condition or results of operations to suffer.

Product improvements and new product introductions require significant planning, design, development, and testing at the technological, product, and manufacturing process levels, and we may experience unanticipated delays introducing our product improvements or new products. Our competitors' new products may beat our products to market, be more effective and/or less expensive than our products, obtain better market acceptance, or render our products less desirable or obsolete. Any new products that we develop may not receive market acceptance or otherwise generate any meaningful sales or profits for us relative to our expectations. Given the competitive landscape, it is important that we are able to plan and deliver products that will appeal to our customers in a timely manner, in the quantity demanded, and at profitable business costs.

We face intense competition in all product lines, including from some competitors that have greater financial and marketing resources. Failure to compete effectively against competitors would negatively impact our business and operating results.

The industries in which we operate are highly competitive. We compete with a number of other manufacturers that produce and sell performance-defining products to OEMs and aftermarket dealers and distributors, including OEMs that produce their own lines of products for their own use. Our continued success depends on our ability to continue to compete effectively against our competitors, some of which have significantly greater financial, marketing and other resources than we have. Several of our competitors offer broader product lines to OEMs, which they may sell in connection with suspension products as part of a package offering. In addition, some of our subsidiaries compete in marketplaces that heavily rely on industry-specific brand awareness and distribution channels, and our past performance reaching consumers is not indicative of future results.

In the future, our competitors may be able to maintain and grow brand strength and market share more effectively or quickly than we do by anticipating the course of market developments more accurately than we do, developing products that are superior to our products, creating manufacturing or distribution capabilities that are superior to ours, producing similar products at a lower cost than we can, or adapting more quickly than we do to new technologies or evolving regulatory, industry, or customer requirements, among other possibilities. In addition, we may encounter increased competition if our current competitors broaden their product offerings by beginning to produce additional types of performance-defining products or through competitor consolidations. We could also face competition from well-capitalized entrants into these product markets, as well as aggressive pricing tactics by other manufacturers trying to gain market share. As a result, our products may be unable to compete successfully with our competitors' products, which could negatively affect our business, financial condition, or results of operations.

If we are unable to anticipate and respond effectively to the threat of, and the opportunity presented by, new technological applications, such as artificial intelligence, machine learning, robotics, blockchain or other new approaches to data mining, we may be exposed to competitive risks related to the adoption and application of such technology.

New products and technologies are important to operating our business. We may encounter competitive risks related to the adoption and application of new technology, such as artificial intelligence, by our competitors and other established market participants (for example, through disintermediation) start-up companies and others. We must consider developing and implementing technology solutions and technical expertise among our employees that anticipate and keep pace with rapid changes in technology, industry standards, client preferences and control standards. We may not be successful in anticipating or responding to these developments on a timely and cost-effective basis, and our ideas may not be accepted in the marketplace. Additionally, the effort to gain technological expertise and develop new technologies in our business may require us to incur significant expenses. Our technological development projects may also not deliver the benefits we expect once they are completed or may be replaced or become obsolete more quickly than expected, which could result in the accelerated recognition of expenses. If we are unable develop or implement new technologies as quickly as our competitors, or if our competitors develop more cost-effective technologies or product offerings, we could experience a material adverse effect on business, financial condition or results of operations. Our investments in new products and services may not generate the expected returns, which could hinder our ability to generate organic growth in the future.

Our business is sensitive to economic conditions that impact consumer spending. Our performance-defining products, including the bikes and powered vehicles into which many of them are incorporated, are discretionary purchases and may be adversely impacted by changes in the economy.

Our business depends substantially on global economic and market conditions. In particular, we believe that currently, a significant majority of the end users of our products live in North American and European countries. These areas historically experienced recessions, disruptions in banking and/or financial systems, and economic weakness and uncertainty. Today, there appears to be an increasing risk of recessions or inflationary economic impacts related to lingering effects of the global COVID-19 pandemic, geopolitical events, escalating energy costs, global supply chain disruptions, rising interest rates, and other economic changes. In addition, many of our products are recreational in nature and are generally discretionary purchases by consumers. Consumers are usually more willing to make discretionary purchases during periods of favorable general economic conditions and high consumer confidence. Discretionary spending may also be affected by many other factors, including interest rates, gas prices, the availability of consumer credit, taxes, and consumer confidence in future economic conditions. During periods of unfavorable economic conditions or periods when other negative market factors exist, consumer discretionary spending is typically reduced, which in turn could reduce our product sales and negatively affect our business, financial condition, or results of operations.

There could also be a number of secondary effects resulting from an economic downturn, such as insolvency of our suppliers resulting in product delays, an inability of our OEM and distributor and dealer customers to obtain credit to finance purchases of our products, customers delaying payment to us for the purchase of our products due to financial hardship or an increase in bad debt expense. Any of these effects could negatively affect our business, financial condition, or results of operations.

Our business, financial condition, and results of operations have been and may continue to be adversely affected by global public health epidemics or pandemics, including the ongoing effects of the COVID-19 pandemic.

We continue to face various risks related to public health issues, including epidemics, pandemics, and other outbreaks, including the ongoing effects of the COVID-19 pandemic. The impact of the COVID-19 pandemic, including changes in consumer behavior, COVID-19 pandemic fears and market downturns, and restrictions on business and individual activities, created significant volatility in the global economy and led to reduced economic activity. There have been extraordinary actions taken by international, federal, state, and local public health and governmental authorities, most of which are no longer in effect, to contain and combat the outbreak and spread of COVID-19 in regions throughout the world, including travel bans, quarantines, “stay-at-home” orders, and similar mandates for many individuals to substantially restrict daily activities and for many businesses to curtail or cease normal operations.

These government-mandated closures, “shelter-in-place” directives, and an outbreak among, or quarantine of, the employees in any of our facilities caused and could continue to cause significant interruptions to, or temporary closures, of our operations.

The spread of COVID-19 caused us to modify our business practices, and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers, suppliers, vendors, and business partners. For example, as a result of the COVID-19 pandemic, the number of employees who work remotely or have a hybrid work schedule increased. It is possible that continued widespread remote work arrangements could negatively impact our operations, the execution of our business plans, productivity, the availability of key personnel and other employees necessary to conduct our business, and of third-party service providers who perform critical services for us, or otherwise cause operational failures due to changes in our normal business practices necessitated by the outbreak and related governmental actions.

These impacts had and could continue to negatively affect our business, financial condition, results of operations, cash flows, and the trading price of our securities. Furthermore, the COVID-19 pandemic impacted and may further impact the broader economies of affected countries, including negatively impacting economic growth, the proper functioning of financial and capital markets, foreign currency exchange rates, interest rates, and liquidity.

If we are unable to maintain our premium brand image, our business may suffer as a result of brand degradation.

Dealers, distributors, and customers select our products in part because of the premium brand reputation we hold with them and our end users. Therefore, our success depends on our ability to maintain and build the image of our brands. We focused on building our brands through producing products or acquiring businesses that produce products that we believe are innovative, high in performance, and highly reliable. In addition, some of our brands benefit from our strong relationships with our OEM customers and dealers and distributors and through marketing programs aimed at bike and powered vehicle enthusiasts in various media and other channels. For example, we sponsor a number of professional athletes, professional race teams, top college programs, and franchise clubs.

In order to continue to enhance the image of our brands, we will need to maintain our position in the performance-defining products industry, continue to provide high-quality products and services and preserve our reputation. The rising popularity of social media and other consumer-oriented technologies creates new risks and challenges that could cause damage to our brands and reputation. Social media platforms make it easy for anyone to provide public feedback that can influence perceptions of our brands, and social media platforms can also accelerate and potentially amplify the scope of negative publicity.

There can be no assurance that we will be able to maintain or enhance the strength of our brands in the future. Our brands could be adversely impacted by, among other things:

- failure to develop new products that are innovative, performance-oriented, and reliable;
- internal product quality control issues;
- product quality issues on the bikes and powered vehicles on which our products are installed;
- product recalls;
- high-profile component failures (such as a component failure during a race on a mountain bike ridden by one of our sponsored athletes);
- negative publicity regarding our brands or our sponsored athletes or organizations, which could be amplified on social media;
- high-profile injury or death to one of our sponsored athletes;
- inconsistent uses of our brands and our other intellectual property assets, as well as failure to protect our intellectual property;
- changes in consumer trends and perceptions; and
- lack of investment in sponsorships, marketing, and public relations.

Any adverse impact on our brands could in turn negatively affect our business, financial condition, or results of operations.

Our growth in the Powered Vehicle and Aftermarket Applications Groups are dependent upon our continued ability to expand our product sales into powered vehicles that require performance-defining products and the continued expansion of the market for these powered vehicles.

Our growth in the Powered Vehicle and Aftermarket Applications Groups are in part attributable to the expansion of the market for powered vehicles that require performance-defining products. Such market growth includes the creation of new classes of vehicles that can benefit from our products, such as trucks that are upfitted with products to enhance their off-road capability, and our ability to create products for these vehicles. Additionally, with our acquisitions of SCA, Tuscany, Outside Van, Shock Therapy, and Custom Wheel House, a growing portion of our sales are expected to be generated from providing upfitting solutions. In the event these markets stop expanding or contract due to economic factors, changes in consumer preferences, or other reasons, or we are unsuccessful in creating new products for these markets or other competitors successfully enter into these markets, we may fail to achieve future growth or our sales could decrease, and our business, financial condition or results of operations could be negatively affected.

A significant portion of our Specialty Sports Group's sales are highly dependent on the demand for high-end bikes and Marucci products. A material decline in the demand for these bikes, bike suspension components, or Marucci products could have a material adverse effect on our business or results of operations.

During 2023, approximately 25% of our net sales were generated from the sale of bike products. Part of our success is attributed to the growth in the high-end bike industry, including increases in average retail sales prices, as better-performing product designs and technologies have been incorporated into these products. If the popularity of high-end or premium-priced bikes does not increase or declines, the number of bike enthusiasts seeking such bikes or premium-priced suspension products, wheels, cranks and other specialty components for their bikes does not increase or declines, or the average price point of these bikes declines, we may fail to achieve future growth or our sales could decrease, and our business, financial condition or results of operations could be negatively affected. In addition, if current bike enthusiasts stop purchasing our products due to changes in preferences, we may fail to achieve future growth or our sales could be decreased, and our business, financial condition or results of operations could be negatively affected.

Additionally, in the fourth quarter of 2023, our Sport's Specialty Group expanded and diversified with the acquisition of Marucci. Part of Marucci's success derives from the demand for high-performing products, notably within the baseball and softball industry. If professional athletes and performance enthusiasts no longer demand Marucci's products, we could experience slower or declining growth or sales, which may adversely affect our business. For example, if Marucci experiences a material decline in demand among professional athletes, consumers who seek the same performance as the professionals may no longer desire Marucci equipment. Similarly, if overall demand for sporting products declines, Marucci sales could decrease and reduce future growth opportunities. A material decline in the demand for Marucci products may adversely impact our business, financial condition, or operation results.

Changes in our customer, channel, and product mix could place demands that are more rigorous on our infrastructure and cause our profitability percentages to fluctuate.

We may encounter changes to our customer base as a result of product alterations or market shifts. Additionally, we may pursue new customers, target different distribution channels, or penetrate new markets. Our product mix may encounter fluctuations depending on our customers' purchasing behavior. Moreover, if we develop new products and retire past offerings, our product mix may change. We may leverage new or experimental sales channels to drive growth within our business. Any such changes to our customers, distribution channels, or product mix may place demands on our business that require more rigorous infrastructure and supply chain solutions. Our overall profitability and profitability percentages may fluctuate as we might have to adapt to any changes. For instance, if customers begin to require more lower-margin products from us and fewer higher-margin products, or place demands on our performance that increase our costs, our business, results of operations, and financial condition may be adversely affected.

A disruption in the operations of our facilities, or delays in our planned expansion of certain facilities, could have a negative effect on our business, financial condition, or results of operations.

In the fourth quarter of 2021, we completed the construction of the Gainesville Facility in Hall County Georgia, to diversify our manufacturing platform and provide additional long-term capacity to support growth in our Powered Vehicles Group. The Gainesville Facility is being used for manufacturing, warehousing, distribution and office space. In the first quarter of 2022, we completed the transition of our Watsonville Facility and the relocation of our powered vehicles suspension manufacturing to the Gainesville Facility. As a result, we have incurred costs associated with some duplication of facilities, equipment and personnel, the amount of which could vary materially from our projections.

Unforeseen difficulties in future expansion projects, whatever the cause, could have a material adverse effect on our business, customer relationships, financial condition, operating results, cash flow, and liquidity.

Equipment failures, delivery delays, or catastrophic loss at any of our facilities could lead to production or service disruptions, curtailments, or shutdowns. In the event of a stoppage in production or a slowdown in production due to high employee turnover or a labor dispute at any of our facilities, even if only temporary, or if we experience delays as a result of events that are beyond our control, delivery times to our customers could be severely affected. If there was a manufacturing disruption in any of our manufacturing facilities, we might be unable to meet product delivery requirements and our business, financial condition or results of operations could be negatively affected, even if the disruption was covered in whole or in part by our business interruption insurance. Any significant delay in deliveries to our customers could lead to increased returns or cancellations, expose us to damage claims from our customers or damage our brands, and, in turn, negatively affect our business, financial condition, or results of operations.

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 Western Coast 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 ports on the West Coast. Dockworkers, none of whom are our employees, must offload freight from ships arriving at West Coast 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 West Coast ports. 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 could potentially have a negative effect on both our financial condition and results of operations. 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. 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 those 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.

Our business depends substantially on our ability to attract and retain experienced and qualified talent, including our senior management team.

We depend upon the contributions, talent, and leadership of our senior management team, particularly our Chief Executive Officer, Michael C. Dennison. We do not have a "key person" life insurance policy on Mr. Dennison or any other key employees. We believe that the top nine members of our senior management team are crucial to establishing our focus and executing our corporate strategies, as they have extensive knowledge of our systems and processes. Given our senior management team's knowledge of our industry and the limited number of direct competitors in the industry, we believe that it could be difficult to find replacements should any of the members of our senior management team leave.

We could also be adversely affected if we fail to attract and retain talent throughout our organization. For instance, we rely on skilled and well-trained engineers for the design and production of our products, as well as in our research and development functions. Competition for such individuals is intense, particularly in Taiwan, California, and Georgia, where several of our facilities are located. Our inability to attract or retain qualified employees in our design, production, or research and development functions or elsewhere in our Company could result in diminished quality of our products and delinquent production schedules or impede our ability to develop new products.

Our failure to adequately address any of these issues could have a material adverse effect on our business, operating results, and financial condition.

We may not be able to sustain our past growth or successfully implement our growth strategy, which may have a negative effect on our business, financial condition, or results of operations.

Our future growth will depend upon various factors, including the strength of the image of our brands, our ability to continue to produce innovative performance-defining products, consumer acceptance of our products, competitive conditions in the marketplace, our ability to make strategic acquisitions, the growth in emerging baseball and softball markets for Marucci products, the growth in emerging markets for products requiring high-end suspension products, and, in general, the continued growth of the high-end bike and powered vehicle markets into which we sell the majority of our products. Our beliefs regarding the future growth of markets for high-end suspension products and sporting equipment are based largely on qualitative judgments and limited sources, which may be unreliable. If we are unable to sustain our past growth or successfully implement our growth strategy, our business, financial condition, or results of operations could be negatively affected.

The professional athletes, athletic programs, and race teams who use our products are an important aspect of the image of our brands. The loss of the support of professional athletes for our products or the inability to attract new professional athletes may harm our business.

If current or future professional athletes, athletic programs, and race teams do not use our products, our brands could lose value and our sales could decline. While our sponsorship agreements typically restrict our sponsored athletes and race teams from promoting, endorsing or using competitors' products that compete directly within our product categories during the term of the sponsorship agreements, we do not typically have long-term contracts with any of the athletes or race teams whom we sponsor.

If we are unable to maintain our current relationships with these professional athletes, athletic programs, and race teams, these professional athletes and race teams are no longer popular, our sponsored athletes and race teams fail to have success, or we are unable to continue to attract the endorsement of new professional athletes and race teams in the future, the value of our brands and our sales could decline.

We depend on our relationships with dealers, distributors, and retailers and their ability to sell and service our products. Any disruption in these relationships could harm our sales.

We sell many of our products to dealers, distributors, and retailers, and we depend on their willingness and ability to market and sell our products to consumers and provide customer and product service as needed. We also rely on our dealers, distributors, and retailers to be knowledgeable about our products and their features. If we are not able to educate our dealers, distributors, and retailers so that they may effectively sell our products as part of a positive buying experience, or if they fail to implement effective retail sales initiatives, focus selling efforts on our competitors' products, reduce the quantity of our products that they sell or reduce their operations due to financial difficulties or otherwise, our brands and business could suffer.

We do not control our dealers, distributors, or retailers, and many of our contracts allow these entities to offer our competitors' products. Our competitors may incentivize our dealers, distributors, and retailers, to favor their products. In addition, we do not have long-term contracts with a majority of our dealers, distributors, and retailers, and our dealers, distributors, and retailers are not obligated to purchase specified amounts of our products. In fact, the majority of our dealers, distributors, and retailers buy from us on a purchase-order basis. Consequently, with little or no notice, many of these dealers, distributors, and retailers may terminate their relationships with us or materially reduce their purchases of our products. If we were to lose one or more of our dealers, distributors, or retailers we would need to obtain a new dealer, distributor, or retailer, as applicable, to cover the particular location or product line, which may not be possible on favorable terms or at all.

Alternatively, we could use our own sales force to replace a dealer, distributor, or retailer, but expanding our sales force into new locations takes significant time and resources and may be unsuccessful. Further, many of our international distribution contracts contain exclusivity arrangements, which may prevent us from replacing or supplementing our current distributors under certain circumstances.

We are a supplier in the high-end bike and powered vehicles markets, and our business largely depends on the orders we receive from our OEM customers and on their success.

As a supplier to OEM customers, we largely depend on the success of our OEM customers' businesses. Model year changes by our OEM customers or production disruptions or hiatuses may adversely impact our sales or cause our sales to vary from quarter to quarter. In addition, losses in market share individually or a decline in the overall market of our OEM customers or the discontinuance by our OEM customers of their products which incorporate our products could negatively impact our business, financial condition, or results of operations.

A relatively small number of customers account for a substantial portion of our sales. The loss of all or a significant portion of our sales to any of these customers, whether through the temporary or permanent discontinuation of their products which incorporate our products or otherwise, or the loss of market share by these customers could have a material adverse impact on us and our results of operations.

Net sales attributable to our five largest OEM customers, which can vary from year to year, collectively accounted for approximately 27%, 23%, and 24% of our net sales in fiscal years 2023, 2022 and 2021. The loss of all or a substantial portion of our sales to any of these OEM customers, whether through the temporary or permanent discontinuation of their products which incorporate our products or otherwise, the loss of market share by these customers, manufacturing or other problems, including disruptions related to the lingering effects of the COVID-19 pandemic or labor strikes, could have a material impact on our business, financial condition, or results of operations.

Currency exchange rate fluctuations could impact gross margins and expenses.

Foreign currency fluctuations could have an adverse effect on our business, financial condition, or results of operations. U.S. government policy—including interest rate increases by the Federal Reserve—may impact the exchange rate between the U.S. Dollar and foreign currencies. We sell our products inside and outside of the U.S., primarily in U.S. Dollars and New Taiwan Dollars. However, some of the OEMs purchasing products from us sell their products in Europe and other foreign markets using the Euro and other foreign currencies. As a result, as the U.S. Dollar appreciates against these foreign currencies, our products will become relatively more expensive for these OEMs. Accordingly, competitive products that our OEM customers can purchase in other currencies may become more attractive, and we could lose sales as these OEMs seek to replace our products with cheaper alternatives. In addition, should the U.S. Dollar depreciate significantly, this could have the effect of decreasing our gross margins and adversely impact our business, financial condition, or results of operations.

With a majority of our manufacturing operations for our bike products occurring in Taiwan, a percentage of our sales and expenses are denominated in the New Taiwan Dollar. Should the New Taiwan Dollar appreciate against the U.S. Dollar, this could have the effect of decreasing our sales, increasing our expenses, and decreasing our profitability.

Additionally, a portion of our operations take place in Canada and a percentage of our sales and expenses are denominated in Canadian Dollars. Our operating profitability could be negatively impacted as a result of changes in the exchange rate between the U.S. Dollar and the Canadian Dollar.

Our international operations are exposed to risks associated with conducting business globally.

As a result of our international presence, we are exposed to increased risks inherent in conducting business outside of the U.S. In addition to foreign currency risks, these risks include:

- difficulty in transporting materials internationally, including labor disputes at West Coast ports, which handle a large amount of our products;
- political, economic, or other actions from China or changes in China-Taiwan relations could impact Taiwan and its economy, which may adversely affect our operations in Taiwan, our customers, and our supply chain;
- geopolitical regional conflicts, including the impact of the Russian invasion of Ukraine and the Israel-Palestine conflict on the global economy, energy supplies and raw materials, terrorist activity, political unrest, civil strife, acts of war, and other political uncertainty;
- increased difficulty in protecting our intellectual property rights and trade secrets;
- changes in tax laws and the interpretation of those laws;
- exposure to local economic conditions;
- unexpected government action or changes in legal or regulatory requirements;
- changes in tariffs, quotas, trade barriers, and other similar restrictions on sales;
- the effects of any anti-American sentiments on our brands or sales of our products;
- increased difficulty in ensuring compliance by employees, agents, and contractors with our policies as well as with the laws of multiple jurisdictions, including but not limited to the U.S. Foreign Corrupt Practices Act, local and international environmental, health and safety laws, and increasingly complex regulations relating to the conduct of international commerce;
- increased difficulty in controlling and monitoring foreign operations from the U.S., including increased difficulty in identifying and recruiting qualified personnel for our foreign operations; and
- increased difficulty in staffing and managing foreign operations or international sales.

An adverse change in any of these conditions could have a negative effect upon our business, financial condition, or results of operations.

Our sales could be adversely impacted by the disruption or cessation of sales by other bike component manufacturers or if other bike component manufacturers enter the specialty bike component market.

Most bikes that incorporate our suspension products are built using products and components manufactured by other bike component manufacturers. If those other bike component manufacturers stopped selling or producing the products and components for which the finished bikes that incorporates our products depend on, our sales may be adversely affected. Similarly, if those other bike component manufacturers experience sales disruptions, lose their competitive position in the marketplace, or face reputational damage, customers could migrate to complementary bike products, some of which may be incompatible with our suspension products or directly compete with our products. Moreover, other bike component manufacturers could begin manufacturing bike suspension products, wheels, or cranks, or bundle their bike components with competitors' products. In any of these scenarios, our sales could decline, which may negatively impact our business, financial condition, or results of operation.

We have been and may become subject to intellectual property disputes that could cause us to incur significant costs, pay significant damages, or prohibit us from selling our products.

As we develop new products or attempt to use our brands in connection with new products, we seek to avoid infringing upon our competitors' valid patents and other intellectual property rights. However, from time to time, third parties alleged, or may allege in the future, that our products or trademarks infringe upon their proprietary rights. We will evaluate any such claims and, where appropriate, may obtain or seek to obtain licenses or other business arrangements. To date, there have been no significant interruptions in our business as a result of any claims of infringement, and we do not hold patent infringement insurance. Any claim, regardless of its merit, could be expensive and time-consuming to defend and distract management from our business. Moreover, if our products or brands are found to infringe third-party intellectual property rights, we may be unable to obtain a license to use such technology or associated intellectual property rights on acceptable terms. A court determination that our brands, products, or manufacturing processes infringe the intellectual property rights of others could result in significant liability and/or require us to make material changes to our products and/or manufacturing processes or preclude our ability to use certain brands. In most circumstances, we are not indemnified for our use of a licensor's intellectual property if such intellectual property is found to be infringing. Any of the foregoing results could require us to redesign our products or defend legal actions, which could cause us to incur substantial costs that could negatively affect our business, financial condition, or results of operations.

If we are unable to enforce our intellectual property rights, our reputation and sales could be adversely affected.

Intellectual property is an important component of our business. We patent our proprietary technologies related to vehicle suspension and other products in the U.S. and various foreign patent offices. Additionally, we registered or applied for trademarks and service marks with the U.S. Patent and Trademark Office and a number of foreign countries—including the marks FOX®,RACE FACE®, and MARUCCI®—to be used with certain goods and services. When appropriate, we may assert our rights against those who infringe on our patents, trademarks, trade dress, or other intellectual property. However, we may not be successful in enforcing our patents or asserting trademark, trade name or trade dress protection with respect to our brand names and our product designs, and third parties may seek to oppose or challenge our patents or trademark registrations. Further, these legal efforts may not successfully reduce sales of suspension products by those infringing. In addition, our pending patent applications may not result in the issuance of patents, and even issued patents may be contested, circumvented, or invalidated and may not provide us with proprietary protection or competitive advantages. If our efforts to develop and enforce our intellectual property are unsuccessful, or if a third party misappropriates our rights, this may adversely affect our business, financial condition, or results of operations. Additionally, intellectual property protection may be unavailable or limited in some foreign countries where laws or law enforcement practices may not protect our proprietary rights as fully as in the U.S., and it may be more difficult for us to successfully challenge the use of our proprietary rights by other parties in these countries. Furthermore, other competitors may be able to successfully produce products that imitate certain of our products without infringing upon any of our patents, trademarks, or trade dress. The failure to prevent or limit infringements and imitations could have a permanent negative impact on the pricing of our products or reduce our product sales and product margins, even if we are ultimately successful in limiting the distribution of a product that infringes our rights, which in turn may affect our business, financial condition, or results of operations.

Although we enter into non-disclosure agreements with employees, OEMs, distributors, and others to protect our confidential information and trade secrets, we may be unable to prevent such parties from breaching these agreements with us and using our intellectual property in an unauthorized manner. If our efforts to protect our intellectual property are unsuccessful or a third party misappropriates our rights, our business may be adversely affected. Defending our intellectual property rights can be very expensive and time-consuming, and there is no assurance that we will be successful.

If we inaccurately forecast demand for our products or inaccurately predict OEM and dealer destocking and restocking cycles and production schedules, we may manufacture insufficient or excess quantities or our manufacturing costs could increase, which could adversely affect our business.

We plan our manufacturing capacity based on the forecasted demand for our products. In the OEM channel, our forecasts are largely based on the number of our product specifications for new bikes and powered vehicles and on projections from our OEM customers. In the aftermarket channel, our forecasts are based partially on discussions with our dealers and distributors as well as our own assessment of markets. Our forecasts are also dependent on OEM and dealer destocking and restocking cycles and OEM production schedules, which are subject to change. If we incorrectly forecast demand, we may incur capacity issues in our manufacturing plant and supply chain, increased material costs, increased freight costs, additional overtime, and costs associated with excess inventory—all of which, in turn, adversely impact our cost of sales and our gross margin. Economic weakness and uncertainty in the U.S., Europe, and other international markets may make accurate forecasting particularly challenging.

In the future, if actual demand for our products exceeds forecasted demand, the margins on our incremental sales in excess of anticipated sales may be lower due to temporary higher costs, which could decrease our overall margins. While we generally manufacture our products upon receipt of customer orders, if actual demand is less than the forecasted demand for our products and we already manufactured the products or committed to purchase materials in support of forecasted demand, we could be forced to hold excess inventories. In short, either excess or insufficient production due to inaccurate forecasting could have a negative effect on our business, financial condition, or results of operations.

Product recalls, and significant product repair and/or replacement due to product warranty costs and claims have had, and in the future could have, a material adverse impact on our business.

Unless otherwise required by law, we generally provide a limited warranty for our 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 our product is incorporated as original equipment on the purchased bike or powered vehicle; (ii) in the case of aftermarket 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. From time to time, our customers may negotiate for longer or different warranty coverage. In the ordinary course of business, we incur warranty costs and reserve against such costs in our financial statements. However, there is a risk that a product could underperform and require us to adjust our warranty reserves or incur costs in excess of these reserves, which could adversely affect our results of operations.

If any of our products are, or are alleged to be, defective, we may be required to participate in a recall involving such products. Our products and items where our products are incorporated as original equipment on the purchased item are frequently subject to regulation by various agencies, including, for example, the National Highway Traffic Safety Administration (the “NHTSA”), the U.S. Consumer Product Safety Commission (the “CPSC”) and/or similar state and international regulatory authorities. We have in the past, and may have in the future, recalls (both voluntary and involuntary) of our products or of items that incorporate our products. In the case of OEM sales, each manufacturer has its own practices regarding product recalls and other product liability actions that could involve its suppliers. Additionally, as suppliers become more integrally involved in the design process and assume a greater role in the overall system design, OEMs could potentially look to us to share in the cost if faced with recalls and product liability claims. Although we carry product liability and product recall insurance, no assurance can be made that such insurance will provide adequate coverage against any potential claims, such insurance is available in the appropriate markets or that we will be able to obtain such insurance on acceptable terms in the future. In addition to the direct costs related to these or other recalls, our aftermarket and OEM sales could be adversely affected if we do not have a ready replacement product for such recalled products. Such recall events could also adversely affect the image of our brands and have a negative effect on our relationships with our OEMs, sponsored athletes and race teams, or otherwise have a negative effect on our business, financial condition or results of operations.

An adverse determination in any material product liability claim against us could adversely affect our operating results or financial condition.

The use of our products by consumers, often under extreme conditions, exposes us to risks associated with product liability claims. If our products are defective or used incorrectly by our customers, bodily injury, property damage or other injury, including death, may result in, and could give rise to product liability claims against us, which could adversely affect our brands’ image or reputation. We encountered product liability claims in the past and carry product liability insurance to help protect us against the costs of such claims, although our insurance may be insufficient to cover all losses. Any losses that we may suffer from product liability claims, and the effect that any product liability litigation may have upon the reputation and marketability of our products, may have a negative impact on our business, financial condition, or results of operations.

We and our employees are subject to certain risks in our manufacturing and in the testing of our products.

As of December 29, 2023, we employed approximately 4,300 employees worldwide, a large percentage of which work at our manufacturing facilities. Our business involves complex manufacturing processes that can be inherently dangerous. Although we employ safety procedures in the design and operation of our facilities, there is a risk that an accident or death could occur in one of our facilities. In addition, prior to the introduction of new products, our employees test the products under rigorous conditions, which involve the risk of injury or death. Any accident could result in manufacturing or product delays, which could negatively affect our business, financial condition or results of operations. The outcome of litigation is difficult to assess or quantify, and the cost to defend litigation can be significant. As a result, the costs to defend any action or the potential liability resulting from any such accident or death or arising out of any other litigation, and any negative publicity associated therewith, could have a negative effect on our business, financial condition, or results of operations.

Fuel shortages, or high fuel prices, could have a negative effect on the use of powered vehicles that use our products.

Gasoline or diesel fuel is required to operate most powered vehicles that use our products. There can be no assurance that the supply of these fuels will continue uninterrupted, that rationing will not be imposed, or that the price of or tax on these petroleum products will not significantly increase. For example, there have been significant increases in gasoline and diesel fuel prices due to geopolitical developments, including the impacts resulting from the Russian invasion of Ukraine, and there are heightened uncertainties regarding the future price and availability of gasoline and diesel fuel. Future shortages of gasoline and diesel fuel and substantial increases in the price of fuel could have a material adverse effect on our powered vehicle product category, which could have a negative effect on our business, financial condition, or results of operations.

We do not control our suppliers, athletic programs, OEMs, other customers, or partners, or require them to comply with a formal code of conduct, and actions that they might take could harm our reputation and sales.

We do not control our suppliers, athletic programs, OEMs, other customers or partners, or their labor, environmental, or other practices. A violation of labor, environmental, intellectual property or other laws by our suppliers, OEMs, other customers or partners, or a failure of these parties to follow generally accepted ethical business practices, could create negative publicity and harm our reputation. In addition, we may be required to seek alternative suppliers or partners if these violations or failures were to occur. We do not inspect or audit compliance of our suppliers, athletic programs, OEMs, customers, or partners with these laws or practices, and we do not require our suppliers, OEMs, customers or partners to comply with a formal code of conduct. Any conduct or actions that our suppliers take could reduce demand for our products, harm our ability to meet demand or harm our reputation, brand image, business, financial condition or results of operations.

We may incur higher employee costs in the future.

We are subject to government-mandated wage and benefit laws and regulations in various countries and jurisdictions. As we expand internationally, we are also subject to applicable laws in each such jurisdiction. Increases in the mandated wage in any or all of the jurisdictions in which we operate could subject us to increased costs, thereby impacting our business, financial condition, or results of operations. Further, the evolving labor market and increased ability for employees in our industry and other industries to work from home or have remote work arrangements may impact the turnover of our employees, potentially making it more difficult for us to compete.

We maintain a self-insured healthcare plan for our employees based in the U.S. We have insurance coverage in place for individual claims above a specified amount in any year. Inflation in healthcare costs, as well as additional costs we may incur as a result of current or future federal or state healthcare legislation and regulations, could significantly increase our employee healthcare costs in the future. Continued increases in our employee costs could adversely affect our earnings, financial condition, and liquidity.

We rely on increasingly complex information systems to manage our manufacturing, distribution, sales, and other functions. If our information systems fail to perform these functions adequately or if we experience an interruption in our operations, our business could suffer.

All of our major operations, including manufacturing, distribution, sales, and accounting, depend on our complex information systems. Our information systems are vulnerable to damage or interruption from, among other things:

- earthquake, fire, flood, hurricane, and other natural disasters;
- power loss, computer systems failure, internet and telecommunications or data network failure; and
- hackers, computer viruses, software bugs, implementing new functions or releases of software.

Any damage or significant disruption in the operation of such systems or the failure of our information systems to perform as expected could disrupt our operations, reduce our efficiency, delay our fulfillment of customer orders, or require significant unanticipated expenditures to correct, and thereby have a negative effect on our business, financial condition, or results of operations.

Enterprise Resource Planning (“ERP”) implementations are complex and time-consuming projects that involve substantial expenditures on system software and implementation activities. ERP implementations also require transformation of business and financial processes in order to reap the benefits of the ERP system. Any such future transformation, due to acquisition integration or business growth and consolidation, involves risks inherent in the conversion to a new computer system, including loss of information and potential disruption to our normal operations. Our business and results of operations may be adversely affected if we experience operating problems or cost overruns during the ERP implementation process, or if the ERP system and the associated process changes do not give rise to the benefits that we expect.

Additionally, if we do not effectively implement the ERP system as planned or the system does not operate as intended, the effectiveness of our internal control over financial reporting could be adversely affected.

Our operations may be impaired if our technology systems fail to perform adequately, and we could be negatively impacted by cybersecurity attacks.

Information technology systems are critically important to operating our business. We rely on information technology systems to manage business data, communications, supply chain, order entry and fulfillment, and other business processes. The failure of any of the information technology systems to perform as anticipated could disrupt our business and could result in transaction errors, processing inefficiencies and the loss of sales and customers, which could materially adversely affect our business, financial condition, or results of operations.

The information technology systems described above are also potentially vulnerable to unauthorized access, computer viruses, ransomware attacks and other similar types of malicious activities and cyber-attacks, including attempts by others to gain access to our proprietary or sensitive information, and ranging from individual attempts to advanced persistent threats. Further, ransomware attacks are becoming increasingly prevalent and severe. To alleviate the financial, operational, and reputational impact of a ransomware attack, it may be preferable to make extortion payments, but we may be unwilling or unable to do so, including, for example, if applicable laws or regulations prohibit such payments. The procedures and controls we use to monitor these threats and mitigate our exposure may not be sufficient to prevent cybersecurity incidents. The results of these incidents could include misstated financial data, theft of trade secrets or other intellectual property, liability for disclosure of confidential customer, supplier or employee information, increased costs arising from the implementation of additional security protective measures, litigation and reputational damage, which could materially adversely affect our financial condition, business or results of operations. Any remedial costs or other liabilities related to cybersecurity incidents may not be fully insured or indemnified by other means. Moreover, we or our third-party vendors or business partners may be more vulnerable to such attacks in remote work environments, which increased in response to the COVID-19 pandemic.

We are subject to evolving privacy laws in the U.S. and other jurisdictions that could adversely impact our business and require that we incur substantial costs.

The use of personal information by our business is highly regulated. We are subject to various laws and regulations that are continuously evolving and developing regarding privacy, data protection, and data security, including those related to the collection, storage, handling, use, disclosure, transfer, and security of personal data. The European Union’s General Data Protection Regulation (“GDPR”), and similar regulations implemented in other non-U.S. geographies, add a broad array of requirements with respect to personal data, including the public disclosure of significant data breaches, and imposes substantial penalties for noncompliance. The California Consumer Privacy Act (as amended, the “CCPA”) imposes additional obligations and consumer privacy rights with respect to the personal information of California residents. The CCPA provides civil penalties for violations, as well as a private right of action for data breaches. Furthermore, there is a trend toward more stringent privacy legislation in the U.S., as 12 states across the country have enacted privacy laws of broad applicability and others are considering and proposing similar laws.

Privacy laws, both domestically and internationally, are changing rapidly, which may add additional complexity, variation in requirements, restrictions, and potential legal risk, require additional investment in resources for compliance programs, and result in increased compliance costs and/or changes in business marketing practices and policies. If we, our third-party service providers, or those with whom we share personal information fail to comply with such laws and regulations, such as the GDPR and the CCPA, our reputation could be damaged, possibly resulting in lost business, and we could be subjected to additional legal risk or financial losses as a result of non-compliance.

Our vendors’ and commercial partners’ information technology systems may fail or suffer security breaches, which could result in a material disruption of our operations.

Despite the implementation of security measures, our vendors' or commercial partners' information technology systems are vulnerable to damage from computer viruses, ransomware software viruses and other similar types of malicious activities, unauthorized access, natural disasters, and electrical failures. Such events could cause disruptions in our operations. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data, or inappropriate disclosure of confidential or proprietary information, we could be subject to litigation and reputational harm, which could materially adversely affect our financial condition, business, or results of operations.

We have grown and may continue to grow in the future through acquisitions. Growth by acquisitions involves risks, and we may not be able to effectively integrate businesses we acquire, or we may not be able to identify or consummate any future acquisitions on favorable terms, or at all.

We completed several acquisitions over the past several years, including our acquisition of SCA Performance Holdings, Inc. in March 2020, Outside Van and Sola Sport Pty Ltd. ("Sola Sport") in May 2021, Shock Therapy in December 2021, Custom Wheel House, LLC in March 2023, and Marucci Sports, LLC in November 2023. Additionally, we intend to selectively evaluate additional acquisitions in the future. Any acquisitions that we made and might make are subject to various risks and uncertainties and could have a negative impact on our business, financial condition, or results of operations. These risks include the inability to integrate effectively the operations, products, technologies, and personnel of the acquired companies (some of which may be spread out in different geographic regions), the inability to achieve anticipated cost savings or operating synergies, the earn-outs we may contractually obligate ourselves to pay, and the risk we may not be able to effectively manage our operations at an increased scale of operations resulting from such acquisitions. In the event we do complete acquisitions in the future, such acquisitions could affect our cash flows and net income as we expend funds, increase indebtedness, and incur additional expenses in connection with pursuing acquisitions. We may also issue shares of our common stock or other securities from time to time as consideration for future acquisitions and investments. We may not be able to identify or consummate any future acquisitions on favorable terms, or at all.

Our operating results are subject to quarterly variations in our sales, which could make our operating results difficult to predict and could adversely affect the price of our common stock.

We experienced, and expect to continue to experience, substantial quarterly variations in our sales and net income. Our quarterly results of operations fluctuate, in some cases significantly, as a result of a variety of other factors, including, among other things:

- the timing of new product releases or other significant announcements by us or our competitors;
- new advertising initiatives;
- fluctuations in raw materials and component costs; and
- changes in our practices with respect to building inventory.

As a result of these quarterly fluctuations, comparisons of our operating results between different quarters within a single year are not necessarily meaningful and may not be accurate indicators of our future performance. Any future quarterly fluctuations that we report may differ from the expectations of market analysts and investors, which could cause the price of our common stock to fluctuate significantly. We also believe that the seasonal nature of our business may have been overshadowed throughout the past few years due to the rapid growth in sales we experienced during those periods.

Qualitative data and limited sources support our beliefs regarding the future growth of the performance-defining product market and may not be reliable. A reduction or lack of continued growth in the popularity of high-end bikes, powered vehicles, baseball, or in the number of consumers who are willing to pay premium prices for well-designed, performance-oriented equipment in the markets in which we sell our products could adversely affect our product sales and profits, financial condition, or results of operations.

We generate virtually all of our revenues from sales of performance-defining products. Our beliefs regarding the outlook of the performance-defining product market come from qualitative data and limited sources, which may be unreliable. If our beliefs regarding the opportunities in the market for our products are incorrect or the number of consumers who we believe are willing to pay premium prices for well-designed, performance-oriented equipment in the markets in which we sell our products does not increase or declines, we may fail to achieve future growth and our business, financial condition, or results of operations could be negatively affected.

Because of the current inflation affecting the economy and the Federal Reserve's interest rate increases in response, we may be harmed in the future.

We believe inflation, and actions taken by the Federal Reserve in response, currently pose a risk to us in a number of ways. General inflation in the United States has risen to levels not experienced in recent decades, including rising energy prices, prices for consumer goods, interest rates, wages, and currency volatility and downgrades by rating agencies to the U.S. government's credit rating or concerns about its credit and deficit levels in general, could cause interest rates and borrowing costs to rise. These increases and any fiscal or other policy interventions by the U.S. government in reaction to such events could negatively impact our business by increasing our operating costs and our borrowing costs as well as decreasing capital. Specifically, the Federal Reserve increased benchmark interest rates multiple times in 2022 and 2023. While the Federal Reserve did not increase benchmark interest rates at the June 2023 or September 2023 meeting, it indicated it may continue to raise benchmark interest rates in 2024 in an effort to curb the upward inflationary pressure on the cost of goods and services across the U.S.

The raw materials and other supplies we use to produce our products experienced increasing prices during recent periods as a result of inflation. In response, we increased the prices we charge customers for our products. While these price adjustments have not caused a reduction in sales thus far, continued increases in inflation rates may result in a reduction of customers or sales volumes. Additionally, if the Federal Reserve continues raising interest rates, the result could be a recession, which could slow demand for our products, hinder our sales growth, or cause sales to decline in future periods. As of the date of this Annual Report, we cannot predict how extensive the inflation or the effects of the Federal Reserve's responses thereto will be, its duration, or the ultimate impact on us. Additionally, the U.S. government's credit and deficit concerns, the European sovereign debt crisis, and the potential trade war with China, could further cause interest rates to be volatile, which may negatively impact our ability to access the debt markets on favorable terms.

RISKS RELATED TO OUR INDEBTEDNESS AND LIQUIDITY

The 2022 Credit Facility places operating restrictions on us and creates default risks.

The 2022 Credit Facility with Wells Fargo Bank, National Association, and other named lenders contains covenants that restrict our operating activities. These covenants, among other things, limit our ability to:

- pay dividends or make distributions to our stockholders or redeem our stock;
- incur additional indebtedness or permit additional encumbrances on our assets; and
- make acquisitions, complete mergers or sales of assets, or engage in new businesses.

These restrictions may interfere with our ability to obtain financing or engage in other business activities, which may have a material adverse effect on our business, financial condition, or results of operations.

If we are unable to comply with the covenants contained in the 2022 Credit Facility, it could constitute an event of default, and our lenders could declare all borrowings outstanding, together with accrued and unpaid interest, to be immediately due and payable. If we are unable to repay or otherwise refinance these borrowings when due, our lenders could sell the collateral securing the 2022 Credit Facility, which constitutes substantially all of our assets.

We continue to have the ability to incur debt and our levels of debt may affect our operations and our ability to pay the principal of and interest on our debt.

In the future, we may be able to incur substantial additional debt from amendments to the 2022 Credit Facility, additional lending sources subject to the restrictions contained in the 2022 Credit Facility, or because of certain debt instruments we may issue.

As of December 29, 2023, we had $743.5 million of indebtedness, $280.0 million in revolving credit and $200.0 million in delayed draw term loan available to borrow under the 2022 Credit Facility. Our ability to borrow under the 2022 Credit Facility fluctuates from time to time due to, among other factors, our borrowings under the 2022 Credit Facility.

Our indebtedness could be costly or have adverse consequences, such as:

- requiring us to dedicate a substantial portion of our cash flows from operations to payments on our debt;
- limiting our ability to obtain future financing for working capital, capital expenditures, acquisitions, debt obligations and other general corporate requirements;
- making us more vulnerable to adverse conditions in the general economy or our industry and to fluctuations in our operating results, including affecting our ability to comply with and maintain any financial tests and ratios required under our indebtedness;
- limiting our flexibility to engage in certain transactions or to plan for, or react to, changes in our business and industry;
- putting us at a disadvantage compared to competitors that have less relative or less restrictive debt; and
- subjecting us to additional restrictive financial and other covenants.

If we incur substantial additional indebtedness in the future, these higher levels of indebtedness may affect our ability to pay the principal of and interest on existing indebtedness and our creditworthiness generally.

Our outstanding indebtedness under the 2022 Credit Facility bears interest at a variable rate, which makes us more vulnerable to increases in interest rates and could cause our interest expense to increase and decrease cash available for operations and other purposes.

Borrowings under the 2022 Credit Facility bear interest on a variable rate, which increases and decreases based upon changes in the underlying interest rate and/or our leverage ratio. Any such increases in the interest rate or increases of our borrowings under the 2022 Credit Facility will increase our interest expense.

The Federal Reserve increased benchmark interest rates multiple times in 2022 and 2023. While the Federal Reserve did not increase benchmark interest rates at the June 2023 or September 2023 meeting, it indicated it may continue to raise benchmark interest rates in 2024 in an effort to curb the upward inflationary pressure on the cost of goods and services across the U.S. Increases in these rates increase our interest expense and reduce our funds available for operations and other purposes. Although from time to time we may enter into agreements to hedge a portion of our interest rate exposure, such as the 2022 Interest Rate Swap Agreement, these agreements may be costly and may not protect against all interest rate fluctuations. Accordingly, we may experience material increases in our interest expense as a result of increases in interest rate levels generally. Refer to Note 11. Derivatives and Hedging for additional information regarding the interest rate swap arrangement.

As of December 29, 2023, we had $750.0 million of interest-bearing indebtedness outstanding under the 2022 Credit Facility. Based on the $650.0 million of variable interest rate indebtedness that was outstanding under the 2022 Credit Facility as of December 29, 2023, after giving effect to our interest rate swap, a hypothetical 100 basis point increase or decrease in the interest rate would have resulted in an approximately $6.5 million increase or decrease in interest expense for the year ended December 29, 2023, respectively.

We may incur losses on interest rate swap and hedging arrangements.

We may periodically enter into agreements to reduce the risks associated with increases in interest rates, such as our 2022 Swap Agreement. Although these agreements may partially protect against rising interest rates, they also may reduce the benefits to us if interest rates decline.

RISKS RELATED TO LAWS AND REGULATIONS

Changes in tax laws and regulations or other factors could cause our income tax obligations to increase, potentially reducing our net income and adversely affecting our cash flows.

We are subject to income tax requirements in various jurisdictions in the U.S. and internationally. In preparing our financial statements, we provide for income taxes based on current tax laws and regulations and the estimated taxable income within each of these jurisdictions. Our income tax obligations may be higher, which could materially impact our net income and cash flows due to numerous factors, such as:

- changes to tax laws or interpretations proposed by the current administration in the U.S.;
- modifications to the U.S. tax reform enacted in December 2017;
- revisions to estimates regarding our ability to utilize foreign tax credits, particularly increases in revenues generated in Taiwan or changes in the export potential from Taiwan;
- increases in applicable tax rates; and
- actions by tax authorities in jurisdictions in which we operate.

We are subject to extensive U.S. federal and state, foreign and international safety, environmental, employment practices, and other government regulations that may require us to incur expenses or modify product offerings to maintain compliance with such regulations, which could have a negative effect on our business and results of operations.

We are subject to extensive laws and regulations relating to safety, environmental, and other laws and regulations promulgated by the U.S. federal and state governments, as well as foreign and international regulatory authorities. Although we believe that our products, policies, and processes comply with applicable safety, environmental, and other standards and related regulations, future regulations may require additional safety standards that would require additional expenses and/or modification of product offerings to maintain such compliance. Failure to comply with applicable regulations could result in fines, increased expenses to modify our products, and reputational harm, all of which could have an adverse effect on our business, financial condition, or results of operations.

Moreover, certain of our product offerings require us to comply with the rules and regulations of various standards of standard-setting organizations, such as the CPSC, the NHTSA, and the European Committee for Standardization. Failure to comply with the requirements of such organizations could result in the loss of certain customer contracts, fines and penalties, or both, which could have an adverse effect on our business, financial condition, or results of operations.

Unpredictability in the adoption, implementation, and enforcement of increasingly stringent emission standards by multiple jurisdictions could adversely affect our business.

A portion of our products are subject to extensive statutory and regulatory requirements governing emission and noise, including standards imposed by the Environmental Protection Agency, the European Union, state regulatory agencies (such as the California Air Resources Board), and other regulatory agencies around the world. We made, and continue to make, capital and research expenditures to ensure certain of our products comply with these emission standards. Developing products to meet numerous changing government regulatory requirements, with different implementation timelines and emission requirements, makes developing products efficiently for multiple markets complicated and could result in additional costs that may be difficult to recover in certain markets. In some cases, we may be required to develop new products to comply with new regulations, particularly those relating to air emissions. The successful development and introduction of new and enhanced products in order to comply with new regulatory requirements are subject to other risks, such as delays in product development, cost overruns, and unanticipated technical and manufacturing difficulties.

In addition to these risks, the nature and timing of government implementation and enforcement of increasingly stringent emission standards is unpredictable. Any delays in implementation or enforcement could result in the products we developed or modified to comply with these standards becoming unnecessary or becoming necessary later than expected, which in turn could delay, diminish, or eliminate the expected return and may adversely affect our business.

Increasing focus on environmental, social, and governance responsibility may impose additional costs on us and expose us to new risks.

Regulators, stockholders, and other interested constituencies focus increasingly on the environmental, social, and governance practices of companies. For example, in March 2022, the SEC proposed new rules for extensive and prescriptive climate-related disclosure in annual reports and registration statements, which would also require the inclusion of certain climate-related financial metrics in a note to companies' audited financial statements. Further, our customers may require us to implement environmental, social, or governance responsibility procedures or standards before they will continue to do business with us. Additionally, we may face reputational challenges in the event our environmental, social, or governance responsibility procedures or standards do not meet the standards set by certain constituencies. The occurrence of any of the foregoing could have a material adverse effect on the price of our shares and our business, financial condition, and results of operations.

Climate change and related regulatory responses may adversely impact our business.

There is increasing concern that a gradual increase in global average temperatures due to the increased concentration of carbon dioxide and other greenhouse gases in the atmosphere will cause significant changes in weather patterns around the globe and an increase in the frequency and severity of natural disasters. Changes in weather patterns and an increased frequency, intensity, and duration of extreme weather conditions could, among other things, (a) disrupt the operation of our supply chain since our bike suspension manufacturing is entirely located in Taiwan, which is prone to typhoons, (b) increase our product costs and impact the types and amounts of products that consumers purchase since the majority of our products are used in outdoor recreation, and (c) affect Marucci's wood bat production since our timber supply could be impacted by adverse weather conditions. In addition, a number of our facilities are located in California, a state that frequently experiences earthquakes and wildfires and has recently experienced frequent and severe flooding. As a result, the effects of climate change could have a long-term adverse impact on our business, and results of operations.

In many of the countries in which we operate, governmental bodies are increasingly enacting legislation and regulations in response to the potential impacts of climate change. For example, many nations agreed to limit greenhouse gas emissions pursuant to the United Nations Framework Convention on Climate Change, also known as the "Kyoto Protocol" and other initiatives. In December 2015, the U.S. and 194 other countries adopted the Paris Agreement, committing to work towards addressing climate change and agreeing to a monitoring and review process for greenhouse gas emissions. Although the U.S. withdrew from the Paris Agreement in November 2020, the U.S. officially rejoined the Paris Agreement in February 2021 following the change in Presidential administrations and may, in the future, choose to join other international agreements targeting greenhouse gas emissions. In addition, in January 2021, President Biden issued an executive order directing all federal agencies to review and take action to address any federal regulations, orders, guidance documents, policies, and any similar agency actions promulgated during the prior administration that may be inconsistent with the current administration's policies and to confront the climate crisis. President Biden also issued an executive order solely targeting climate change. The adoption of legislation or regulatory programs at the federal level or other government action to reduce emissions of greenhouse gases could have the potential to impact our operations directly or indirectly as a result of required compliance by our suppliers and us. In addition, we may choose to take voluntary steps to mitigate our impact on climate change. As a result, we may experience increases in energy, production, transportation, raw material costs, capital expenditures, or insurance premiums and deductibles. Inconsistency of legislation and regulations among jurisdictions may also affect the costs of compliance with such laws and regulations. Any assessment of the potential impact of future climate change legislation, regulations, or industry standards, as well as any international treaties and accords, is uncertain given the scope of potential regulatory change in the countries in which we operate.

We are subject to employment practice laws and regulations. As such, we are exposed to litigation risks and may incur higher employee costs in the future.

We are subject to extensive laws and regulations relating to employment practices, including wage and hour, wrongful termination, and discrimination. Complying with such laws and regulations, and defending against allegations of our failure to comply (including meritless allegations), can be expensive and time-consuming. We believe that our policies and processes comply with applicable employment standards and related regulations; however, we are subject to risks of litigation by employees and others that might involve allegations of illegal, unfair, or inconsistent employment practices, including wage and hour violations, employment discrimination, misclassification of independent contractors as employees, wrongful termination, and other concerns, which could require additional expenditures.

We are subject to environmental laws and regulation and potential exposure for environmental costs and liabilities.

Our operations, facilities, and properties are subject to a variety of foreign, federal, state, and local laws and regulations relating to health, safety, and the protection of the environment. These environmental laws and regulations include those relating to the use, generation, storage, handling, transportation, treatment, and disposal of solid and hazardous materials and wastes, emissions to air, discharges to waters and the investigation and remediation of contamination. Many of these laws impose strict, retroactive, joint and several liability upon owners and operators of properties, including with respect to environmental matters that occurred prior to the time the party became an owner or operator. In addition, we may have liability with respect to third-party sites to which we send waste for disposal. Failure to comply with such laws and regulations can result in significant fines, penalties, costs, liabilities, or restrictions on operations that could negatively affect our business, financial condition, or results of operations. From time to time, we have been involved in administrative or legal proceedings relating to environmental, health, or safety matters and incurred expenditures relating to such matters in the past.

We believe that our operations are in substantial compliance with applicable environmental laws and regulations. However, additional environmental issues relating to presently known or unknown matters could give rise to currently unanticipated investigation, assessment, or expenditures. Compliance with laws or regulations that are more stringent, as well as different interpretations of existing laws, more vigorous enforcement by regulators or unanticipated events, could require additional expenditures that may materially affect our business, financial condition, or results of operations.

Federal, state, local, foreign, and international laws and regulations relating to environmental matters, land-use, and noise and air pollution may have a negative impact on our future sales and results of operations.

The products in our powered vehicles category are used in vehicles that are subject to numerous federal, state, local, foreign, and international laws and regulations relating to noise and air pollution. Powered vehicles, and even bikes, have become subject to laws and regulations prohibiting their use on certain lands and trails. For example, in San Mateo County, California, mountain bikes are not allowed on county trails, and ATV and side-by-sides riding is not allowed in Zion National Park, among many other national and state parks. In addition, recreational snowmobiling has been restricted in some national parks and federal lands in Canada, the U.S., and other countries. If more of these laws and regulations are passed and the users of our products lose convenient locations to ride their mountain bikes and powered vehicles, our sales could decrease, and our business, financial condition, or results of operations could suffer.

Regulations related to conflict minerals may force us to continue to incur additional expenses and otherwise adversely impact our business.

The SEC rules regarding disclosure of the use of tin, tantalum, tungsten, and gold, known as conflict minerals, in products manufactured by public companies require ongoing due diligence to determine whether such minerals originated from the Democratic Republic of Congo (“DRC”), or an adjoining country and whether such minerals helped finance the armed conflict in the DRC. As a public company, we are required to comply with the reporting obligations annually. There are costs associated with complying with these disclosure requirements, including costs to determine the origin of conflict minerals in our products. The effect of such rules on customer, supplier, or consumer behavior could adversely affect the sourcing, supply, and pricing of materials used in our products. As a result, we may also incur costs with respect to potential changes to products, processes, or sources of supply. We may face disqualification as a supplier for customers and reputational challenges if our due diligence procedures do not enable us to verify the origins for all conflict minerals used in our products or to determine if such conflict minerals are conflict-free. Accordingly, these rules could have a material adverse effect on our business, results of operations, or financial condition.

We retain certain personal information about individuals and are subject to various privacy and consumer protection laws.

We collect personal information for various purposes and through various methods, including from third parties and directly from consumers through our website, at events and sales, and via telephone and email. Certain individuals may object to the processing of this data, request the deletion of this data, or opt out of the sharing of this data, any of which may negatively impact our ability to provide effective customer service or otherwise impact our operations. Collection and use of personal information in conducting our business may be subject to federal and/or state laws and regulations in the U.S. and foreign jurisdictions including, in particular, various jurisdictions in Europe, and such laws and regulations may restrict our processing of such personal information and may hinder our ability to attract new customers or market to existing customers. We may incur significant expenses to comply with privacy, consumer protection, and security standards and protocols imposed by law, regulation, industry standards, or contractual obligations.

Our vendors and any potential commercial partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements.

Our vendors and any potential commercial partners expose us to the risk of fraud or other misconduct. Misconduct by these parties could include intentional, reckless, and/or negligent conduct or disclosure of unauthorized activities to us that violate federal and/or state data privacy, security, and consumer protection laws and regulations in the U.S. and abroad. Such misconduct could result in regulatory sanctions and cause serious harm to our reputation.

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.

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.

We are, and may in the future be, subject to legal proceedings. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, financial condition and results of operations.

We are subject to various litigation matters from time to time, the outcome of which could have a material adverse effect on our business, financial condition and results of operations. Regardless of merit, these litigation matters and any potential future claims against the Company may be both time consuming and disruptive to the Company's operations and cause significant expense, increased insurance costs, reputational harm and diversion of management attention. Claims arising out of actual or alleged violations of law could be asserted against us by individuals, either individually or through class actions, by governmental entities in civil or criminal investigations and proceedings or by other entities. These claims could be asserted under a variety of laws, including but not limited to consumer protection laws and regulations, product liability laws, intellectual property laws, environmental laws, privacy laws, labor and employment laws, securities laws and employee benefit laws. These actions could expose us to adverse publicity and to substantial monetary damages and legal defense costs, injunctive relief and criminal and civil fines and penalties, including but not limited to suspension or revocation of licenses to conduct business. For example, a class action is pending in the United States District Court for the Northern District of Georgia in Atlanta asserting claims on behalf of a putative class of Company stockholders against the Company and certain of its current and former officers alleging violations of federal securities laws. See Part I, Item 3. “Legal Proceedings” for more information about this class action and other legal proceedings to which we may be subject.

RISKS RELATED TO OWNERSHIP OF OUR COMMON STOCK

The trading price of our common stock may be volatile, and you might be unable to sell your shares at or above the price you pay for the shares.

The trading price of our common stock could be volatile, and you could lose all or part of your investment in our common stock. For example, from January 2, 2021 through December 29, 2023, our stock price fluctuated between $190.29 and $49.12 per share, and such volatility may continue in the future. Factors affecting the trading price of our common stock could include:

- variations in our operating results or those of our competitors;
- new product or other significant announcements by us or our competitors;
- changes in our product mix;
- changes in consumer preferences;
- fluctuations in currency exchange rates;
- the gain or loss of significant customers;
- recruitment or departure of key personnel;
- changes in the estimates of our operating results or changes in recommendations by any securities analysts that elect to follow our common stock;
- changes in general economic conditions as well as conditions affecting our industry in particular; and
- sales of our common stock by us, our significant stockholders, or our directors or executive officers.

In addition, in recent years, the stock market experienced significant price fluctuations. Fluctuations in the overall stock market generally or with respect to companies in our industry could cause the trading price of our common stock to fluctuate for reasons unrelated to our business, operating results, or financial condition. Further, some companies with volatile market prices for their securities have had securities class actions filed against them. A lawsuit filed against us, regardless of its merits or outcome, could cause us to incur substantial costs and divert management's attention.

Future issuances and sales of our shares, or the perception that such sales may occur, could cause our stock price to decline.

The issuance of additional shares of our common stock, such as the follow-on offering of approximately 2.8 million shares of common stock that we completed in June 2020, could dilute the ownership interest of our common stockholders and could depress the market price of shares of our common stock.

Our Amended and Restated Certificate of Incorporation authorizes us to issue 90,000,000 shares of common stock, 41,953,938 of which shares were outstanding as of December 29, 2023. In the future, we may issue additional shares of common stock or other equity or debt securities convertible into common stock in connection with financings, acquisitions, registration statements, or otherwise.

After our IPO in 2013 and, more recently, in May 2022, we filed registration statements under the Securities Act to register shares of our common stock that we may issue under our equity plans. As a result, all such shares can be freely sold in the public market upon issuance, subject to any vesting or contractual lock-up agreements.

We also have a number of institutional stockholders that own significant blocks of our common stock. If one or more of these stockholders were to sell large portions of their holdings in a relatively short time, for liquidity or other reasons, the prevailing price of shares of our common stock could be negatively affected.

If securities or industry analysts do not publish research or publish unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about our business or us. If one or more of the analysts who covers us downgrades our stock or publishes unfavorable research about our business or our industry, our stock price would likely decline. If one or more of these analysts ceases coverage of our Company or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline.

Anti-takeover provisions in our charter documents and Delaware law could discourage, delay, or prevent a change in control of our Company.

Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws (together, our “Charter Documents”), as well as Delaware law, contain provisions that may discourage, delay or prevent a change in our management or control over us that stockholders may consider favorable. Among other things, these provisions:

- authorize the issuance of “blank check” preferred stock that could be issued by our Board of Directors to discourage a takeover attempt;
- establish a classified Board of Directors, as a result of which the successors to the directors whose terms have expired will be elected to serve from the time of election and qualification until the third annual meeting following their election;
- require that directors be removed from office only for cause;
- provide that vacancies on our Board of Directors, including newly created directorships, may be filled only by a majority vote of directors then in office;
- provide that no action be taken by stockholders by written consent;
- provide that special meetings of our stockholders may be called only by our Board of Directors, our Chairperson of the Board of Directors, our Lead Director (if we do not have a Chairperson or the Chairperson is disabled), our Chief Executive Officer or our President (in the absence of a Chief Executive Officer);
- require supermajority stockholder voting for our stockholders to effect certain amendments to our Charter Documents; and
- establish advance notice requirements for nominations for elections to our Board of Directors or for proposing other matters that can be acted upon by stockholders at stockholder meetings.

In addition, we are subject to Section 203 of the General Corporation Law of the State of Delaware (“DGCL”), which generally prohibits a Delaware corporation from engaging in a broad range of business combinations with a stockholder owning 15% or more of such corporation’s outstanding voting stock for a period of three years following the date on which such stockholder became an “interested” stockholder. In order for us to consummate a business combination with an interested stockholder within three years of the date on which the stockholder became interested, either: (i) the business combination or the transaction that resulted in the stockholder becoming interested must be approved by our Board of Directors prior to the date the stockholder became interested; (ii) the interested stockholder must own at least 85% of our outstanding voting stock at the time the transaction commences (excluding voting stock owned by directors who are also officers and certain employee stock plans); or (iii) the business combination must be approved by our Board of Directors and authorized by at least two-thirds of our stockholders (excluding the interested stockholder) at a special or annual meeting (not by written consent). This provision could have the effect of delaying or preventing a change in control, whether or not it is desired by or beneficial to our stockholders. Any delay or prevention of a change in control transaction or changes in our Board of Directors and management could deter potential acquirers or prevent the completion of a transaction in which our stockholders could receive a substantial premium over the then-current market price for their shares of our common stock.

We cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long-term stockholder value, and share repurchases could increase the volatility of the price of our common stock.

Pursuant to the new share repurchase program authorized by our Board of Directors on November 1, 2023, we are authorized to repurchase up to $300.0 million of outstanding shares of our common stock through various methods, including, but not limited to, open market, privately negotiated, or accelerated share repurchase transactions. This program will expire on November 1, 2028, and may be suspended or discontinued at any time. We are not obligated to repurchase a specified number or dollar of shares, and the timing, manner, price, and actual amount of share repurchases will be made at management’s discretion at prices management considers to be attractive and in the best interests of both the Company and its stockholders, subject to the availability of stock, general market conditions, the trading price of the stock, alternative uses for capital, and the Company’s financial performance. The program does not obligate the Company to acquire a minimum amount of shares. The timing of repurchases pursuant to our share repurchase program could affect our stock price and increase its volatility. We cannot guarantee that we will repurchase shares, and there can be no assurance that any repurchases pursuant to our stock repurchase program will enhance stockholder value because the market price of our common stock may decline below the levels at which we repurchase such shares. In addition, there is no guarantee that our stock repurchases in the past or in the future will be able to successfully mitigate the dilutive effect of recent and future employee stock option exercises and restricted stock unit vesting. The amounts and timing of the repurchases may also be influenced by general market conditions, regulatory developments (including recent legislative actions which, subject to certain conditions, may impose an excise tax of 1% on our stock repurchases), and the prevailing price and trading volumes of our common stock. If our financial condition deteriorates or we decide to use our cash for other purposes, we may suspend repurchase activity at any time.

Our Amended and Restated Certificate of Incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.

Our Amended and Restated Certificate of Incorporation provides that, with certain limited exceptions, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for: (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer or other employee of our Company owed to us or our stockholders; (iii) any action asserting a claim against us arising pursuant to any provision of the DGCL or our Charter Documents; (iv) any action to interpret, apply, enforce or determine the validity of our Charter Documents; or (v) any action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have received notice of and consented to the foregoing provisions. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage such lawsuits against us and our directors, officers, and employees. Alternatively, if a court were to find this choice of forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

GENERAL RISK FACTORS

Failure of our internal controls over financial reporting could adversely affect our business and financial results.

Our management is responsible for establishing and maintaining effective internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002, as amended. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with generally accepted accounting principles in the United States ("GAAP"). Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that we would prevent or detect a misstatement of our financial statements or fraud. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and timely or to detect and prevent fraud. The identification of a material weakness could indicate a lack of controls adequate to generate accurate financial statements that, in turn, could cause a loss of investor confidence and a decline in the market price of our common stock. We cannot assure you that we will be able to timely remediate any material weaknesses that may be identified in future periods or maintain all of the controls necessary for continued compliance. Likewise, we cannot assure you that we will be able to retain sufficient skilled finance and accounting personnel, especially in light of the increased demand for such personnel among publicly traded companies.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

We developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information. Our cybersecurity risk management program is integrated into our overall enterprise risk management program and shares common methodologies, reporting channels, and governance processes that apply across other legal, strategic, operational, and financial risk areas.

Risk Management and Strategy

Our cybersecurity risk management program includes:

- policies, process, and tools designed to identify, assess, and mitigate cyber risks across all aspects of our operations;
- a cybersecurity team principally responsible for managing our cybersecurity risk assessment processes, our security controls, and our response to cybersecurity incidents;
- the use of external service providers, where appropriate, to assess, test, monitor, or otherwise assist with aspects of our security controls;
- cybersecurity awareness training for our employees and contractors; and
- a Cybersecurity Incident Response Plan that includes procedures for responding to cybersecurity incidents.

Governance

Our Board of Directors has ultimate oversight of cybersecurity risk, which it manages as part of our enterprise risk management program while our executive officers are responsible for the day-to-day management of the material risks we face. Our Board of Directors administers its cybersecurity risk oversight function directly, as well as through the Audit Committee of the Board of Directors, and receives regular updates on relevant information regarding cybersecurity.

The Audit Committee receives regular reports from management on our company's cybersecurity risks and activities, including but not limited to any recent cybersecurity incidents and related responses, and any cybersecurity systems testing. In addition, management updates the Audit Committee, as necessary, regarding any material cybersecurity incidents, as well as any incidents with lesser potential impact.

Our Chief Information Officer, who oversees our cybersecurity team, is responsible for assessing and managing our material risks from cybersecurity threats. The Chief Information Officer and our cybersecurity team has primary responsibility for our overall cybersecurity risk management program and supervises both our internal personnel dedicated to cybersecurity as well as our engaged and retained external cybersecurity consultants. Our cybersecurity team is supported by the information technology department as well as our engaged third parties and our retained service providers and, in addition, is informed about policies and processes to monitor the prevention, detection, mitigation, and remediation of cybersecurity incidents. Our Chief Information Officer has over 20 years of experience in managing large-scale information technology infrastructure and associated technologies and other members of our cybersecurity team have experience and certifications relevant to cybersecurity. In addition, all personnel involved in cybersecurity engage in regular training on cybersecurity matters.

Breaches

We have not identified any risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition.

Notwithstanding the extensive approach we take to cybersecurity, we may not be successful in preventing or mitigating a cybersecurity incident that could have a material adverse effect on us. While we maintain cybersecurity insurance, the costs related to cybersecurity threats or disruptions may not be fully insured. For more information on our cybersecurity related risks, see Item 1A. Risk Factors of this Annual Report on Form 10-K.

ITEM 2. PROPERTIES

At December 29, 2023, we occupied the following square footage by location:

	U.S.	Other Countries	Total
Leased facilities	2,680,286	405,115	3,085,401
Owned facilities	829,363	178,842	1,008,205
Total	3,509,649	583,957	4,093,606

Certain administrative, research and development and manufacturing operations are located in California and Georgia. We also manufacture in the U.S. States of Michigan, Colorado, Indiana, Alabama, Pennsylvania, Louisiana, Utah and Oregon, and internationally in Taiwan and Canada, and maintain sales and service offices in the U.S. and Europe.

We believe that our properties are generally suitable to meet our needs for the foreseeable future. In addition, to the extent we require additional space in the future, we believe that it would be readily available on commercially reasonable terms.

ITEM 3. 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. The complaint has not yet been served. The complaint 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 complaint asserts claims under Sections 10(b) and 20 of the Securities Exchange Act and alleges that the Company made material misstatements and omissions to investors regarding demand for the Company’s products and inventory levels. The complaint generally seeks money damages, interest, attorneys’ fees, and other costs. The Company denies all allegations of wrongdoing, believes the plaintiffs' positions are without merit, and intends to vigorously defend itself.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock has been listed on the NASDAQ Global Select Market under the symbol "FOXF" since August 8, 2013. Our IPO was priced at $15.00 per share on August 8, 2013. Prior to that date, there was no public trading market for our common stock. On February 15, 2024, the closing price per share of our common stock as reported on the NASDAQ Global Select Market was $68.30 per share.

Stockholders

As of January 31, 2024, there were approximately 7 holders of record of our common stock. The actual number of stockholders is greater than this number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Dividend Policy

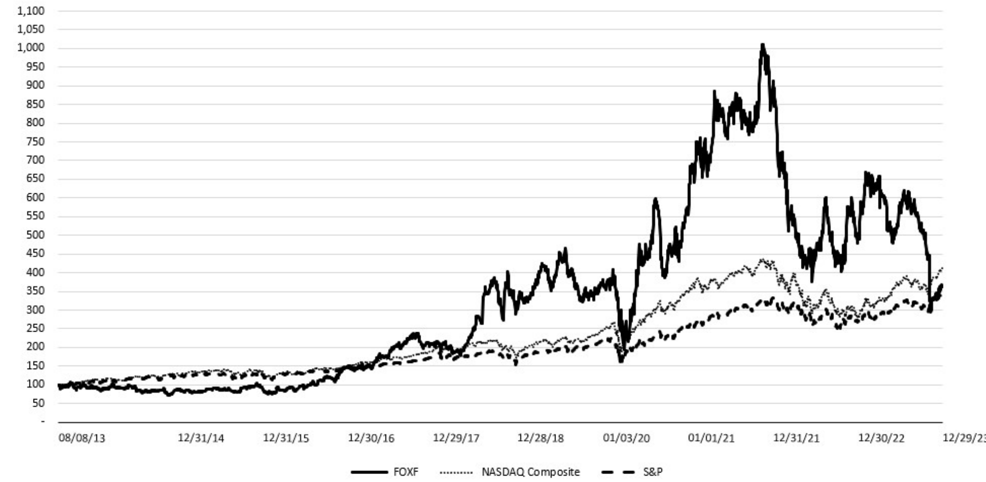
We did not declare or pay any dividends in the years ended December 29, 2023 and December 30, 2022. In addition, our 2022 Credit Facility contains covenants limiting our ability to pay dividends to our stockholders. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Credit Facility for additional information. While we currently intend to reinvest our earnings, any future determination to declare cash dividends will be made at the discretion of our Board of Directors, subject to applicable laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions and any other factors that our Board of Directors may deem relevant. We do not intend to pay dividends in the foreseeable future.

Equity Compensation Plan Information

For equity compensation plan information, refer to Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters of this Annual Report on Form 10-K.

Performance Graph

The following graph shows a comparison from August 8, 2013 (the date our common stock commenced trading on the NASDAQ) through December 29, 2023 of the total cumulative return of our common stock with the total cumulative return of the NASDAQ Composite Index (the “NASDAQ Composite”) and S&P 500 Index (“S&P 500”). The figures represented below assume an investment of $100 in our common stock at the closing price of $18.61 on August 8, 2013 and in the NASDAQ Composite and S&P 500. Data for the NASDAQ Composite and S&P 500 assume reinvestment of dividends. The comparisons in the graph are historical and are not intended to forecast or be indicative of possible future performance of our common stock.



This performance graph shall not be deemed to be “soliciting material” or “filed” or incorporated by reference in future filings with the SEC, or subject to the liabilities of Section 18 of the Exchange Act except as shall be expressly set forth by specific reference in such filing.

Recent Sales of Unregistered Securities

There were no unregistered securities sold by the Company during the three year period ended December 29, 2023.

Issuer Purchases of Equity Securities

The table below sets forth information regarding repurchases of our common stock by us during the quarter ended December 29, 2023:

Period	Total Number of Shares Purchased (1)	Weighted Average Price Paid per Share (3)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Approximate Dollar Value of Shares that May Yet be Purchased under the Plans or Programs (2)
9/30-11/3	436	$ 81.47	—	$ —
11/4-12/1	427,555	$ 58.44	427,555	$ 275,000,000
12/2-12/29	—	$ —	—	$ 275,000,000
Total	427,991	$ —	427,555	$ 275,000,000

(1) Includes 436 shares acquired from holders of restricted stock unit awards and option exercises to satisfy tax withholding obligations. These shares were not purchased as part of a publicly announced program to purchase common stock.

(2) 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 13. Stockholders' Equity for further details.

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

ITEM 6. RESERVED

ITEM 7. 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 the consolidated financial statements and related notes thereto included elsewhere in this Annual Report in Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. You should review the "Risk Factors" and "Special Note Regarding Forward-Looking Statements" sections of this Annual Report on Form 10-K for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

We design, engineer, manufacture and market performance-defining products and systems for customers worldwide. Our premium brand, performance-defining products and systems are used primarily on bikes, side-by-sides, on-road vehicles with and without off-road capabilities, off-road vehicles and trucks, ATVs, snowmobiles, and specialty vehicles and applications. In addition, we also offer premium baseball and softball gear and equipment. Virtually all of our revenues were from our product sales; miscellaneous sources of revenue such as royalty income and service related repair work and the associated sale of parts represented less than 1% of our sales in each of the years ended December 29, 2023, December 30, 2022 and December 31, 2021.

We have determined that we operate in one reportable segment, which is the manufacturing, sale and service of performance-defining products. Our products fall into the following three categories:

- powered vehicles, including side-by-sides, certain on-road vehicles with and without off-road capabilities, off-road vehicles and trucks, ATVs, snowmobiles, specialty vehicles and applications, including military, motorcycles, and commercial trucks;
- aftermarket applications, mainly consisting of products for off-road vehicles and trucks, side-by-sides, on-road vehicles with or without off-road capabilities, specialty vehicles and applications as well as lift kits and components with our shock products and aftermarket accessory packages for use in trucks; and
- specialty sports products, which consist primarily of bike suspension, component products, and gear and equipment for baseball and softball.

In each of the years ended December 29, 2023, December 30, 2022 and December 31, 2021, approximately 36%, 27% and 28%, respectively, of our net sales were attributable to net sales of powered vehicles products; approximately 38%, 31%, and 28%, respectively, of our net sales were attributable to net sales of aftermarket application products and approximately 27%, 42% and 45%, respectively, of our net sales were attributable to sales of specialty sports products.

Our North American net sales totaled $1,127.6 million, $1,009.2 million and $811.3 million, or 77%, 63% and 62% of our total net sales in fiscal years 2023, 2022 and 2021, respectively. Our international net sales totaled $336.6 million, $593.3 million and $487.8 million, or 23%, 37% and 38% of our total net sales in fiscal years 2023, 2022 and 2021, respectively. Sales attributable to countries outside the U.S. are based on shipment location. Our international sales, however, do not necessarily reflect the location of the end users of our products as many of our products are incorporated into bikes that are assembled at international locations and then shipped back to the U.S. We estimate, based on our internal projections and assumptions, that approximately one-third of the end users of our bike products are located outside the U.S.

Opportunities, challenges and risks

We intend to focus on generating sales of our performance-defining products through OEMs, aftermarket, and retail channels. To do this, we intend to continue to develop and introduce new and innovative products in our current end-markets and we intend to selectively develop products for applications and end-markets in which we do not currently participate. Currently, the majority of our sales are dependent on the demand for performance-defining products.

Our aftermarket distribution network currently consists of more than 5,000 retail dealers and distributors worldwide. To further penetrate the aftermarket channel, we intend to selectively add additional dealers and distributors in certain geographic markets, expand our internal sales force and strategically increase the number of aftermarket specific products and services that we offer for existing vehicle platforms. In addition, we believe international expansion represents a significant opportunity for us and we intend to selectively increase infrastructure investments and focus on identified geographic regions.

As a supplier to OEM customers, we are largely dependent on the success of the business of our OEM customers. Model year changes by our OEM customers may adversely impact our sales or cause our sales to vary from quarter to quarter. Losses in market share or a decline in the overall market of our OEM customers or the discontinuance by our OEM customers of their products that incorporate our products could negatively impact our business and our results of operations.

In the fourth quarter of 2021, we completed the construction of an approximately 336,000 square foot state-of-the-art facility in Hall County, Georgia (the "Gainesville Facility"), to diversify our manufacturing platform and provide additional long-term capacity to support growth in our Powered Vehicles Group. The Gainesville Facility is being used for manufacturing, warehousing, distribution and office space.

From time to time, we have experienced, and may continue to experience, warranty costs and claims relating to our products. In the ordinary course of business, we reserve for such costs and claims in our financial statements. There is a risk, however, that in the future we will experience higher than expected warranty costs and claims, as well as other related costs. Please read "Risks Related to Our Business and Operations - Product recalls, and significant product repair and/or replacement due to product warranty costs and claims have had, and in the future, could have, a material adverse impact on our business" within Item 1A. Risk Factors.

We intend to evaluate selective potential acquisition opportunities for performance-defining products and technologies that we believe will help us extend our performance-defining product platform. Any acquisitions that we might make are subject to various risks and uncertainties and could have a negative impact on our results of operations. In addition, we may contractually obligate ourselves to contingent consideration or acquisition related compensation payments in conjunction with such acquisitions, which could have a negative impact on our cash flow and results of operations. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Material Cash Requirements for additional information.

Basis of presentation

Composition of net sales

Sales from:

- *Product sales:* consist of sales of performance-defining products and systems to customers worldwide. Sales are measured based on the consideration specified in a contract with a customer. We recognize sales when a performance obligation is satisfied by transferring control of a product to a customer, generally at the time of shipment for most products and over the time it takes to complete certain upfit packages. Contracts are generally in the form of purchase orders and are governed by standard terms and conditions. For larger OEMs, we may also enter into master agreements; and
- *Shipping and handling fees:* consists of shipping and handling fees billed to customers.

Net of:

- *Rebates:* consists of incentives we provide to customers based on sales of eligible products; and
- *Sales returns allowances:* consists of an estimate of our sales returns. This allowance is based upon estimates of the projected returns in future periods based on our experience with returns recorded in previous periods. Sales returns have not been significant to date.

Cost of sales

The cost of sales includes the cost of purchased parts and manufactured products (raw materials consumed, the cost to procure materials, labor costs, including wages, and employee benefits, and factory overhead to produce finished good products), including:

- the costs to inspect and repair products;
- shipping costs associated with inbound freight (such costs are capitalized as part of inventory and included in cost of sales as the inventory is sold);
- royalty expenses, including payments to certain parties for our use of licensed technology incorporated into our products;
- freight expenses incurred for certain shipments to customers;
- warranty costs associated with the repair or replacement of products under warranty; and
- reductions in the cost of inventory to its net realizable value, if required, for estimated excess, obsolescence or impaired balances.

Gross profit/gross margin

Our gross profit equals our net sales minus cost of sales. Our gross margin measures our gross profit as a percentage of net sales.

Our gross margins fluctuate based on production volumes, product, customer and channel mix and overall supply chain and manufacturing efficiencies. Generally, we earn higher gross margins on our products sold to the aftermarket channel.

Operating expenses

Our operating expenses consist of the following:

- sales and marketing;
- research and development;
- general and administrative; and
- amortization of purchased intangibles.

Our sales and marketing expenses include costs related to our net sales, customer service and marketing personnel, including their wages, employee benefits and related stock-based compensation, and occupancy related expenses. Other significant sales and marketing expenses include commissions paid to outside sales representatives, promotional materials and products, our sales office costs, race support and sponsorships of events and athletes, advertising and promotions related to trade shows, and travel and entertainment.

Our research and development expenses consist primarily of salaries and personnel costs, including wages, employee benefits and related stock-based compensation for our engineering, research and development teams, occupancy related expenses, fees for third party consultants, service fees, and expenses for prototype tooling and materials, travel, and supplies. We expense research and development costs as incurred and such costs are included as research and development expenses on our consolidated statements of income.

Our general and administrative expenses include costs related to our executive, finance, legal, information technology, business development, human resources and administrative personnel, including wages, employee benefits and related stock-based compensation expenses. We record professional and contract service expenses, occupancy related expenses associated with corporate locations and equipment, and legal expenses in general and administrative expenses.

Our amortization of purchased intangibles includes amortization over their respective useful lives of our purchased intangible assets, such as customer lists and our core technology. Our intangible assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be fully recoverable. No impairments of intangible assets were identified in the years ended December 29, 2023, December 30, 2022 and December 31, 2021.

Income from operations

We define income from operations as gross profit less our operating expenses. We use income from operations as an indicator of the profitability of our business and our ability to manage costs.

Interest and other expense, net

Interest expense consists of interest charged to us under our credit facility and changes related to our interest rate swap.

Other expense, net, consists of foreign currency transaction gains and losses, gains and losses on the disposal of fixed assets, and other miscellaneous items.

Income taxes

We are subject to income taxes in the U.S. (federal and state) and various other foreign jurisdictions. Our effective tax rate could be affected by numerous factors such as change in our business operations, acquisitions, investments, entry into new businesses and geographies, intercompany transactions, the relative amount of our foreign earnings, losses incurred in jurisdictions for which we are not able to realize related tax benefits, changes in our deferred tax assets and liabilities and their valuation, changes in the laws, regulations, administrative practices, principles, and interpretations related to tax, including changes to the global tax framework and other laws and accounting rules in various jurisdictions.

For the years ended December 29, 2023, December 30, 2022 and December 31, 2021, we had effective tax rates of 12.8%, 12.2% and 13.0%, respectively.

As of December 29, 2023, our deferred tax assets included foreign tax credits of approximately $51.2 million, which begin to expire in 2026 unless utilized.

Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. As of December 29, 2023, the Company determined a valuation allowance was not needed. In the future, our effective tax rate could vary as we update our assessment of valuation allowances for our deferred tax assets, including those associated with credit carryforwards. It is reasonably possible that we could record a material adjustment to the valuation allowance in the next 12 months.

We are subject to examination of our income tax returns by the U.S. Internal Revenue Service ("IRS") and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our income tax liabilities and expense. Should actual events or results differ from our current expectations, charges or credits to our income tax expense may become necessary. Any such adjustments could have a significant impact on our effective tax rate.

Results of operations

The table below summarizes our results of operations for the fiscal years ended December 29, 2023, December 30, 2022, and December 31, 2021:

	For the fiscal years ended		
(in millions)	**December 29, 2023**	**December 30, 2022**	**December 31, 2021**
Net sales	$ 1,464.2	$ 1,602.5	$ 1,299.1
Cost of sales	999.4	1,071.1	866.7
Gross profit	464.8	531.3	432.3
Operating expenses:			
General and administrative	124.6	116.1	97.2
Sales and marketing	100.5	90.8	70.9
Research and development	53.2	56.2	46.6
Amortization of purchased intangibles	26.5	21.5	20.7
Total operating expenses	304.7	284.6	235.4
Income from operations	160.1	246.7	196.9
Interest expense	19.3	8.9	8.2
Other expense, net	2.1	4.0	0.4
Income before income taxes	138.7	233.8	188.4
Provision for income taxes	17.8	28.5	24.6
Net income	$ 120.8	$ 205.3	$ 163.8

**Amounts may not foot due to rounding.*

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

	For the fiscal years ended		
	December 29, 2023	**December 30, 2022**	**December 31, 2021**
Net sales	100.0 %	100.0 %	100.0 %
Cost of sales	68.3	66.8	66.7
Gross profit	31.7	33.2	33.3
Operating expenses:			
General and administrative	8.5	7.2	7.5
Sales and marketing	6.9	5.7	5.5
Research and development	3.6	3.5	3.6
Amortization of purchased intangibles	1.8	1.3	1.6
Total operating expenses	20.8	17.8	18.1
Income from operations	10.9	15.4	15.2
Interest expense	1.3	0.6	0.6
Other expense, net	0.1	0.2	—
Income before income taxes	9.5	14.6	14.5
Provision for income taxes	1.2	1.8	1.9
Net income	8.3 %	12.8 %	12.6 %

**Percentages may not foot due to rounding.*

Fiscal year ended December 29, 2023 compared to fiscal year ended December 30, 2022

Net Sales

	For the fiscal years			
(in millions)	**2023**	**2022**	**Change ($)**	**Change (%)**
Powered Vehicle Group	$ 523.9	$ 432.4	$ 91.5	21.2 %
Aftermarket Applications Group	551.1	489.1	(291.8)	(59.7)
Specialty Sports Group	389.2	681.0		(42.8)
Total net sales	$ 1,464.2	$ 1,602.5	$ (138.3)	(8.6)%

Net sales for the year ended December 29, 2023 decreased approximately $138.3 million, or 8.6%, compared to the year ended December 30, 2022. The net sales decrease reflects a decrease of 42.8% in Specialty Sports Group net sales and increases of 21.2% and 59.7% Powered Vehicle Group and Aftermarket Applications Group net sales, respectively, for the year ended December 29, 2023 compared to the prior fiscal year. The decrease in Specialty Sports Group net sales is primarily related to channel inventory recalibration and to a lesser extent lower end consumer demand, partially offset by the inclusion of $16.8 million net sales from our Marucci subsidiary that was acquired in November 2023. The increase in Powered Vehicle Group net sales was primarily due to strong demand in the OEM channel, partially offset by the impact of the UAW strike and the effects of macroeconomic environment. The increase in Aftermarket Applications Group net sales was mainly attributed to the inclusion of $65.6 million net sales from our Custom Wheel House subsidiary, which was acquired in March 2023, partially offset by a decrease in upfitting sales due to a change in product mix as a result of the UAW strike and higher interest rates impacting floor plan financing resulting in dealers taking a more conservative approach to inventory.

Cost of sales

	For the fiscal years			
(in millions)	**2023**	**2022**	**Change ($)**	**Change (%)**
Cost of sales	$ 999.4	$ 1,071.1	$ (71.7)	(6.7)%

Cost of sales for the year ended December 29, 2023 decreased approximately $71.7 million, or 6.7%, compared to the year ended December 30, 2022. The decrease in cost of sales was due to our decreased sales partially offset by certain business factors affecting gross margin, which are discussed below.

For the year ended December 29, 2023, our gross margin was 31.7% compared to 33.2% for the year ended December 30, 2022. The decrease in gross margin for the fiscal year 2023 was primarily due to a shift in our product line mix and amortization of acquired inventory valuation markups, offset by increased efficiencies at our North American facilities.

Operating expenses

(in millions)	For the fiscal years 2023	2022	Change ($)	Change (%)
Operating expenses:				
General and administrative	$ 124.6	$ 116.1	$ 8.5	7.3 %
Sales and marketing	100.4	90.8	9.6	10.6
Research and development	53.2	56.2	(3.0)	(5.3)
Amortization of purchased intangibles	26.5	21.5	5.0	23.3
Total operating expenses	$ 304.7	$ 284.6	$ 20.1	7.1 %

Total operating expenses for the year ended December 29, 2023 increased approximately $20.1 million, or 7.1%, over the comparable period in 2022. When expressed as a percentage of net sales, operating expenses increased to 20.8% of net sales for the year ended December 29, 2023, compared to 17.8% of net sales for the fiscal year ended December 30, 2022.

Within operating expenses, our sales and marketing expense increased by approximately $9.6 million primarily due to the inclusion of $10.6 million and $2.7 million Custom Wheel House and Marucci expenses, respectively, offset by cost controls. General and administrative expenses increased approximately $8.5 million mainly due to operating expenses associated with facility expansion and the inclusion of $3.9 million and $3.2 million Custom Wheel House and Marucci expenses, respectively, partially offset by cost controls. Research and development expenses decreased approximately $3.0 million driven by additional benefit from a state research and development tax credit. Amortization of purchased intangible assets for the year ended December 29, 2023 increased by approximately $5.0 million as compared to the year ended December 30, 2022, primarily due to the amortization of Custom Wheel House and Marucci intangible assets.

Income from operations

(in millions)	For the fiscal years 2023	2022	Change ($)	Change (%)
Income from operations	$ 160.1	$ 246.7	$ (86.6)	(35.1)%

As a result of the factors discussed above, income from operations for the year ended December 29, 2023 decreased approximately $86.6 million, or 35.1%, compared to the year ended December 30, 2022.

Interest and other expense, net

(in millions)	For the fiscal years 2023	2022	Change ($)	Change (%)
Interest expense	$ 19.3	$ 8.9	$ 10.4	116.9 %
Other expense, net	2.1	4.0	(1.9)	(47.5)
Interest and other expense, net	$ 21.4	$ 12.9	$ 8.5	65.9 %

Interest and other expense, net for the year ended December 29, 2023 increased by approximately $8.5 million to $21.4 million, compared to $12.9 million for the year ended December 30, 2022. Interest expense increased by $10.4 million due to higher debt and interest rates. Other expense, net decreased $1.9 million primarily due lower losses on foreign currency transactions.

Income taxes

(in millions)	For the fiscal years 2023	2022	Change ($)	Change (%)
Provision for income taxes	$ 17.8	$ 28.5	$ (10.7)	(37.5)%

Income tax expense for the year ended December 29, 2023 decreased by approximately $10.7 million to $17.8 million compared to $28.5 million for the year ended December 30, 2022. The decrease in expense primarily resulted from a decrease in pre-tax profit, partially offset by the release of the valuation allowance for foreign tax credits in the prior year.

The effective tax rates were 12.8% and 12.2% for the years ended December 29, 2023 and December 30, 2022, respectively.

For the year ended December 29, 2023, the difference between our effective tax rate and the 21% federal statutory rate resulted from a lower tax rate on foreign derived intangible income and benefit from the U.S. research and development tax credit.

For the year ended December 30, 2022, the difference between our effective tax rate and the 21% federal statutory rate resulted from a lower tax rate on U.S. foreign derived earnings and the release of the valuation allocation for foreign tax credits, partially offset by other non-deductible expenses and state taxes.

Net income

(in millions)	For the fiscal years 2023	2022	Change ($)	Change (%)
Net income	$ 120.8	$ 205.3	$ (84.5)	(41.2)%

As a result of the factors described above, our net income decreased $84.5 million, or 41.2%, to $120.8 million in the fiscal year ended December 29, 2023 from $205.3 million for the fiscal year ended December 30, 2022.

Fiscal year ended December 30, 2022 compared to fiscal year ended December 31, 2021

Net sales

(in millions)	For the fiscal years 2022	2021	Change ($)	Change (%)
Powered Vehicle Group	$ 432.4	$ 360.7	$ 71.7	19.9 %
Aftermarket Applications Group	489.1	359.4	129.7	36.1
Specialty Sports Group	681.0	579.0	102.0	17.6
Total net sales	$ 1,602.5	$ 1,299.1	$ 303.4	23.4 %

Net sales for the year ended December 30, 2022 increased approximately $303.4 million, or 23.4%, compared to the year ended December 31, 2021. The net sales increase reflects an increase of 36.1%, 19.9% and 17.6% in Aftermarket Applications Group, Powered Vehicle Group and Specialty Sports Group net sales, respectively, for the year ended December 30, 2022 compared to the prior fiscal year. The increase in Aftermarket Applications Group net sales was primarily due to strong performance from our upfitting product lines. The increase in Powered Vehicle product net sales was driven by increased demand in the OEM channel. The increase in Specialty Sports product net sales reflects higher demand primarily in the OEM channel.

Cost of sales

(in millions)	For the fiscal years 2022	2021	Change ($)	Change (%)
Cost of sales	$ 1,071.1	$ 866.7	$ 204.4	23.6 %

Cost of sales for the year ended December 30, 2022 increased approximately $204.4 million, or 23.6%, compared to the year ended December 31, 2021. The increase in cost of sales was driven primarily by an increase in product sales, as well as certain business factors affecting gross margin, which are discussed below.

For the year ended December 30, 2022, our gross margin was 33.2% compared to 33.3% for the year ended December 31, 2021. The decrease in gross margin for the fiscal year 2022 was primarily due to increases in factory overhead and materials costs, each of which were driven higher by inflation. Additionally, the completion of the planned shutdown of our Watsonville Facility and transition of those production lines resulted in inefficiencies in the first half of fiscal year 2022 as we ramped up our Gainesville Facility.

Operating expenses

(in millions)	For the fiscal years 2022	2021	Change ($)	Change (%)
Operating expenses:				
General and administrative	$ 116.1	$ 97.2	$ 18.9	19.4 %
Sales and marketing	90.8	70.9	19.9	28.1
Research and development	56.2	46.6	9.6	20.6
Amortization of purchased intangibles	21.5	20.7	0.8	3.9
Total operating expenses	$ 284.6	$ 235.4	$ 49.2	20.9 %

Total operating expenses for the year ended December 30, 2022 increased approximately $49.2 million, or 20.9%, over the comparable period in 2021. When expressed as a percentage of sales, operating expenses decreased to 17.8% of sales for the year ended December 30, 2022, compared to 18.1% of sales for the fiscal year ended December 31, 2021.

Within operating expenses, our sales and marketing expense increased by approximately $19.9 million primarily due to higher commissions costs of $9.7 million, higher headcount and employee-benefit related costs of $5.8 million, higher marketing-related costs of $4.0 million and various others. Research and development expenses increased approximately $9.6 million primarily due to headcount investments to support future growth. General and administrative expenses increased approximately $18.9 million due to higher headcount and employee benefit-related costs of $11.7 million and higher insurance and facility-related costs of $11.1 million. These increases were partially offset by lower acquisition-related compensation and decreases in other miscellaneous costs.

Amortization of purchased intangible assets for the year ended December 30, 2022 increased by approximately $0.8 million as compared to the year ended December 31, 2021, primarily due to the amortization of Shock Therapy intangible assets.

Income from operations

(in millions)	For the fiscal years 2022	2021	Change ($)	Change (%)
Income from operations	$ 246.7	$ 196.9	$ 49.8	25.3 %

As a result of the factors discussed above, income from operations for the year ended December 30, 2022 increased approximately $49.8 million, or 25.3%, compared to the year ended December 31, 2021.

Interest and other expense, net

(in millions)	For the fiscal years 2022	2021	Change ($)	Change (%)
Interest expense	$ 8.9	$ 8.2	$ 0.7	8.5 %
Other expense, net	4.0	0.3	3.7	1,233.3
Interest and other expense, net	$ 12.9	$ 8.5	$ 4.4	51.8 %

Interest and other expense, net for the year ended December 30, 2022 increased by approximately $4.4 million to $12.9 million, compared to $8.5 million for the year ended December 31, 2021. The increase in interest and other expense, net is primarily due to higher foreign currency losses, as well as increasing interest rates.

Income taxes

(in millions)	For the fiscal years 2022	2021	Change ($)	Change (%)
Provision for income taxes	$ 28.5	$ 24.6	$ 3.9	15.9 %

Income tax expense for the year ended December 30, 2022 increased by approximately $3.9 million to $28.5 million compared to income tax expense of $24.6 million for the year ended December 31, 2021. The increase in expense resulted from an increase in pre-tax profit and decreased benefits from stock-based compensation deductions, partially offset by the release of the valuation allocation for foreign tax credits and the benefit of a lower tax rate on U.S. foreign derived earnings.

The effective tax rates were 12.2% and 13.0% for the years ended December 30, 2022 and December 31, 2021, respectively.

For the year ended December 30, 2022, the difference between our effective tax rate and the 21% federal statutory rate resulted from a lower tax rate on U.S. foreign derived earnings and the release of the valuation allocation for foreign tax credits, partially offset by other non-deductible expenses and state taxes.

For the year ended December 31, 2021, the difference between our effective tax rate and the 21% federal statutory rate resulted from a lower tax rate on U.S. foreign derived earnings and the benefit of excess stock based compensation deductions.

Net income

(in millions)	For the fiscal years 2022	2021	Change ($)	Change (%)
Net income	$ 205.3	$ 163.8	$ 41.5	25.3 %

As a result of the factors described above, our net income increased $41.5 million, or 25.3%, to $205.3 million in the fiscal year ended December 30, 2022 from $163.8 million for the fiscal year ended December 31, 2021.

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 have 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 factors and events described in Special Note Regarding Forward-Looking Statements and Item 1A. Risk Factors.

As of December 29, 2023, we held $24.7 million of our $83.6 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:

	For the years ended		
(in millions)	**December 29, 2023**	**December 30, 2022**	**December 31, 2021**
Net cash provided by operating activities	$ 178.7	$ 187.1	$ 63.2
Net cash used in investing activities	(750.4)	(44.7)	(104.9)
Net cash provided by (used in) financing activities	509.0	(179.1)	(23.8)
Effect of exchange rate changes on cash and cash equivalents	1.1	2.3	(0.5)
Decrease in cash and cash equivalents	$ (61.6)	$ (34.4)	$ (66.1)

**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 Annual Report on Form 10-K and beyond.

Operating activities

In the fiscal year ended December 29, 2023, net cash provided by operating activities was $178.7 million. Our investment in operating assets and liabilities is a result of an increase in prepaids and other current assets of $38.2 million primarily due to carrying more chassis to meet current year production needs for the upfitting product lines, and decreases in accounts payable of $44.0 million, accrued expenses and other liabilities of $21.4 million, and income taxes payable of $19.1 million, partially offset by decreases in accounts receivable of $64.5 million and inventory of $31.6 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 and our cost control measures, partially offset by acquired accrued expenses. The decrease in inventory excluding acquired inventory reflects our continued efforts to optimize inventory levels.

In the fiscal year ended December 30, 2022, cash provided by operating activities was $187.1 million. Cash invested in operating assets and liabilities is primarily the result of increases in inventory of $87.4 million and accounts receivable of $64.0 million, partially offset by a decrease in prepaids and other current assets of $18.1 million, and increases in accounts payable of $40.5 million, accrued expenses of $11.7 million and income taxes payable of $8.7 million. The increase in inventory is due to several factors, including natural growth to meet anticipated demand, receipt of long lead time items that had been delayed, and higher levels of safety stock to mitigate supply chain uncertainty. The increases in accounts receivable, accounts payable and accrued expenses reflect normal business growth, as well as the timing of customer collections and vendor payments. The decrease in prepaids and other current assets is primarily due to a lower supply of chassis as we worked through the safety stock that we had secured at the end of 2021.

In the fiscal year ended December 31, 2021, cash provided by operating activities was $63.2 million. Cash invested in operating assets and liabilities is primarily the result of increases in inventory of $150.4 million, prepaids and other current assets of $34.5 million, and accounts receivable of $20.2 million, offset by increases in net income taxes payable of $26.8 million, accrued expenses of $21.8 million, and accounts payable of $10.3 million. The increase in inventory is primarily due to additional raw material purchases to mitigate risks associated with supply chain uncertainty and shortages on certain parts needed to complete a suspension kit, as well as a higher balance of finished goods due to the timing of shipments. The increase in prepaids and other current assets is the result of increased chassis deposits. The increases in net income taxes payable, accrued expenses, accounts receivable and accounts payable are the result of normal business growth and the timing of vendor and tax payments.

Investing activities

In the fiscal year ended December 29, 2023, cash used in investing activities was $750.4 million, which primarily consisted of $701.1 million in cash consideration for our acquisitions of Marucci and Custom Wheel House, $46.9 million in property and equipment additions, and $2.4 million in cash consideration for our purchase of other assets.

In the fiscal year ended December 30, 2022, cash used in investing activities was $44.7 million, which primarily consisted of $43.7 million in property and equipment additions, $3.5 million in cash consideration for our purchase of intellectual property assets, and $0.7 million in cash consideration to finalize our acquisition of Shock Therapy, partially offset by $3.2 million in proceeds from the sale of property and equipment.

In the fiscal year ended December 31, 2021, cash used in investing activities was $104.9 million, which primarily consisted of $54.8 million in property and equipment additions and $51.9 million of cash consideration for our acquisitions of Outside Van, Sola Sport and Shock Therapy, partially offset by $1.8 million in proceeds for the sale of property and equipment.

Financing activities

In the fiscal year ended December 29, 2023, net cash provided by financing activities was $509.0 million, which primarily consisted of proceeds from our 2022 Credit Facility of $793.5 million, which was used to support our working capital and the purchases of Marucci and Custom Wheel House, partially offset by $230.0 million in payments on our line of credit, $20.0 million in prepayments on our Term A Loan, $25.0 million to repurchase shares of our common stock, net of proceeds from the exercise of stock options, as part of our stock-based compensation program, and $6.2 million and $3.4 million in deferred debt issuance costs.

In the fiscal year ended December 30, 2022, net cash used in financing activities was $179.1 million, which primarily consisted of $404.3 million in payments on our line of credit, $382.5 million in payments on our term debt, $4.3 million to repurchase shares of our common stock, net of proceeds from the exercise of stock options, as part of our stock-based compensation program and $2.7 million in installment payments related to the purchase of the Tuscany non-controlling interest. These changes were partially offset by net proceeds from our 2022 Credit Facility of $602.4 million, which was used to refinance our Prior Credit Facility, and proceeds from the termination of our 2021 Swap Agreement of $12.3 million.

In the fiscal year ended December 31, 2021, net cash used in financing activities was $23.8 million, which primarily consisted of $12.5 million in payments on our term debt, $7.0 million to repurchase shares of our common stock, net of proceeds from the exercise of stock options, as part of our stock-based compensation program and $4.6 million in installment payments related to the purchase of the Tuscany non-controlling interest, partially offset by $0.3 million in proceeds received from the termination of our 2020 Swap Agreement.

Prior Credit Facility

In June 2019, the Company entered into a credit facility with Bank of America and other named lenders, which was periodically amended and restated and/or amended. The credit facility was amended and restated on March 11, 2020, and further amended on June 19, 2020, June 11, 2021 and December 16, 2021 (as amended, the “Prior Credit Facility”). The Prior Credit Facility (which was terminated on April 5, 2022 and replaced with the 2022 Credit Facility (as discussed below)), would have matured on March 11, 2025, and provided a senior secured revolving line of credit with a borrowing capacity of $250.0 million and a term loan of $400.0 million. The term loan was subject to quarterly amortization payments.

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”), and concurrently repaid in full and terminated the Prior 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 line of credit 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 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 administrative agent 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, 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 $400.0 million (the "Incremental Term A Loan") and a delayed draw term loan in an amount of $200.0 million (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 is 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 5.0% 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 0.5% 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 were 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. Upon the drawing of the Delayed Draw Term Loan, the fees will be reclassified to a contra-liability account and amortized over the term of the drawn debt using the interest method.

At December 29, 2023, the one-month SOFR and three-month SOFR rates were 5.34% and 5.36%, respectively. At December 29, 2023, our weighted-average interest rate on outstanding borrowing was 6.97%.

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 December 29, 2023.

Material Cash Requirements

As of December 29, 2023, we had the following material cash requirements related to commitments or contractual obligations (in millions):

Payments due by period	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**More than 5 years**
Long-term borrowings	$ 750.0	$ —	$ 40.0	$ 710.0	$ —
Operating lease obligations	101.0	16.6	25.4	16.5	42.4
Purchase obligations and other	11.6	6.8	4.7	—	—
Total	$ 862.6	$ 23.4	$ 70.2	$ 726.5	$ 42.4

**Amounts may not foot due to rounding.*

Seasonality

Certain portions of our business are seasonal; we believe this seasonality is due to the delivery of new products. As we have diversified our product offerings and our product launch cycles, seasonal fluctuations are becoming less material.

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.

Critical Accounting Policies and Estimates

We have adopted various accounting policies to prepare the consolidated financial statements in accordance with U.S. GAAP. Our significant accounting policies are described in Note 1. Description of the Business, Basis of Presentation and Summary of Significant Accounting Policies of the Notes to Consolidated Financial Statements. Some of those significant accounting policies require us to make difficult, subjective, or complex judgments or estimates. An accounting estimate is considered to be critical if it is made in accordance with GAAP and it meets both of the following criteria: (i) the estimate requires assumptions about matters that are highly uncertain at the time the accounting estimate is made, and (ii) different estimates reasonably could have been used, or changes in the estimate that are reasonably likely to occur may have a material impact on our financial condition or results of operations. The significant accounting policies that management believes are critical to the understanding and evaluating our reported financial results include the following: income taxes, inventory, warranty, goodwill and intangible assets, stock-based compensation, revenue recognition, provision for credit losses and fair value measurement. For further information see Note 1. Description of the Business, Basis of Presentation and Summary of Significant Accounting Policies of the Notes to Consolidated Financial Statements in this Annual Report on Form 10-K.

Critical Accounting Policies

Income taxes

We are subject to income taxes in the U.S. (federal and state) and foreign jurisdictions. We compute our provision for income taxes using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using the currently enacted tax rates that are expected to apply to taxable income for the years in which those tax assets and liabilities are expected to be realized or settled. The income tax effects of these differences are classified as long-term deferred tax assets and liabilities in our consolidated balance sheets.

Significant judgments are required in order to determine the realizability of these deferred tax assets. In assessing the need for a valuation allowance, we evaluate all significant available positive and negative evidence, including but not limited to, historical operating results, forecasted earnings, estimates of future taxable income of a character necessary to realize the deferred asset, relative proportions of revenue and pre-tax income in the various domestic and jurisdictions in which we operate, and the existence of prudent and feasible tax planning strategies. Changes in the expectations regarding the realization of deferred tax assets could materially impact income tax expense in future periods.

Additionally, our judgments, assumptions, and estimates relative to the provision for income taxes take into account enacted tax laws, regulations, administrative practices, interpretations in various jurisdictions and possible outcomes of current and future audits conducted by tax authorities. Our effective tax rates could be affected by numerous factors, such as changes in our business operations, acquisitions, investments, entry into new businesses and geographies, intercompany transactions, the relative amount of our foreign earnings, losses incurred in jurisdictions for which we are not able to realize related tax benefits, changes in our deferred tax assets and liabilities and their valuation, changes in the laws, regulations, administrative practices, principles, and interpretations related to tax, including changes to the global tax framework and other laws and accounting rules in various jurisdictions.

We utilize a two-step approach to recognizing and measuring uncertain income tax positions. The first step is to determine if the weight of available evidence indicates that it is more likely than not that the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. We consider many factors when evaluating tax positions such as the closing of a tax audit, the refinement of estimates, and the expiration of a statute of limitations that may require periodic adjustments that impact our tax provision in our consolidated statements of income. Interest and penalties associated with income taxes are recorded as income tax expense. Refer to Note 15. Income Taxes for further details.

Inventories

Inventories are stated at the lower of actual cost (or standard cost which generally approximates actual costs on a first-in first-out basis) or net realizable value. Cost includes raw materials and inbound freight, as well as direct labor and manufacturing overhead for products we manufacture. Net realizable value is based on current replacement cost for raw materials and on a net realizable value for finished goods. Adjustments to reduce the cost of inventory to its net realizable value are made, if required, for estimated excess, obsolete or impaired balances.

We regularly monitor inventory quantities on hand and on order and record write-downs for excess and obsolete inventories based on our estimate of the demand for our products, potential obsolescence of technology, product life cycles, and when pricing trends or forecasts indicate that the carrying value of inventory exceeds our estimated selling price. These factors are affected by market and economic conditions, technology changes, and new product introductions and require estimates that may include elements that are uncertain. Actual demand may differ from forecasted demand and may have a material effect on our gross margin. If inventory is written down, a new cost basis will be established that cannot be increased in future periods.

Warranty

Unless otherwise required by law, the Company generally offers limited warranties on its products for one to three years. We accrue estimated costs related to warranty activities as a component of cost of sales upon product shipment or when information becomes available indicating that an adjustment to the warranty reserves is appropriate. Management estimates are based upon historical and projected product failure rates and historical costs incurred in correcting product failures. The warranty reserve is assessed from time to time for adequacy and adjusted as necessary for specifically identified warranty exposures. Actual warranty expenses are charged against our estimated warranty liability when incurred. Factors that affect our liability include the number of units, historical and anticipated rates of warranty claims, and the cost per claim. An increase in warranty claims or the related costs associated with satisfying these warranty obligations could increase our cost of sales and negatively affect our operating results. Total accrued warranty liabilities were approximately $20.0 million and $17.1 million as of December 29, 2023 and December 30, 2022, respectively. Refer to Note 8. Accrued Expenses for further details.

Goodwill, intangible assets and long-lived assets

Goodwill

Goodwill represents the excess of purchase price over the fair value of the net assets of businesses acquired. On an annual basis, the Company performs a qualitative assessment to determine if it is more likely than not that the fair value of the reporting unit is less than its carrying amount, including goodwill. If the Company determines that the fair value of the reporting unit is less than its carrying amount, it will perform a quantitative analysis; otherwise, no further evaluation is necessary.

For the quantitative impairment test, the Company compares the fair value of the reporting unit to its carrying value, including goodwill. The Company determines the fair value of the reporting unit based on a weighting of income and market approaches. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired and no further testing is performed. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then the Company will recognize a loss equal to the excess, limited to the total amount of goodwill allocated to that reporting unit. Impairments, if any, are charged directly to earnings. We completed our most recent annual impairment test in the third quarter of 2023 at which time we had a single reporting unit for purposes of assessing goodwill impairment. No impairment charges have been incurred to date.

Indefinite-lived intangible assets

Certain trademarks and trade names are considered to be indefinite life intangibles, and are not amortized but are subject to testing for impairment annually.

Finite-lived intangible assets

We assess the recoverability of identifiable finite-lived intangible assets whenever events or changes in circumstances indicate that an asset or asset group's carrying amount may be impaired. Impairment of certain finite-lived intangible assets, particularly customer relationships, certain trade names and core technology, is measured by comparing the carrying amount of the asset group to which the assets are assigned to the sum of the undiscounted estimated future cash flows the asset group is expected to generate. If the asset or asset group is considered to be impaired, the amount of such impairment would be measured by the difference between the carrying amount of the asset and its fair value.

Acquisition of certain identifiable definite-lived and indefinite-lived assets

In conjunction with an acquisition of a business, the Company records identifiable definite-lived and indefinite-lived intangible assets acquired at their respective fair values as of the date of acquisition. The estimates used in assessing the fair value for the assets acquired include projected future cash flows, associated discount rates used to calculate present value, asset life cycles, customer retention rates and royalty rates. The fair value calculated for indefinite-lived intangible assets such as certain trade names, in addition to intangible assets that are definite-lived such as customer relationships and other technology-based assets may change during the finalization of the purchase price allocation, due to the significant estimates used in determining their fair value. As a result, the Company may make adjustments to the provisional amounts recorded for certain items as part of the purchase price allocation subsequent to the acquisition, not to exceed one year after the acquisition date, until the purchase accounting allocation is finalized.

Stock-based compensation

The Company measures stock-based compensation for all stock-based awards, including stock options and restricted stock units (“RSUs”), based on their estimated fair values on the date of the grant and recognizes the stock-based compensation cost for time-vested awards on a straight-line basis over the requisite service period. For performance-based RSUs, the number of shares ultimately expected to vest is estimated at each reporting date based on management’s expectations regarding the relevant performance criteria. To the extent shares are expected to vest, the stock-based compensation cost is recognized on a straight-line basis over the requisite service period. Stock-based compensation was $16.5 million, $16.4 million and $13.9 million for the fiscal years ended December 29, 2023, December 30, 2022 and December 31, 2021, respectively. Refer to Note 13. Stockholders’ Equity for further details. The fair value of each stock option granted is estimated using the Black-Scholes option-pricing model. The Company does not estimate forfeitures in recognizing stock-based compensation expense.

The determination of the grant date fair value of options using an option-pricing model is affected by our common stock fair value as well as assumptions including our expected stock price volatility over the expected term of the options, stock option exercise and cancellation behaviors, risk-free interest rates and expected dividends.

Stock-based compensation expenses are classified in the statements of income based on the department to which the related employee reports. Our stock-based awards subsequent to our IPO have been comprised principally of restricted stock unit awards.

Revenue recognition

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 over 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. 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 our 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.

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. Accrued sales rebates were $11.9 million and $8.7 million as of December 29, 2023 and December 30, 2022, respectively. Sales returns allowances have historically been immaterial to the financial statements.

Allowance for credit losses

We record a provision for credit losses deemed not collectible using the aging method. The provision is based on how long a receivable has been outstanding, taking into account the historical credit loss rate and adjusting for both current conditions and forecasts of economic conditions into that expected credit loss rate. If circumstances change, such as higher-than-expected defaults or an unexpected material adverse change in a major customer’s ability to meet its financial obligations, we estimate if the recoverability of the amounts due could be reduced by a material amount.

Fair value measurement and financial instruments

ASC 820, *Fair Value Measurements and Disclosures*, 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).

We apply fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. We define fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, we consider the principal or most advantageous market in which we would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk.

As of December 29, 2023, the carrying amount of the principal under the Company’s 2022 Credit Facility - Incremental Term A Loan approximated fair value because it had a variable interest rate that reflected market changes in interest rates and changes in the Company’s net leverage ratio.

On June 11, 2021, the Company entered into an interest rate swap agreement (the “2021 Swap Agreement”) to mitigate the cash flow risk associated with changes in interest rates on its variable rate debt. On April 5, 2022, the Company terminated its 2021 Swap Agreement and entered into a new interest rate swap agreement (the “2022 Swap Agreement”). Refer to Note 11. Derivatives and Hedging for additional details of the agreement. In accordance with ASC 815, an interest rate swap contract is recognized as an asset or liability on the Consolidated Balance Sheets and is measured at fair value. The fair value was calculated utilizing Level 2 inputs.

Recent Accounting Pronouncements

See Note 1 - Description of the Business, Basis of Presentation, and Summary of Significant Accounting Policies to the accompanying notes to consolidated financial statements included in this Annual Report on Form 10-K for further details regarding this topic.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate sensitivity

We are exposed to market risk in the normal course of our business operations due to our ongoing investing and financing activities. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows and future earnings. We have established policies and procedures governing our management of market risks and the use of financial instruments to manage exposure to such risks. As of December 29, 2023, we had $750.0 million of interest bearing indebtedness outstanding under our 2022 Credit Facility. Based on the $650.0 million of variable interest rate indebtedness that was outstanding as of December 29, 2023, after giving effect to our interest rate swap, a hypothetical 100 basis point increase or decrease in the interest rate would have resulted in an approximately $6.5 million increase or decrease in interest expense for the year ended December 29, 2023.

Exchange rate sensitivity

As of December 29, 2023, we are exposed to changes in foreign currency exchange rates. While historically this exposure to changes in foreign currency exchange rates has not had a material effect on our financial condition or results of operations, foreign currency fluctuations could have an adverse effect on our business and results of operations in the future. Historically, our primary exposure has been related to transactions denominated in the Euro, New Taiwanese Dollar, and Canadian Dollar. The majority of our sales, both domestically and internationally, are denominated in U.S. Dollars. Historically, the majority of our expenses have also been in U.S. Dollars and we have been somewhat insulated from currency fluctuations. However, we may be exposed to greater exchange rate sensitivity in the future. Currently, we enter into short-term foreign currency swap contracts to mitigate our foreign currency exposure; however, we may consider strategies to mitigate our foreign currency exposure further in the future if deemed necessary.

Credit and other risks

We are exposed to credit risk associated with cash and cash equivalents, interest rate swap agreement and trade receivables. As of December 29, 2023, the majority of our cash and cash equivalents consisted of cash balances in non-interest bearing checking accounts which significantly exceed the insurance coverage provided on such deposits. We do not believe that our cash equivalents and interest rate swap agreement present significant credit risks because the counterparties to the instruments consist of major financial institutions. Substantially all trade receivable balances of our businesses are unsecured. The credit risk with respect to trade receivables is concentrated by the number of significant customers that we have in our customer base and a prolonged economic downturn could increase our exposure to credit risk on our trade receivables. To manage our exposure to such risks, we perform ongoing credit evaluations of our customers and maintain an allowance for potential credit losses.

We do not currently hedge our exposure to increases in the prices for our primary raw materials.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our financial statements and the report of our independent registered public accounting firm are included in Part IV. Report of Independent Registered Public Accounting Firm of this Annual Report on Form 10-K. The index to these reports and our financial statements is included in Item 15. Exhibits, Financial Statement Schedules below.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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 December 29, 2023. Based on the evaluation of our disclosure controls and procedures as of December 29, 2023, 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.

Management's Report on Internal Control Over Financial Reporting

The Management's Report on Internal Control Over Financial Reporting is contained in Part IV. Management's Report on Internal Control Over Financial Reporting of this Annual Report on Form 10-K and is incorporated herein by reference.

Attestation Report of Independent Registered Public Accounting Firm

Grant Thornton, LLP, the independent registered public accounting firm that audited the Company's consolidated financial statements, has issued an attestation report on the Company's internal control over financial reporting. A report of independent registered public accounting firm is contained in Part IV. Report of Independent Registered Public Accounting Firm of this Annual Report on Form 10-K.

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 quarter ended December 29, 2023 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 control 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 control 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 not be detected.

ITEM 9B. OTHER INFORMATION

Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements

During the three months ended December 29, 2023, 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 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by this Item regarding our directors and executive officers is incorporated by reference to the sections of our proxy statement to be filed with the SEC in connection with our 2024 Annual Meeting of Stockholders (the "Proxy Statement") entitled "Election of Class II Directors" and "Corporate Governance."

Information required by this Item regarding our corporate governance, including our audit committee and code of ethics, is incorporated by reference to the sections of the Proxy Statement entitled "Corporate Governance" and "The Board of Directors."

Information required by this Item regarding compliance with Section 16(a) of the Exchange Act required by this Item is incorporated by reference to the section of the Proxy Statement entitled "Delinquent Section 16(a) Reports."

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item regarding executive compensation is incorporated by reference to the information set forth under the captions "Executive Compensation," "Director Compensation" and "Corporate Governance" in our Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding security ownership of certain beneficial owners and management is incorporated by reference to the section of the Proxy Statement entitled "Security Ownership of Certain Beneficial Owners and Management."

Information required by this item regarding securities authorized for issuance under our equity compensation plans is incorporated by reference to the information set forth under the caption "Executive Compensation" in our Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this Item is incorporated by reference to the section of the Proxy Statement entitled "Certain Relationships and Related Transactions and Director Independence."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this Item is incorporated by reference to the section of the Proxy Statement entitled "Ratification of Appointment of Independent Registered Public Accounting Firm."

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements

(b) Exhibits

See Index to Exhibits 62

ITEM 16. FORM 10-K SUMMARY

None.

Index to Exhibits

		Incorporated by Reference			
Exhibit Number	**Exhibit Description**	**Form**	**File No.**	**Filing Date**	**Filed or Furnished Herewith**
2.1	Agreement and Plan of Merger, dated November 1, 2023, by and among (i) Fox Factory, Inc; (ii) Marucci Merger Sub, Inc.; (iii) Wheelhouse Holdings Inc.; and (iv) Compass Group Diversified Holdings LLC, as the Equityholders' Representative	8-K	001-36040	November 3, 2023	
3.1	Amended and Restated Certificate of Incorporation	10-Q	001-36040	September 19, 2013	
3.2	Amended and Restated Bylaws	10-Q	001-36040	September 19, 2013	
4.1	Form of Common Stock Certificate	S-1	333-189841	July 8, 2013	
4.2	Form of Indenture	S-3	333-203146	March 31, 2015	
4.3	Description of Securities	10-K	001-36040	February 23, 2023	
10.1†	Employment Agreement, dated May 1, 2018, by and between Fox Factory Holding Corp. and Chris Tutton	10-K	001-36040	February 26, 2019	
10.2†	Employment Agreement, dated August 29, 2018, by and between Fox Factory Holding Corp. and Michael C. Dennison	10-K	001-36040	February 26, 2019	
10.3†	Amended and Restated Employment Agreement, dated June 26, 2019, by and between Fox Factory Holding Corp. and Michael C. Dennison	8-K	001-36040	July 1, 2019	
10.4†	Executed Separation and Release Agreement, dated April 4, 2023, by and between Fox Factory Holding Corp. and Scott Humphrey	8-K	001-36040	April 3, 2023	
10.5†	Employment Agreement by and between Fox Factory, Inc. and Richard T. Winters, dated June 29, 2019.	8-K	001-36040	August 10, 2020	
10.6†	Amendment to the Amended and Restated Employment Agreement, by and between Fox Factory Holding Corp. and Michael C. Dennison, dated August 5, 2020.	8-K	001-36040	August 10, 2020	
10.7†	Amendment to the Amended and Restated Employment Agreement, by and between Fox Factory, Inc. and Richard T. Winters, dated August 5, 2020.	8-K	001-36040	August 10, 2020	
10.8†	Amendment to the Amended and Restated Employment Agreement, by and between Fox Factory, Inc. and Christopher J. Tutton, dated August 5, 2020.	8-K	001-36040	August 10, 2020	
10.9†	Second Amendment to the Employment Agreement, by and between Fox Factory, Inc. and Richard T. Winters, dated August 5, 2022.	8-K	001-36040	August 8, 2022	
10.10†	2023 Policy Regarding Terms Applicable to Restricted Stock Unit and Performance Share Unit Award Agreements in the Event of Qualified Retirement				**X**
10.11†	Sixth Amended and Restated Non-Employee Director Compensation Policy, effective January 1, 2022.				**X**
10.12†	Form of Indemnification Agreement, by and between Fox Factory Holding Corp. and certain of its officers, directors and/or advisors	10-Q	001-36040	October 31, 2018	
10.13†	2008 Stock Option Plan, as amended	S-1	333-189841	July 8, 2013	
10.14†	2008 Non-Statutory Stock Option Plan, as amended	S-1/A	333-189841	August 2, 2013	
10.15†	Fox Factory Holding Corp. 2022 Omnibus Plan	8-K	001-36040	May 6, 2022	
10.16†	Form of Employee Restricted Stock Unit Award Agreement for Non-Employee Directors under 2022 Omnibus Plan (U.S.)	8-K	001-36040	May 6, 2022	
10.17†	Form of Restricted Stock Unit Award Agreement under 2022 Omnibus Plan (U.S.)				**X**

10.18†	Form of Performance Share Unit Award Agreement under the 2022 Omnibus Plan				X
10.19	First Incremental Facility Amendment, dated November 14, 2023, by and among Fox Factory Holding Corp., Bank of America, N.A., Wells Fargo Bank, National Association and PNC Bank, National Association	8-K	001-36040	November 15, 2023	
10.20	Pilot Agreement, between the Gainesville and Hall County Development Authority and Fox Factory, Inc., effective June 12, 2020.	8-K	001-36040	June 16, 2020	
10.21	Bond Purchase Agreement, between the Gainesville and Hall County Development Authority and Fox Factory, Inc., effective June 12, 2020.	8-K	001-36040	June 16, 2020	
10.22	Financing Agreement, between the Gainesville and Hall County Development Authority and Fox Factory, Inc., effective June 12, 2020.	8-K	001-36040	June 16, 2020	
10.23	Lease Agreement, between the Gainesville and Hall County Development Authority and Fox Factory, Inc., effective June 12, 2020.	8-K	001-36040	June 16, 2020	
10.24	Amendment No. 1 to Lease Agreement between the Gainesville and Hall County Development Authority and Fox Factory, Inc., dated December 31, 2020.	10-K	001-36040	February 24, 2022	
10.25	Amendment No. 2 to Lease Agreement between the Gainesville and Hall County Development Authority and Fox Factory, Inc., dated December 31, 2021.	10-K	001-36040	February 24, 2022	
10.26	Deed to Secure Debt and Security Agreement, between the Gainesville and Hall County Development Authority and Fox Factory, Inc., effective June 12, 2020.	8-K	001-36040	June 16, 2020	
10.27	Assignment of Lease Agreement, between the Gainesville and Hall County Development Authority and Fox Factory, Inc., effective June 12, 2020.	8-K	001-36040	June 16, 2020	
10.28	Direct Payment Agreement, between the Gainesville and Hall County Development Authority and Fox Factory, Inc., effective June 12, 2020.	8-K	001-36040	June 16, 2020	
10.29	Credit Agreement, among Fox Factory Holding Corp., Wells Fargo Bank, N.A., as Administrative Agent, Swingline Lender and L/C Issuer, and a group of lenders party thereto, dated April 5, 2022.	8-K	001-36040	April 5, 2022	
10.30†	Deferred Compensation Plan, effective June 30, 2021.	S-8	333-264858	June 29, 2021	
10.31	Securities Purchase Agreement, between Fox Factory, Inc., CWH Holdco, LLC, CWH Blocker Corp., and Thompson Street Capital Partners V, L.P., effective February 17, 2023.	10-K	001-36040	February 23, 2023	
10.32	Amendment No. 3 to Lease Agreement between the Gainesville and Hall County Development Authority and Fox Factory, Inc., dated December 31, 2022.	10-Q	001-36040	May 4, 2023	
10.33†	Employment Agreement, by and between Fox Factory Holding Corp. and Dennis C. Schemm, dated June 12, 2023	10-Q	001-36040	August 4, 2023	
10.34†	Employment Agreement, by and between Fox Factory Holding Corp. and Toby D. Merchant, dated April 13, 2021	10-Q	001-36040	August 4, 2023	
10.35†	Employment Agreement, by and between Fox Factory Holding Corp. and Thomas L. Fletcher, dated May 24, 2021	10-Q	001-36040	August 4, 2023	
19.1	Insider Trading Policy				X
21.1	List of Subsidiaries				X
23.1	Consent of Independent Registered Public Accounting Firm				X
24.1	Power of Attorney (contained in signature page to this Annual Report on Form 10-K)				X

31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as amended	**X**
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as amended	**X**
32.1*	Certification of Principal Executive 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**
32.2*	Certification of 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**
97.1	Clawback Policy	**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	**X**

† Management contract or compensatory plan.

X Filed herewith

* In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release Nos. 33-8238 and 34-47986, Final Rule: Management's Reports on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, the certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Annual Report on Form 10-K 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, except to the extent that the registrant specifically incorporates it by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	FOX FACTORY HOLDING CORP.	
February 22, 2024	By:	/s/ Dennis C. Schemm
		Dennis C. Schemm, Chief Financial Officer and Treasurer
		(Principal Financial and Accounting Officer & Duly Authorized Signatory)
February 22, 2024	By:	/s/ Brendan R. Enick
		Brendan R. Enick, Chief Accounting Officer
		(Principal Accounting Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Dennis C. Schemm and Michael C. Dennison, and each of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution for him or her, and in his or her name in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the U.S. Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and either of them, his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Michael C. Dennison Michael C. Dennison	Chief Executive Officer and Director (*Principal Executive Officer*)	February 22, 2024
/s/ Dennis C. Schemm Dennis C. Schemm	Chief Financial Officer and Treasurer *(Principal Financial and Accounting Officer)*	February 22, 2024
/s/ Dudley W. Mendenhall Dudley W. Mendenhall	Chairman	February 22, 2024
/s/ Thomas E. Duncan Thomas E. Duncan	Director	February 22, 2024
/s/ Elizabeth A. Fetter Elizabeth A. Fetter	Director	February 22, 2024
/s/ Jean H. Hlay Jean H. Hlay	Director	February 22, 2024
/s/ Ted D. Waitman Ted D. Waitman	Director	February 22, 2024
/s/ Sidney Johnson Sidney Johnson	Director	February 22, 2024

Management's Report on Internal Control Over Financial Reporting

The management of Fox is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Fox's internal control over financial reporting is a process designed to provide reasonable assurances regarding the reliability of financial reporting and the preparation and fair presentation of financial statements issued for external purposes in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Under the supervision of our management, including our Chief Executive Officer and Chief Financial Officer, Fox conducted an evaluation of the effectiveness of our internal control over financial reporting.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In conducting our assessment of the effectiveness of its internal control over financial reporting, we have excluded Custom Wheel House, LLC ("Custom Wheel House") and Marucci Sports, LLC ("Marucci") acquired in 2023, which are included in our 2023 consolidated financial statements. Custom Wheel House and Marucci respectively constituted approximately 6.7% and 29.2% of total assets as of December 29, 2023, approximately 4.5% and 1.1% of total revenues, and approximately (1.4)% and (2.6)% of net earnings for the year then ended.

In making its assessment of internal control over financial reporting, management used criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013). Based on the evaluation, our management concluded that its internal control over financial reporting was effective as of December 29, 2023.

Grant Thornton LLP, the independent registered public accounting firm that audited the Company's consolidated financial statements, issued an attestation report on the Company's internal control over financial reporting, which is included elsewhere in this Annual Report on Form 10-K.

February 22, 2024

/s/ Michael C. Dennison
Michael C. Dennison
Chief Executive Officer

/s/ Dennis C. Schemm
Dennis C. Schemm
Chief Financial Officer and Treasurer

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Fox Factory Holding Corp.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Fox Factory Holding Corp. (a Delaware corporation) and subsidiaries (the "Company") as of December 29, 2023 and December 30, 2022, the related consolidated statements of income, comprehensive income, stockholder's equity, and cash flows for each of the three years in the period ended December 29, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 29, 2023 and December 30, 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 29, 2023, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 29, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated February 22, 2024 expressed an unqualified opinion.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing a separate opinion on the critical audit matters or on the accounts or disclosures to which they relate.

Net realizable value of inventory

As discussed in Note 1 to the consolidated financial statements, adjustments are made to reduce the cost of inventory to its net realizable value, if required, for estimated excess, obsolete or impaired balances. Management monitors inventory quantities on hand and on order and records write-downs for estimated excess or obsolescence based on estimated demand for products, obsolescence of technology, product life cycles, and when pricing trends or forecasts indicate that the carrying value of inventory exceeds estimated selling price. We identified the net realizable value of inventory for certain product categories as a critical audit matter.

The principal consideration for our determination that the net realizable value of inventory represents a critical audit matter is that the assessment of the valuation of inventory is complex and includes an estimate of forecasted demand. The demand estimate is subjective and requires the Company to consider significant assumptions such as economic conditions, technology changes, and new product introductions, which are subject to significant uncertainty and therefore require significant auditor judgement.

Our audit procedures related to the net realizable value of inventory included the following, among others:

- We obtained management’s analysis for estimated excess or obsolete inventory. We evaluated the appropriateness of management’s approach and tested the completeness and accuracy of the underlying data.
- We tested selected inventory items by making inquiries of management and evaluating the appropriateness of judgments and assumptions. We also reviewed industry reports and inquired with management and various staff members outside of the finance function to understand macroeconomic, technology, and product trends.
- We performed a retrospective review by comparing previous demand forecasts to actual usage during the year for a sample of items.
- We compared selected 2024 estimated demand to actual customer sales orders and forecasted demand information as provided by the sales and operations team in order to test the accuracy of demand information included in the calculation.
- We tested the design and operating effectiveness of controls related to the forecasted demand for the Company’s products as well as management’s review of the net realizable value of inventory.

Valuation of acquired intangible assets

As described further in Note 1 and Note 18 to the consolidated financial statements, the Company completed the acquisitions of Custom Wheel House, LLC (“Custom Wheel House”) and Marucci Sports, LLC (“Marucci”) on March 3, 2023 and November 14, 2023 for total purchase price consideration of $129.8 million and $567.2 million, respectively. The Company allocated the purchase price to the assets acquired and liabilities assumed based on their respective fair values, including to identified intangible assets. We identified the determination of fair value for the acquired customer and distributor relationships, tradenames and developed technologies as a critical audit matter.

The principal consideration for our determination that the valuation of the intangible assets represents a critical audit matter include the complexity associated with the intangibles due to the significant estimation uncertainty in the Company’s determination of the fair values. The significant estimation uncertainty was primarily due to the sensitivity of the respective fair values to underlying assumptions about the future performance of the acquired businesses, including future revenue growth rates, certain profitability measures, royalty rates, customer attrition rates and discount rates. Auditing these assumptions requires a high degree of auditor judgment and an increased extent of effort, including the need to involve our valuation specialists.

Our audit procedures related to the determination of assumptions used in the fair value of certain acquired intangible assets in the acquisitions included the following, among others:

- We evaluated the appropriateness of the forecasted revenue growth rates and certain profitability measures by (1) comparing forecasted revenue growth rates and certain profitability measures to forecasted industry growth rates and available market data and (2) comparing forecasted revenue growth rates and certain profitability measures to historical growth rates of the acquired entities.
- We utilized a specialist to evaluate key inputs and assumptions used to determine fair value. Our specialist compared the royalty rates used to royalty rates derived from publicly available data for comparable companies, compared the estimated customer attrition rates used to historical customer retention data of the acquired companies, and compared the discount rates used to independently developed discount rates derived from publicly available data for comparable companies.
- We tested the design and operating effectiveness of controls related to the selection and review of the methods and assumptions used in determining fair value.

/s/ GRANT THORNTON LLP

We have served as the Company’s auditor since 2008.

San Francisco, California

February 22, 2024

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Fox Factory Holding Corp.

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Fox Factory Holding Corp. (a Delaware corporation) and subsidiaries (the "Company") as of December 29, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 29, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended December 29, 2023, and our report dated February 22, 2024 expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting ("Management's Report"). Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Our audit of, and opinion on, the Company's internal control over financial reporting does not include the internal control over financial reporting of Custom Wheel House, LLC ("Custom Wheel House"), a wholly-owned subsidiary, whose financial statements reflect total assets and revenues constituting 6.7 and 4.5 percent, respectively, and also does not include the internal control over financial reporting of Marucci Sports, LLC ("Marucci"), a wholly-owned subsidiary, whose financial statements reflect total assets and revenues constituting 29.2 and 1.1 percent, respectively, of the related consolidated financial statement amounts as of and for the year ended December 29, 2023. As indicated in Management's Report, Custom Wheel House and Marucci were acquired during 2023. Management's assertion on the effectiveness of the Company's internal control over financial reporting excluded internal control over financial reporting of Custom Wheel House and Marucci.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

San Francisco, California

February 22, 2024

FOX FACTORY HOLDING CORP.
Consolidated Balance Sheets
(in thousands, except par value)

	As of December 29, 2023	As of December 30, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 83,642	$ 145,250
Accounts receivable (net of allowances of $1,158 and $443 at December 29, 2023 and December 30, 2022, respectively)	171,060	200,440
Inventory	371,841	350,620
Prepaids and other current assets	141,512	101,364
Total current assets	768,055	797,674
Property, plant and equipment, net	237,192	202,215
Lease right-of-use assets	84,317	48,096
Deferred tax assets	21,297	57,339
Goodwill	636,565	323,978
Trademarks and brands, net	275,480	64,214
Customer and distributor relationships, net	182,731	109,887
Core technologies, net	25,136	4,879
Other assets	11,525	10,054
Total assets	$ 2,242,298	$ 1,618,336
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 104,150	$ 131,160
Accrued expenses	103,400	127,729
Total current liabilities	207,550	258,889
Line of credit	370,000	200,000
Long-term debt, less current portion	373,528	—
Other liabilities	69,459	38,061
Total liabilities	1,020,537	496,950
Commitments and contingent liabilities (Refer to Note 12. Commitments and Contingent Liabilities)		
Stockholders' equity		
Preferred stock, $0.001 par value — 0 authorized and no shares issued or outstanding as of December 29, 2023 and December 30, 2022	—	—
Common stock, $0.001 par value — 90,000 authorized; 42,844 shares issued and 41,954 outstanding as of December 29, 2023; 43,160 shares issued and 42,270 outstanding as of December 30, 2022	42	42
Additional paid-in capital	348,346	356,239
Treasury stock, at cost; 890 common shares as of December 29, 2023 and December 30, 2022	(13,754)	(13,754)
Accumulated other comprehensive income	9,041	14,782
Retained earnings	878,086	764,077
Total stockholders' equity	1,221,761	1,121,386
Total liabilities and stockholders' equity	$ 2,242,298	$ 1,618,336

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

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

	For the fiscal years ended		
	December 29, 2023	December 30, 2022	December 31, 2021
Net sales	$ 1,464,178	$ 1,602,491	$ 1,299,064
Cost of sales	999,366	1,071,148	866,732
Gross profit	464,812	531,343	432,332
Operating expenses:			
General and administrative	124,582	116,103	97,241
Sales and marketing	100,451	90,801	70,925
Research and development	53,179	56,205	46,567
Amortization of purchased intangibles	26,509	21,537	20,685
Total operating expenses	304,721	284,646	235,418
Income from operations	160,091	246,697	196,914
Interest expense	19,320	8,939	8,162
Other expense, net	2,108	3,994	371
Income before income taxes	138,663	233,764	188,381
Provision for income taxes	17,817	28,486	24,563
Net income	$ 120,846	205,278	163,818
Earnings per share:			
Basic	$ 2.86	$ 4.86	$ 3.90
Diluted	$ 2.85	$ 4.84	$ 3.87
Weighted-average shares used to compute earnings per share:			
Basic	42,305	42,232	42,022
Diluted	42,432	42,384	42,366

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

FOX FACTORY HOLDING CORP.
Consolidated Statements of Comprehensive Income
(in thousands)

	For the fiscal years ended		
	December 29, 2023	December 30, 2022	December 31, 2021
Net income	$ 120,846	$ 205,278	$ 163,818
Other comprehensive (loss) income			
Interest rate swap			
Change in net unrealized gain, net of tax effects of $(1,303), $4,226, and $(1,130), respectively	(473)	18,001	3,692
Less: reclassification of net gain on interest rate swap to net earnings	(6,775)	(3,177)	(48)
Net change, net of tax effects	(7,248)	14,824	3,644
Foreign currency translation adjustments, net of tax effects of $0, $0, and $673, respectively	1,507	(4,918)	164
Other comprehensive (loss) income	(5,741)	9,906	3,808
Comprehensive income	$ 115,105	$ 215,184	$ 167,626

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

FOX FACTORY HOLDING CORP.
Consolidated Statements of Stockholders' Equity
(in thousands, except per share amounts)

	Common Stock		Treasury		Additional paid-in capital	Accumulated other comprehensive income	Retained earnings	Total stockholders' equity
	Shares	Amount	Shares	Amount				
Balance - January 1, 2021	**42,692**	**$ 42**	**890**	**$ (13,754)**	**$ 336,834**	**$ 1,068**	**$ 394,981**	**$ 719,171**
Issuance of common stock under equity compensation plans, net of shares repurchased for income tax withholding	318	—	—	—	(7,050)	—	—	(7,050)
Stock-based compensation expense	—	—	—	—	14,335	—	—	14,335
Other comprehensive income	—	—	—	—	—	3,808	—	3,808
Net income	—	—	—	—	—	—	163,818	163,818
Balance - December 31, 2021	**43,010**	**$ 42**	**890**	**$ (13,754)**	**$ 344,119**	**$ 4,876**	**$ 558,799**	**$ 894,082**
Issuance of common stock under equity compensation plans, net of shares repurchased for income tax withholding	150	—	—	—	(4,231)	—	—	(4,231)
Stock-based compensation expense	—	—	—	—	16,351	—	—	16,351
Other comprehensive income	—	—	—	—	—	9,906	—	9,906
Net income	—	—	—	—	—	—	205,278	205,278
Balance - December 30, 2022	**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	112	—	—	—	(6,195)	—	—	(6,195)
Stock-based compensation expense	—	—	—	—	16,465	—	—	16,465
Purchase and retirement of common stock	(428)	—	—	—	(18,163)	—	(6,837)	(25,000)
Other comprehensive income	—	—	—	—	—	(5,741)	—	(5,741)
Net income	—	—	—	—	—	—	120,846	120,846
Balance - December 29, 2023	**42,844**	**$ 42**	**890**	**$ (13,754)**	**$ 348,346**	**$ 9,041**	**$ 878,086**	**$ 1,221,761**

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

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

	For the fiscal years ended		
	December 29, 2023	December 30, 2022	December 31, 2021
OPERATING ACTIVITIES:			
Net income	$ 120,846	$ 205,278	$ 163,818
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	58,603	49,242	43,426
Provision for inventory reserve	6,184	8,923	3,916
Stock-based compensation	16,465	16,351	13,914
Amortization of acquired inventory step-up	13,008	—	—
Amortization of loan fees	905	1,086	1,631
Write off of unamortized loan origination fees	—	1,927	—
Amortization of deferred gains on prior swap settlements	(4,252)	(3,177)	(48)
(Gain) Loss on disposal of property and equipment	1,492	(1,740)	(96)
Deferred taxes	(7,867)	(18,445)	(17,096)
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable	64,527	(63,957)	(20,230)
Inventory	31,613	(87,460)	(150,448)
Income taxes	(19,094)	8,717	26,789
Prepaids and other assets	(38,180)	18,132	(34,509)
Accounts payable	(44,029)	40,493	10,304
Accrued expenses and other liabilities	(21,478)	11,724	21,813
Net cash provided by operating activities	178,743	187,094	63,184
INVESTING ACTIVITIES:			
Acquisition of businesses, net of cash acquired	(701,112)	(714)	(51,881)
Acquisition of other assets	(2,432)	(3,500)	—
Purchases of property and equipment	(46,852)	(43,701)	(54,846)
Proceeds from sale of property and equipment	—	3,180	1,781
Net cash used in investing activities	(750,396)	(44,735)	(104,946)
FINANCING ACTIVITIES:			
Proceeds from line of credit, net of origination fees	400,000	602,356	37,931
Payments on line of credit	(230,000)	(404,336)	(37,931)
Proceeds from issuance of debt, net of origination fees	393,528	—	—
Repayment of term debt	—	(382,500)	(12,500)
Prepayment of term debt	(20,000)	—	—
Purchase and retirement of common stock	(25,000)	—	—
Installment on purchase of non-controlling interest	—	(2,700)	(4,550)
Repurchases from stock compensation program, net	(6,195)	(4,231)	(7,050)
Deferred debt issuance costs	(3,354)	—	—
Proceeds from termination of swap agreement	—	12,270	324
Net cash provided by (used in) financing activities	508,979	(179,141)	(23,776)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,066	2,346	(540)
CHANGE IN CASH AND CASH EQUIVALENTS	(61,608)	(34,436)	(66,078)
CASH AND CASH EQUIVALENTS—Beginning of year	145,250	179,686	245,764
CASH AND CASH EQUIVALENTS—End of year	$ 83,642	$ 145,250	$ 179,686

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

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

	For the fiscal years ended		
SUPPLEMENTAL CASH FLOW INFORMATION:	December 29, 2023	December 30, 2022	December 31, 2021
Cash paid during the period for:			
Income taxes	$ 44,655	$ 37,493	$ 14,980
Interest, net of capitalized interest	$ 21,147	$ 9,922	$ 6,384
Amounts included in the measurement of lease liabilities	$ 14,009	$ 10,499	$ 8,747
Non-cash operating activities:			
Right-of-use assets obtained in exchange for lease obligations	$ 54,949 (1)	$ 21,167	$ 20,289
Non-cash investing and financing activities:			
Capital expenditures included in accounts payable	$ 977	$ 2,049	$ 3,491

(1) Includes new leases executed in the United States of America “U.S.” and acquired lease right-of-use assets from Custom Wheel House and Marucci.

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

FOX FACTORY HOLDING CORP.
Notes to Consolidated Financial Statements
December 29, 2023
(in thousands, except per share amounts)

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. Some 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 retailers.

Throughout this Annual Report on Form 10-K, 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 consolidated financial statements have been prepared in accordance with United States of America ("U.S.") generally accepted accounting principles ("GAAP").

Fiscal Year Calendar - The Company operates using a 52-53-week fiscal year calendar ending on the Friday nearest to December 31. Therefore, the financial results of certain fiscal years and quarters, which will contain 53 and 14 weeks, respectively, will not be exactly comparable to the prior and subsequent fiscal years and quarters, which contain 52 and 13 weeks, respectively. For the fiscal years 2023, 2022 and 2021, the Company's fiscal year ended on December 29, 2023, December 30, 2022 and December 31, 2021 and each had 52 weeks.

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

Use of Estimates - The preparation of the Company's 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.

Foreign Currency Translation and Transaction - The functional currency of the Company's non-U.S. entities is the local currency of the respective operations. The Company translates the financial statements of its non-U.S. entities into U.S. Dollars each reporting period for purposes of consolidation. Assets and liabilities of the Company's foreign subsidiaries are translated at the period-end currency exchange rates while sales and expenses are translated at the average currency exchange rates in effect for the period. The effects of these translation adjustments are a component of other comprehensive income.

Foreign currency transaction losses of $1,465, $3,377, and $455 for the years ended December 29, 2023, December 30, 2022 and December 31, 2021, respectively, are included as a component of other income or expense.

Cash and Cash Equivalents - Cash consists of cash maintained in checking or money market accounts. All highly liquid investments purchased with an original maturity date of 90 days or less at the date of purchase are considered to be cash equivalents.

Accounts Receivable - Accounts receivable are unsecured customer obligations which generally require payment within various terms from the invoice date. The receivables are stated at the invoice amount. Financing terms vary by customer. Invoices are considered past due when payment is not received within the terms stated within the contract. Payments of accounts receivable are applied to the specific invoices identified on the customer's remittance advice or if unspecified, generally to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that may not be collected. All accounts or portions thereof deemed to be uncollectible or that may require an excessive collection cost are written off to the allowance for credit losses.

The Company records a provision for credit losses based on historical experience and a detailed assessment of the collectability of its accounts receivable. The provision is based on how long a receivable has been outstanding, taking into account the historical credit loss rate and adjusting for both current conditions and forecasts of economic conditions into that expected credit loss rate. If circumstances change, such as higher-than-expected defaults or an unexpected material adverse change in a major customer's ability to meet its financial obligations, the Company's estimate of the recoverability of the amounts due could be reduced by a material amount.

(in thousands, except per share amounts)

The following table presents the activity in the allowance for credit losses:

	For the fiscal years ended		
Allowance for credit losses:	December 29, 2023	December 30, 2022	December 31, 2021
Balance, beginning of year	$ 443	$ 410	$ 663
Add: bad debt expense (benefit)	907	446	(14)
Less: write-offs, net of recoveries	(192)	(413)	(239)
Balance, end of year	$ 1,158	$ 443	$ 410

Concentration of Credit Risk - Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist primarily of cash and accounts receivable. As of December 29, 2023 the Company held $58,979 in cash at U.S. subsidiaries and $24,663 at subsidiaries outside the U.S. The account balances may significantly exceed the insurance coverage provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions with reputable credit and therefore bear minimal credit risk. The Company has not experienced any losses in its uninsured accounts.

The Company mitigates its credit risk with respect to accounts receivable by performing ongoing credit evaluations and monitoring of its customers' accounts receivable balances. The following customers accounted for 10% or more of the Company's accounts receivable balance:

	December 29, 2023	December 30, 2022
Customer A	18%	14%

No other customers were individually significant in any of these periods presented.

The Company depends on a limited number of vendors to supply component parts for its products. The Company purchased 29%, 34%, and 32% of its product components for the years ended December 29, 2023, December 30, 2022 and December 31, 2021, respectively, from ten vendors. As of December 29, 2023 and December 30, 2022, amounts due to these vendors represented 20% and 38% of accounts payable, respectively.

Inventories - Inventories are stated at the lower of actual cost (or standard cost which generally approximates actual costs on a first-in first-out basis) or net realizable value. Cost includes raw materials and inbound freight, as well as direct labor and manufacturing overhead for products we manufacture. Net realizable value is based on current replacement cost for raw materials and on a net realizable value for finished goods. Adjustments to reduce the cost of inventory to its net realizable value are made, if required, for estimated excess, obsolescence or impaired balances.

(in thousands, except per share amounts)

Property and Equipment - Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Maintenance and repairs are charged to expense as incurred, and improvements and betterments are capitalized. When assets are retired or otherwise disposed of, the cost and accumulated depreciation and amortization are removed from the balance sheet and any resulting gain or loss is reflected in operations in the period realized.

Leasehold improvements are amortized on a straight-line basis over the terms of the lease, or the useful lives of the assets, whichever is shorter. The value assigned to land associated with buildings we own is not amortized. Depreciation and amortization periods for the Company's property and equipment are as follows:

Asset Classification	Estimated useful life
Building and building improvements	15-39 years
Information systems, office equipment and furniture	3-7 years
Internal-use computer software	10 years
Land improvements	15 years
Machinery and manufacturing equipment	5-15 years
Transportation equipment	3-5 years

Internal-use Computer Software Costs - Costs incurred to purchase and develop computer software for internal use are capitalized during the application development and implementation stages. These software costs have been for enterprise-level business and finance software that is customized to meet the Company's operational needs. Capitalized costs are included in property and equipment and are amortized on a straight-line basis over the estimated useful life of the software beginning when the software project is substantially complete and placed in service. The Company capitalized $5,254 in internal use computer software costs during the year ended December 29, 2023. Costs incurred during the preliminary project stage and costs for training, data conversion, and maintenance are expensed as incurred.

Impairment of Long-lived Assets - The Company periodically reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset is impaired or the estimated useful lives are no longer appropriate. If indicators of impairment exist and the undiscounted projected cash flows associated with such assets are less than the carrying amount of the assets, an impairment loss is recorded to write the assets down to their estimated fair values. Fair value is estimated based on discounted future cash flows. No impairment charges were recorded during the years ended December 29, 2023, December 30, 2022 and December 31, 2021.

Business Combinations - The Company accounts for acquisitions of entities that include inputs and processes and have the ability to create outputs as business combinations. The Company allocates the purchase price of the acquisition to the tangible assets acquired, liabilities assumed, and identifiable intangible assets acquired based on their estimated fair values. The excess of the purchase price over those fair values is recorded as goodwill. Acquisition-related expenses and restructuring costs are expensed as incurred. During the measurement period, the Company records adjustments to provisional amounts recorded for assets acquired and liabilities assumed with the corresponding offset to goodwill. After the measurement period, which could be up to one year after the transaction date, subsequent adjustments are recorded to the Company's consolidated statements of income.

Goodwill and Intangible Assets - Goodwill represents the excess of purchase price over the fair value of the net assets of businesses acquired. On an annual basis, the Company makes a qualitative assessment to determine if it is more likely than not that the fair value of the reporting unit is less than its carrying amount, including goodwill. If the Company determines that the fair value of the reporting unit is less than its carrying amount, it will perform a quantitative analysis; otherwise, no further evaluation is necessary. For the quantitative impairment assessment, the Company compares the fair value of the reporting unit to its carrying value, including goodwill. The Company determines the fair value of the reporting unit based on a weighting of income and market approaches. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired and no further testing is performed. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then the Company will recognize a loss equal to the excess, limited to the total amount of goodwill allocated to that reporting unit. Impairments, if any, are charged directly to earnings. We completed our most recent annual impairment test in the third quarter of 2023 at which time we had a single reporting unit for purposes of assessing goodwill impairment. No impairment charges have been incurred to date.

Intangible assets including customer relationships, certain trademarks, and the Company's core technology, are subject to amortization over their respective useful lives, and are classified in intangibles, net in the accompanying consolidated balance sheet. These intangibles are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be fully recoverable. If facts and circumstances indicate that the carrying value might not be recoverable, projected undiscounted net cash flows associated with the related asset or group of assets over their estimated remaining useful lives is compared against their respective carrying amounts. If an asset is found to be impaired, the impairment charge will be measured as the amount by which the carrying amount of an entity exceeds its fair value. Certain trademarks and brands are considered to be indefinite life intangibles, and are not amortized but are subject to testing for impairment annually. No impairments of intangible assets were identified in the years ended December 29, 2023, December 30, 2022 and December 31, 2021.

Self-Insurance - The Company is self-insured for its U.S. employee health and welfare benefits. The Company's liability for self-insurance is based on claims filed and an estimate of claims incurred but not yet reported. The Company considers a number of factors, including historical claims information, when determining the amount of the accrual. Costs related to the administration of the plan and related claims are expensed as incurred. The Company has third-party insurance coverage to limit exposure for individually significant claims. The estimates for unpaid claims incurred as of December 29, 2023 and December 30, 2022 are $2,203 and $1,988 respectively, and are recorded within accrued expenses on the consolidated balance sheets.

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, 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 Stellantis vehicle 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 our 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.

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.

Cost of Sales - Cost of sales primarily consists of materials and labor expense in the manufacturing of the Company's products sold to customers. Cost of sales also includes provisions for excess and obsolete inventory, warranty costs, certain allocated costs for facilities, depreciation and other manufacturing overhead. Additionally, it includes stock-based compensation for personnel directly involved with manufacturing the Company's product offerings.

Shipping and Handling Fees and Costs - The Company includes shipping and handling fees billed to customers in sales. Shipping costs associated with freight are capitalized as part of inventory and included in cost of sales as products are sold.

Sales and Marketing - Our sales and marketing expenses include costs related to our sales, customer service and marketing personnel, including their wages, employee benefits and related stock-based compensation, and occupancy related expenses. Other significant sales and marketing expenses include commissions paid to outside sales representatives, promotional materials and products, our sales office costs, race support and sponsorships of events and athletes, advertising and promotions related to trade shows, and travel and entertainment.

Research and Development - Research and development expenses consist primarily of salaries and personnel costs, including wages, employee benefits and related stock-based compensation for the Company's engineering, research and development teams, occupancy related expenses, fees for third party consultants, service fees, and expenses for prototype tooling and materials, travel, and supplies. The Company expenses research and development costs as incurred.

General and Administrative - General and administrative expenses include costs related to executive, finance, information technology, human resources and administrative personnel, including wages, employee benefits and related stock-based compensation expenses. The Company records professional and contract service expenses, occupancy related expenses associated with corporate locations and equipment, and legal expenses in general and administrative expenses.

Stock-Based Compensation - The Company measures stock-based compensation for all stock-based awards, including stock options and RSUs, based on their estimated fair values on the date of the grant and recognizes the stock-based compensation cost for time-vested awards on a straight-line basis over the requisite service period. For performance-based RSUs, the number of shares ultimately expected to vest is estimated at each reporting date based on management's expectations regarding the relevant performance criteria. To the extent shares are expected to vest, the stock-based compensation cost is recognized on a straight-line basis over the requisite service period. The fair value of each stock option granted is estimated using the Black-Scholes option-pricing model. The Company does not estimate forfeitures in recognizing stock-based compensation expense. The fair value of the RSUs is equal to the fair value of the Company's common stock on the grant date of the award.

Income Taxes - Income taxes are computed using the asset and liability method, under which deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to affect taxable income. Operating loss and tax credit carryforwards are measured by applying currently enacted tax laws. Valuation allowances are provided when necessary to reduce net deferred tax assets to an amount that is more likely than not to be realized.

The Company accounts for global intangible low-taxed income ("GILTI") in the year the tax is incurred, rather than recognize deferred taxes for temporary basis differences expected to reverse as GILTI in future years. The net GILTI inclusion for the year ended December 29, 2023 was partially offset by foreign tax credits associated with the income.

The Company recognizes the tax effects of an uncertain tax position only if it is more likely than not to be sustained based solely on its technical merits as of the reporting date and then only in an amount more likely than not to be sustained upon review by the tax authorities. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments, and which may not accurately anticipate actual outcomes.

Advertising - Advertising costs are expensed as incurred and recorded as sales and marketing expenses on our Consolidated Statements of Income. Costs incurred for advertising totaled $6,717, $4,813, and $2,741 for the years ended December 29, 2023, December 30, 2022 and December 31, 2021, respectively.

Warranties - The Company offers limited warranties on its products generally for one to three years. The Company recognizes estimated costs related to warranty activities as a component of cost of sales upon product shipment. The estimates are based upon historical product failure rates and historical costs incurred in correcting product failures. The recorded amount is adjusted from time to time for specifically identified warranty exposures. Actual warranty expenses are charged against the Company's estimated warranty liability when incurred. Factors that affect the Company's liability include the number of units, historical and anticipated rates of warranty claims, and the cost per claim.

Segments - The Company determined that it has a single operating and reportable segment: manufacturing, sale and service of performance-defining products. 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 in deciding how to allocate resources and in assessing performance. The chief operating decision maker for the Company is the Chief Executive Officer. The Chief Executive Officer reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance.

Reclassifications - We reclassified certain prior period amounts within our consolidated statements of other comprehensive income, consolidated statements of cash flows, and Note 2 - Revenues for the years ended December 30, 2022 and December 31, 2021 to conform to our current year presentation. The reclassifications did not have any impact on net income or other major financial statement line items.

Fair Value Measurements and Financial Instruments - The Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification 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).

The carrying amounts of the Company's financial instruments, including cash, receivables, accounts payable, and accrued liabilities approximate their fair values due to their short-term nature. As of December 29, 2023, amounts owed under the Company's 2022 Credit Facility - Incremental Term A Loan approximated fair value because it had a variable interest rate that reflected market changes in interest rates and changes in the Company's net leverage ratio.

Certain Significant Risks and Uncertainties - 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, disruptions in the operations of its or its customers' facilities, or along its global supply chain, the successful protection of its proprietary technologies, compliance with government regulations, and the possibility of not being able to obtain additional financing when needed.

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.

Recent Accounting Pronouncements - In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. Under ASU 2021-08, an acquirer must recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. The guidance is effective for interim and annual periods beginning after December 15, 2022, with early adoption permitted. The Company adopted this guidance in the first quarter of 2022. This adoption did not have a material impact on our financial statements.

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 this 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 12 - Commitments and Contingencies for further details of this adoption.

(in thousands, except per share amounts)

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 chief operating decision maker ("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 is currently reviewing the impact that the adoption of ASU 2023-07 may have on our consolidated financial statements and disclosures.

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.

2. Revenues

In the second quarter of fiscal year 2023, the Company realigned its Powered Vehicles Group into the Powered Vehicles Group and the Aftermarket Applications Group to be more aligned with the Company's end customers and drive additional focus on product development. The new Powered Vehicles Group is comprised of sales to original equipment off-road and power sports manufacturers and aftermarket businesses that sell shocks directly to dealers and distributors. The Aftermarket Applications Group is comprised of aftermarket businesses that offer custom vehicle shock, tuning, suspension, lift kit, upfitting, and wheel and tire solutions for automotive and power sports enthusiasts. All prior-period amounts have been recast to conform with the current period presentation. The following table summarizes total net sales by product category:

	For the fiscal years ended		
	December 29, 2023	December 30, 2022	December 31, 2021
Powered Vehicle Group	$ 523,862	$ 432,388	$ 360,711
Aftermarket Applications Group	551,143	489,132	359,318
Specialty Sports Group	389,173	680,971	579,035
Total net sales	$ 1,464,178	$ 1,602,491	$ 1,299,064

The following table summarizes total net sales by sales channel:

	For the fiscal years ended		
	December 29, 2023	December 30, 2022	December 31, 2021
OEM	$ 725,232	$ 909,550	$ 718,000
Aftermarket	738,946	692,941	581,064
Total net sales	$ 1,464,178	$ 1,602,491	$ 1,299,064

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

FOX FACTORY HOLDING CORP.
Notes to Consolidated Financial Statements - Continued
December 29, 2023
(in thousands, except per share amounts)

	For the fiscal years ended		
	December 29, 2023	December 30, 2022	December 31, 2021
North America	$ 1,127,587	$ 1,009,203	$ 811,312
Europe	187,762	320,545	230,491
Asia	125,488	252,275	241,033
Rest of the World	23,341	20,468	16,228
Total net sales	$ 1,464,178	$ 1,602,491	$ 1,299,064

Remaining performance obligations represent the transaction price of contracts, generally considered to be the customer's purchase order, for which work has not been performed or has been partially performed. The Company elected to exclude remaining performance obligations with an original expected duration of one year or less. Revenue expected to be recognized from remaining performance obligations as of December 29, 2023 for contracts with a duration more than one year was approximately $1,534, all of which is expected to be recognized during fiscal years 2025 to 2027.

3. Inventory

Inventory consisted of the following:

	December 29, 2023	December 30, 2022
Raw materials	$ 217,888	$ 247,441
Work-in-process	8,813	9,959
Finished goods	145,140	93,220
Total inventory	$ 371,841	$ 350,620

4. Prepaids and Other Current Assets

Prepaids and other current assets consisted of the following:

	December 29, 2023	December 30, 2022
Prepaid chassis deposits	$ 108,866	$ 74,013
Advanced payments and prepaid contracts	14,025	13,598
Other current assets	18,621	13,753
Total prepaids and other assets	$ 141,512	$ 101,364

(in thousands, except per share amounts)

5. Property, Plant and Equipment, net

Property, plant and equipment consisted of the following:

	December 29, 2023	December 30, 2022
Machinery and manufacturing equipment	$ 149,502	$ 122,748
Building and building improvements	77,998	73,594
Internal-use computer software	35,518	30,290
Information systems, office equipment and furniture	26,972	21,655
Leasehold improvements	38,115	20,078
Transportation equipment	15,505	12,450
Land and land improvements	14,692	14,493
Total property, plant and equipment	358,302	295,308
Less: accumulated depreciation and amortization	(121,110)	(93,093)
Total property, plant and equipment, net	$ 237,192	$ 202,215

Depreciation expense was $32,094, $27,705, and $22,741 for the years ended December 29, 2023, December 30, 2022 and December 31, 2021, respectively, including $2,916, $3,787, and $2,492 of internal-use software amortization for the years ended December 29, 2023, December 30, 2022 and December 31, 2021, respectively. The Company capitalized $5,254, $4,683, and $5,847 in internal use computer software costs during the years ended December 29, 2023, December 30, 2022, and December 31, 2021, respectively.

The following table summarizes the allocation of depreciation expense in the accompanying consolidated statements of income:

	For the fiscal years ended		
	December 29, 2023	December 30, 2022	December 31, 2021
Cost of sales	$ 15,040	$ 13,741	$ 11,656
General and administrative	13,098	11,003	8,780
Research and development	2,916	2,441	2,080
Sales and marketing	1,040	520	225
Total depreciation expense	$ 32,094	$ 27,705	$ 22,741

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

	December 29, 2023	December 30, 2022
United States	$ 198,033	$ 166,544
International	39,159	35,671
Total long-lived assets	$ 237,192	$ 202,215

(in thousands, except per share amounts)

6. Leases

The Company has operating lease agreements for administrative, research and development, manufacturing, and sales and marketing facilities. These leases have remaining lease terms ranging from under one year to twenty years, some of which include options to extend the lease term for up to ten years, and some of which include options to terminate the leases within one year. Certain leases are subject to annual escalations as specified in the lease agreements. The Company considered these options in determining the lease term used to establish its right-of-use assets and lease liabilities. These lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As most of the Company's leases do not provide an interest rate, the Company used the incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The weighted-average remaining lease term for the Company's operating leases was 9.26 years and the weighted-average incremental borrowing rate was 3.30% as of December 29, 2023.

Operating lease costs consisted of the following:

	For the fiscal years ended		
	December 29, 2023	December 30, 2022	December 31, 2021
Operating lease cost	$ 15,656	$ 11,209	$ 9,124
Other lease costs (1)	3,846	3,638	1,122
Total lease costs	$ 19,502	$ 14,847	$ 10,246

(1) Includes short-term leases and variable lease costs. The Company elected a policy exclusion permitting leases with an original lease term of less than one year to be excluded from the right-of-use assets and lease liabilities.

Supplemental balance sheet information related to the Company's operating leases is as follows:

	Balance Sheet Classification	December 29, 2023
Operating lease right-of-use assets	Lease right-of-use assets	$ 84,317
Current lease liabilities	Accrued expenses	$ 14,115
Non-current lease liabilities	Other liabilities	$ 69,237

Maturities of lease liabilities by fiscal year for the Company's operating leases are as follows:

For fiscal year	Total future payments
2024	$ 16,600
2025	13,887
2026	11,528
2027	8,510
2028	8,013
Thereafter	42,438
Total lease payments	100,976
Less: imputed interest	(17,624)
Present value of lease liabilities	83,352
Less: current portion	(14,115)
Lease liabilities less current portion	$ 69,237

FOX FACTORY HOLDING CORP.
Notes to Consolidated Financial Statements - Continued
December 29, 2023
(in thousands, except per share amounts)

7. Goodwill and Intangible Assets

Intangible assets, excluding goodwill, are comprised of the following:

	Gross carrying amount	Accumulated amortization	Net carrying amount	Weighted average life (years)
December 29, 2023				
Trademarks and brands, subject to amortization	$ 226,563	$ (6,653)	$ 219,910	14
Customer and distributor relationships	290,518	(107,787)	182,731	12
Core technologies	61,439	(36,303)	25,136	10
Total	$ 578,520	$ (150,743)	427,777	
Trademarks and brands, not subject to amortization			55,570	
Total			$ 483,347	
December 30, 2022				
Trademarks and brands, subject to amortization	$ 12,443	$ (3,799)	$ 8,644	9
Customer and distributor relationships	195,910	(86,023)	109,887	10
Core technologies	39,291	(34,412)	4,879	8
Total	$ 247,644	$ (124,234)	123,410	
Trademarks and brands, not subject to amortization			55,570	
Total			$ 178,980	

The following table summarizes the amortization of intangible assets in the accompanying consolidated statements of income:

	For the fiscal years ended		
	December 29, 2023	December 30, 2022	December 31, 2021
Amortization of intangibles	$ 26,509	$ 21,537	$ 20,685

Future amortization expense for finite-lived intangibles as of December 29, 2023 is as follows:

For fiscal year:	**Amortization Expense**
2024	$ 43,611
2025	40,976
2026	40,425
2027	39,191
2028	36,737
Thereafter	226,837
Total expected future amortization	$ 427,777

Goodwill activity consisted of the following:	
Balance as of December 30, 2022	$ 323,978
Acquisitions (Refer to Note 18. Acquisitions)	312,567
Currency translation and other adjustments	20
Balance as of December 29, 2023	$ 636,565

(in thousands, except per share amounts)

8. Accrued Expenses

Accrued expenses consisted of the following:

	December 29, 2023	December 30, 2022
Payroll and related expenses	$ 17,988	$ 38,193
Income tax payable	21,743	40,701
Warranty	20,001	17,071
Current portion of lease liabilities	14,115	10,314
Accrued sales rebate	11,885	8,693
Other accrued expenses	17,668	12,757
Total accrued expenses	$ 103,400	$ 127,729

Activity related to warranties is as follows:

	For the fiscal years ended		
	December 29, 2023	December 30, 2022	December 31, 2021
Beginning warranty liability	$ 17,071	$ 15,510	$ 9,835
Charge to cost of sales	16,114	11,387	13,603
Fair value of warranty assumed in acquisition	391	—	150
Costs incurred	(13,575)	(9,826)	(8,078)
Ending warranty liability	$ 20,001	$ 17,071	$ 15,510

9. Related Party Transactions

On July 22, 2020, the Company, pursuant to a stock purchase agreement with Flagship, Inc., purchased the remaining 20% interest of FF US Holding Corp. for $24,975 payable in a combination of stock and cash. The cash and stock portions were settled in quarterly installments through July 2022. Refer to Note 12. Commitments and Contingent Liabilities for additional details of this agreement.

On March 3, 2023, the Company acquired all of the outstanding equity interest of 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 is now an employee of the Company. Rent expense under these leases was $600 for the year ended December 29, 2023.

10. Debt

Prior Credit Facility

In June 2019, the Company entered into a credit facility with Bank of America and other named lenders, which was periodically amended and restated and/or amended. The credit facility was amended and restated on March 11, 2020, and further amended on June 19, 2020, June 11, 2021 and December 16, 2021 (as amended, the "Prior Credit Facility"). The Prior Credit Facility (which was terminated on April 5, 2022 and replaced with the 2022 Credit Facility (as discussed below)), would have matured on March 11, 2025, and provided a senior secured revolving line of credit with a borrowing capacity of $250,000 and a term loan of $400,000. The term loan was subject to quarterly amortization payments.

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”), and concurrently repaid in full and terminated the Prior 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 line of credit 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.

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 administrative agent 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, the Company entered into the Amendment amending the 2022 Credit Facility. The Amendment provided the Company with the Incremental Term A Loan in an amount of $400,000 and the Delayed Draw Term Loan in an amount of $200,000, 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 is 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 $10,063 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 is drawn. Upon the drawing of the Delayed Draw Term Loan, the fees will be reclassified to a contra-liability account and amortized over the term of the drawn debt using the interest method.

At December 29, 2023, the one-month SOFR and three-month SOFR rates were 5.34% and 5.36%, respectively. At December 29, 2023, our weighted-average interest rate on outstanding borrowing was 6.97%.

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 December 29, 2023.

(in thousands, except per share amounts)

The following table summarizes the line of credit under the 2022 Credit Facility:

	December 29, 2023	December 30, 2022
Amount outstanding	$ 370,000	$ 200,000
Standby letters of credit	$ —	$ —
Available borrowing capacity	$ 280,000	$ 450,000
Total borrowing capacity	$ 650,000	$ 650,000
Maturity date	April 5, 2027	April 5, 2027

As of December 29, 2023, future principal payments for long-term debt, including the current portion, as summarized as follows:

For fiscal year	December 29, 2023
2024	$ —
2025	20,000
2026	20,000
2027	340,000
Total	$ 380,000
Debt issuance cost	(6,472)
Long-term debt, net of issuance cost	373,528
Less: current portion	—
Long-term debt less current portion	$ 373,528

11. 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 three-month Term SOFR over the lives of the agreements without an exchange of the underlying principal amounts.

As of December 29, 2023 and December 30, 2022, the Company had the following interest rate swap contracts:

			December 29, 2023	December 30, 2022
Effective Date	Termination Date	Notional Amount	Unrealized Gain in AOCI	Unrealized Gain in AOCI
September 2, 2020	June 11, 2021	$200,000	$ 104	$ 189
July 2, 2021	April 5, 2022	$200,000	5,013	9,180
April 5, 2022	April 5, 2027	$100,000	3,394	5,087
Total			$ 8,511	$ 14,456

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 and amortized into earnings over the term of the associated debt instrument.

The 2022 Swap Agreement has a maturity date of April 5, 2027 and is indexed to a three-month Term SOFR (as defined in the 2022 Swap Agreement). The 2022 Swap Agreement met the criteria as a cash flow hedge under ASC 815, Derivatives and Hedging (“ASC 815”), and is recorded to other assets or other liabilities on the Consolidated Balance Sheets. Refer to Note 16. 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 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 years ended December 29, 2023, December 30, 2022, and December 31, 2021 were a loss of $473, and gains of $18,001 and $3,692, respectively. The reclassifications of gains from accumulated other comprehensive income into earnings related to the derivative instruments designated as cash flow hedges during the years ended December 29, 2023, December 30, 2022 and December 31, 2021 were $6,775, $3,177 and $48, respectively.

Over the next twelve months, the Company expects to recognize $7,279 of the $8,511 of unrealized gains currently included in accumulated other comprehensive income as an offset to interest expense.

12. Commitments and Contingent Liabilities

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 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 - From time to time, the Company is involved in legal proceedings that arise in the ordinary course of business. Although the Company cannot assure the outcome of any such legal proceedings, based on information currently available, management does not believe that the ultimate resolution of any pending matters, either individually or in the aggregate, will have a material adverse effect on the Company’s financial condition, results of operations or cash flows.

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. The complaint has not yet been served. The complaint 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 complaint asserts claims under Sections 10(b) and 20 of the Securities Exchange Act and alleges that the Company made material misstatements and omissions to investors regarding demand for the Company’s products and inventory levels. The complaint generally seeks money damages, interest, attorneys’ fees, and other costs. The case is in preliminary stages, and the Company anticipates filing a motion to dismiss all claims.

Bailment Pool Arrangements - The Company has relationships with several OEM partners, including General Motors ("GM"), Ford Motor Company ("Ford"), and Chrysler to obtain truck chassis. For Chrysler 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 consolidated balance sheets until the chassis is transferred to the dealer customer's floorplan, at which time the cash deposit is returned to the Company. For GM and Ford, the Company entered into floorplan financing agreements with the OEM. The Company receives an allocation of chassis and pays interest expense on the allocated value of trucks 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 consolidated statements of cash flows.

At December 29, 2023 and December 30, 2022, the Company had utilized $9,036 and $2,634 out of a maximum of $49,400 and $26,200 of Ford allocation of chassis, respectively, and $11,362 and $67,149, respectively, out of a maximum of $100,000 GM allocation of chassis. The company incurred $4,760 of interest expense related to chassis on hand during the year ended December 29, 2023.

Other Commitments - On November 30, 2017, the Company through FF US Holding Corp., acquired the assets of Flagship, Inc. d/b/a Tuscany and issued a 20% interest in FF US Holding Corp. to Flagship, Inc. A stockholders' agreement with Flagship, Inc. provided the Company with a call option (the "Call Option") to acquire the remaining 20% of FF US Holding Corp. at any time from November 30, 2019 through November 30, 2024 at a value that approximates fair market value. On July 22, 2020, the Company exercised the Call Option and, pursuant to a stock purchase agreement with Flagship, Inc., the Company purchased the remaining 20% interest for $24,975 payable in a combination of stock and cash. The cash portion was settled in quarterly installment payments beginning in July 2020 through July 2022, which amounted to $6,556, $4,550 and $2,700 in 2020, 2021 and 2022, respectively. The Company had no remaining liability as of December 29, 2023. The stock portion of 136 shares were released from escrow on a quarterly basis starting January 2021 through July 2022. The Company released 58 and 78 shares during the years ended December 30, 2022 and December 31, 2021, respectively. The Company had no remaining shares to be released as of December 29, 2023. The exercise of the Call Option effectively canceled the put option held by Flagship, Inc.

13. 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.

During the fiscal year ended December 29, 2023, the Company repurchased approximately 428 shares for $25,000, at an average price of $58.44. 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 shares. The excess purchase price over par value was allocated between additional paid-in capital and retained earnings. As of December 29, 2023, authorized repurchases of $275,000 remain available to the Company.

FOX FACTORY HOLDING CORP.
Notes to Consolidated Financial Statements - Continued
December 29, 2023
(in thousands, except per share amounts)

Equity Incentive Plans

The Company has outstanding awards under the following equity incentive plans: the 2008 Stock Option Plan (the “2008 Plan”), the 2008 Non-Statutory Stock Option Plan (the “2008 Non-Statutory Plan”) and the 2013 Omnibus Plan (the “2013 Plan”). On February 23, 2022, the Board of Directors, upon recommendation of the Compensation Committee approved the 2022 Omnibus Plan (the “2022 Plan”), which replaced the 2013 Plan. All remaining available shares under the 2013 Plan were rolled into the 2022 Plan and made available for issuance. No further awards will be granted pursuant to the 2008 Plan or the 2008 Non-Statutory Plan. Under the 2022 Plan, the Company has the ability to issue incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock awards, RSUs, performance units and/or performance shares.

The equity incentive plans are administered by the Compensation Committee of the Board of Directors of the Company, which has the authority to determine the type of incentive award, as well as the terms and conditions of the awards. Options granted under the plans have vesting periods ranging from one to ten years and expire no later than ten years from the date of grant. RSUs generally vest over a three to four-year period with equal annual installments beginning at the end of one year and the remaining vesting annually thereafter. In addition to time-based vesting criteria, certain of our RSUs include performance-based vesting criteria. As of December 29, 2023, there were 3,367 shares available for issuance under the 2022 Plan. The Company generally issues new shares in connection with awards under its equity incentive plans.

Stock-Based Compensation

Compensation expense related to the Company’s share-based awards for the fiscal years ended December 29, 2023, December 30, 2022, and December 31, 2021 was $16,465, $16,351, and $13,914, respectively, all of which related to RSUs and performance share units (“PSUs”). No compensation expense related to stock options was incurred during the fiscal years ended December 29, 2023, December 30, 2022, and December 31, 2021.

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

	For the fiscal years ended		
	December 29, 2023	**December 30, 2022**	**December 31, 2021**
Cost of sales	$ 1,179	$ 957	$ 710
Sales and marketing	1,501	924	803
Research and development	1,175	946	944
General and administrative	12,610	13,524	11,457
Total	$ 16,465	$ 16,351	$ 13,914

As of January 1, 2021, $421 of stock-based compensation expense related to our executive bonus plan was included in Accrued Expenses on the Consolidated Balance Sheets. This amount was recognized as additional paid in capital during the year ended December 31, 2021 upon the issuance of the underlying restricted stock units.

Stock-based compensation expense capitalized to inventory was not material for the years ended December 29, 2023, December 30, 2022 and December 31, 2021.

Restricted Stock Units

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.

(in thousands, except per share amounts)

The following table summarizes RSU activity:

	Unvested RSUs	
	Number of shares outstanding	Weighted-average grant date fair value
Unvested at January 1, 2021	450	$ 50.12
Granted	89	$ 149.08
Canceled	(24)	$ 56.21
Vested	(177)	$ 49.17
Unvested at December 30, 2021	338	$ 76.30
Granted	142	$ 95.34
Canceled	(17)	$ 97.00
Vested	(166)	$ 73.14
Unvested at December 30, 2022	297	$ 87.05
Granted	135	$ 109.23
Canceled	(44)	$ 90.91
Vested	(141)	$ 83.97
Unvested at December 29, 2023	247	$ 100.21

The fair value of vested RSUs was $15,516, $15,140 and $27,213 for the years ended December 29, 2023, December 30, 2022 and December 31, 2021, respectively. As of December 29, 2023, the Company had approximately $15,203 of unrecognized stock-based compensation expense related to RSUs, which will be recognized over the remaining weighted-average vesting period of approximately 1.79 years.

Performance Stock Units

During the year ended December 29, 2023, the Company issued PSUs to certain executives that represent shares potentially issuable in the future. Issuance is based upon the Company's performance, over a 3 year performance period, on certain measures including return on invested capital and free cash flow. 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 fair value of PSUs is calculated based on the stock price on the date of grant.

(in thousands, except per share amounts)

The following table summarizes the activity for the Company's unvested PSUs for the year ended December 29, 2023:

	Unvested PSUs	
	Number of shares outstanding	Weighted-average grant date fair value
Unvested at January 2021	—	$ —
Granted	29	$ 141.46
Unvested at December 31, 2021	29	$ 141.46
Granted	37	$ 120.90
Canceled	(4)	$ 126.73
Vested	(14)	$ 141.46
Unvested at December 30, 2022	48	$ 126.69
Granted	45	$ 114.04
Canceled	(10)	$ 120.08
Vested	(13)	$ 141.57
Unvested at December 29, 2023	70	$ 116.54

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. Future stock-based compensation expense for unvested performance-based awards could reach a maximum of $9,040 assuming achievement at the maximum level. The unrecognized stock-based compensation expense is expected to be recognized over a weighted average period of 1.59 years.

Stock Options

The following table summarizes stock option activity:

	Number of shares outstanding	Weighted-average exercise price	Weighted-average remaining contractual life (years)	Aggregate intrinsic value
Balance at January 1, 2021	225	$ 5.37	2	$ 22,593
Options exercised	(192)	$ 5.41		$ 25,751
Balance at December 31, 2021	33	$ 5.16	2	$ 5,389
Options exercised	(33)	$ 5.16		$ 2,470
Balance at December 30, 2022	—	$ —	0	$ —
Options exercised	—	$ —		$ —
Balance at December 29, 2023	—	$ —	0	$ —
Options vested and expected to vest - December 29, 2023	—	$ —	0	$ —
Options exercisable - December 29, 2023	—	$ —	0	$ —

Aggregate intrinsic value represents the difference between the closing price of the Company's common stock on NASDAQ and the exercise price of outstanding, in-the-money options. As of December 30, 2022, stock-based compensation expense related to stock options has been fully recognized.

During the years ended December 30, 2022 and December 31, 2021, 33, and 192 shares of common stock, respectively, were issued due to the exercise of stock options, resulting in proceeds to the Company of approximately $169, and $1,042, respectively.

14. Earnings Per Share

Basic earnings per share ("EPS") amounts are computed by dividing net income attributable to Fox stockholders for the period by the weighted average number of common shares outstanding during the period. Diluted EPS 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 restricted stock units, which are reflected in diluted earnings per share by application of the treasury stock method.

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

	For the fiscal years ended		
	December 29, 2023	**December 30, 2022**	**December 31, 2021**
Net income attributable to FOX stockholders	$ 120,846	$ 205,278	$ 163,818
Weighted average shares used to compute basic earnings per share	42,305	42,232	42,022
Dilutive effect of employee stock plans	127	152	344
Weighted average shares used to compute diluted earnings per share	42,432	42,384	42,366
Earnings per share:			
Basic	$ 2.86	$ 4.86	$ 3.90
Diluted	$ 2.85	$ 4.84	$ 3.87

The Company excluded 12 and 20 shares from the calculation of diluted earnings per share for the years ended December 29, 2023 and December 30, 2022 as these shares would have been antidilutive. No potentially antidilutive shares were excluded from the calculation of diluted earnings per share for the year ended December 31, 2021.

15. Income Taxes

Provision for Income Taxes

The components of income tax expense are as follows:

	For the fiscal years ended		
	December 29, 2023	**December 30, 2022**	**December 31, 2021**
Current:			
Federal	$ 14,427	$ 33,622	$ 30,698
State	5,404	4,372	(138)
Foreign	5,850	11,964	8,617
Total current	25,681	49,958	39,177
Deferred:			
Federal	(4,782)	(17,447)	(14,447)
State	(2,693)	(2,837)	(23)
Foreign	(389)	(1,188)	(144)
Total deferred	(7,864)	(21,472)	(14,614)
Provision for income taxes	$ 17,817	$ 28,486	$ 24,563

FOX FACTORY HOLDING CORP.
Notes to Consolidated Financial Statements - Continued
December 29, 2023
(in thousands, except per share amounts)

The Company’s income before provision for income taxes was subject to taxes in the following jurisdictions for the following periods:

	For the fiscal years ended		
	December 29, 2023	December 30, 2022	December 31, 2021
United States	$ 114,128	$ 197,640	$ 149,238
Foreign	24,535	36,124	39,143
Total income before provision for income taxes	$ 138,663	$ 233,764	$ 188,381

The following table presents a reconciliation of the statutory federal rate and the Company’s effective tax rate for the periods presented:

	For the fiscal years ended		
	December 29, 2023	December 30, 2022	December 31, 2021
Tax at federal statutory rate	21.0 %	21.0 %	21.0 %
Foreign derived income benefit	(4.4)	(6.6)	(5.8)
Research and development tax credit	(3.8)	(2.9)	(1.1)
Federal return to provision	(2.2)	1.0	0.4
Stock-based compensation	(0.2)	(0.5)	(5.0)
State taxes, net of federal benefit	0.8	0.6	1.9
Change in liability for unrecognized tax benefits	0.7	—	(1.4)
Executive compensation deduction limitation	0.6	0.8	1.2
Valuation allowance on foreign tax credits	—	(3.8)	1.1
Foreign withholding taxes, net of foreign tax credits	—	1.1	—
Other	0.3	1.5	0.7
Effective tax rate	12.8 %	12.2 %	13.0 %

(in thousands, except per share amounts)

Deferred Income Taxes

	December 29, 2023	December 30, 2022
Deferred tax assets:		
Foreign tax credits, including amounts associated with accrued charges	$ 51,232	$ 47,779
Capitalized research & development	23,778	16,502
Lease liability	16,597	6,077
Inventory	9,673	8,222
Accrued liabilities	7,299	7,146
Net operating losses	3,226	—
Research and development tax credits	2,402	3,963
Interest rate swap	2,010	3,313
Stock-based compensation	385	(121)
Other	2,629	1,273
Total deferred tax asset	119,231	94,154
Valuation allowance	(693)	(280)
Net deferred tax asset	118,538	93,874
Deferred tax liabilities:		
Intangible assets	(65,090)	(23,078)
Lease Right-of-use-asset	(17,117)	(6,232)
Depreciation	(12,192)	(5,583)
Other	(2,842)	(1,642)
Total deferred tax liability	(97,241)	(36,535)
Net deferred tax asset	$ 21,297	$ 57,339

As of December 29, 2023, the Company had foreign tax credits of $51,232 that begin to expire in 2026, unless previously utilized.

As of December 29, 2023, the Company assessed the realizability of deferred tax assets and evaluated the need for a valuation allowance for deferred tax assets for each jurisdiction based on the framework of ASC 740. For the year ended December 29, 2023, the valuation allowance increased by $413 due to a taxable loss at the Company's UK subsidiary. There was no valuation allowance for foreign tax credits as of December 29, 2023. It is reasonably possible that the company could record a material adjustment to the valuation allowance in the next twelve months. An estimate of the range cannot be made.

(in thousands, except per share amounts)

Unrecognized Tax Benefits

	For the fiscal years ended		
	December 29, 2023	December 30, 2022	December 31, 2021
Balance - beginning of period	$ 119	$ 228	$ 3,150
Increase related to current year tax positions	1,274	—	—
Decrease related to prior year tax positions	(119)	(109)	(2,923)
Increase (decrease) due to expiration of statute of limitations	—	—	1
Balance - end of period	$ 1,274	$ 119	$ 228

As of December 29, 2023, the Company had $1,274 of unrecognized tax benefits related to certain state tax positions. The Company regularly engages in discussions and negotiations with tax authorities regarding tax matters in various jurisdictions. It is reasonably possible that significant changes in the unrecognized tax benefit may occur within the next twelve months, including settlement of the full amount with the taxing authority.

The Company's 2019 and forward federal tax returns, state tax returns from 2017 and forward, and foreign tax returns from 2019 and forward are subject to examination by tax authorities.

16. Fair Value Measurements and Financial Instruments

The FASB's Accounting Standards Codification 820, "Fair Value Measurements and Disclosures" 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).

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

	December 29, 2023				December 30, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Interest Rate Swap	$ —	$ 3,394	$ —	$ 3,394	$ —	$ 5,087	$ —	$ 5,087
Total assets measured at fair value	$ —	$ 3,394	$ —	$ 3,394	$ —	$ 5,087	$ —	$ 5,087
Liabilities:								
Incremental Term A Loan	$ —	$ 373,528	$ —	$ 373,528	$ —	$ —	$ —	$ —
Total liabilities measured at fair value	$ —	$ 373,528	$ —	$ 373,528	$ —	$ —	$ —	$ —

There were no transfers of assets or liabilities between Level 1, Level 2 and Level 3 categories of the fair value hierarchy during the years ended December 29, 2023, and December 30, 2022.

As of December 29, 2023, the carrying amount of the principal under the Company's 2022 Credit Facility - Incremental Term A Loan approximated fair value because it had a variable interest rate that reflected market changes in interest rates and changes in the Company's net leverage ratio.

On June 11, 2021, the Company entered into the 2021 Swap Agreement to mitigate the cash flow risk associated with changes in interest rates on its variable rate debt. On April 5, 2022, the Company terminated its 2021 Swap Agreement and entered into the 2022 Swap Agreement. Refer to Note 11. Derivatives and Hedging for additional details of the agreement. In accordance with ASC 815, an interest rate swap contract is recognized as an asset or liability on the Consolidated Balance Sheets and is measured at fair value. The fair value was calculated utilizing Level 2 inputs.

17. Retirement Plan

The Company established a 401(k) plan to provide tax deferred salary deductions for all eligible employees. Participants may make voluntary contributions to the 401(k) plan, limited by certain IRS restrictions. The Company made matching contributions of $3,873, $3,649, and $2,655 for each of the years ended December 29, 2023, December 30, 2022 and December 31, 2021, respectively.

18. Acquisitions

Acquisition of Sola Sport Pty Ltd.

On May 21, 2021, the Company, through its wholly owned subsidiary, Fox Factory Australia Pty Ltd., acquired substantially all the assets of Sola Sport Pty Ltd. for $486. The acquisition was not material to the Company's financial statements.

Acquisition of Outside Van

On May 25, 2021, the Company, through its wholly owned subsidiary, SCA, acquired 100% of the issued and outstanding stock of Manifest Joy LLC, d/b/a Outside Van ("Outside Van"), a custom van conversion company. The total purchase price of $15,275, net of cash acquired, was allocated to the net liabilities assumed of $1,057, identifiable intangibles assets of $5,560 and goodwill acquired of $10,772 based on their respective fair values as of May 25, 2021, with the excess purchase price allocated to goodwill. The Company will amortize the acquired customer relationship and trade name assets over their expected useful lives of 1 and 10 years, respectively. This purchase was accounted for as a business combination and was not material to the Company's financial statements.

Acquisition of Shock Therapy Suspension, Inc.

On December 30, 2021, the Company, through its wholly owned subsidiary, Shock Therapy Suspension, Inc., acquired substantially all the assets of Shock Therapy LLC ("STS"), for $36,834, net of cash acquired. STS is a premier suspension tuning company in the off-road industry, with headquarters in Phoenix, Arizona. This purchase price of STS is allocated to the net assets assumed of $5,244, identifiable intangible assets of $7,086 and goodwill acquired of $24,504, based on their respective fair values as of December 30, 2021. The Company will amortize the acquired non-compete and trade name assets over their expected useful lives of 5 and 10 years, respectively. The acquired goodwill represents the value of combining operations of STS and the Company, and is expected to be deductible for tax purposes. This purchase was accounted for as a business combination and was not material to the Company's financial statements.

Acquisition of Custom Wheel House

On February 17, 2023 the Company entered into a Securities Purchase Agreement with CWH Holdco, LLC ("CWH"), CWH Blocker Corp., ("Blocker"), Thompson Street Capital Partners V, L.P., and each other member of CWH to purchase all of the outstanding equity of Blocker, and thereafter Blocker acquired all of the outstanding equity interest of CWH. CWH is the parent company of Custom Wheel House, LLC. Custom Wheel House is a designer, marketer, and distributor of high-performance wheels, performance off-road tires, and accessories, including the premier flagship brand Method Race Wheels. The Company believes that this acquisition will be complementary to its upfitting businesses and will help to expand its product offerings. This acquisition was financed through the Company's existing 2022 Credit Facility. The acquisition was closed on March 3, 2023 and accounted for as a business combination.

(in thousands, except per share amounts)

The purchase price of Custom Wheel House is allocated to the assets acquired and liabilities assumed based on their estimated respective fair values as of March 3, 2023 with the excess purchase price allocated to goodwill. The weighted average amortization period of the total acquired intangible assets was 11 years. The weighted average amortization periods of the acquired trade name, customer relationship and core technology assets were 12, 7, and 10 years, respectively. The acquired goodwill represents the value of combining operations of Custom Wheel House and the Company, $25,000 of which is deductible for tax purposes. During the year ended December 29, 2023, the Company finalized the purchase price allocation and recorded adjustments to net assets of $7,291, identified intangible assets of $4,247, and goodwill of $10,693.

The Company's allocation of the purchase price to the net tangible and intangible assets acquired and liabilities assumed is as follows:

Acquisition consideration		
Cash consideration	$	129,784
Total consideration at closing	$	129,784
Fair market values		
Inventory	$	23,266
Other current assets		3,109
Property, plant and equipment		3,529
Lease right-of-use assets		4,718
Trademarks and brands		36,397
Customer and distributor relationships		10,808
Core technologies		1,548
Goodwill		67,610
Total assets acquired	$	150,985
Accounts payable and accrued expenses	$	10,783
Current portion of lease liabilities		1,693
Lease liabilities		3,024
Deferred taxes		5,701
Total liabilities assumed	$	21,201
Purchase price allocation	$	129,784

The Company incurred $1,001 of transaction costs related to the acquisition of Custom Wheel House during the year ended December 29, 2023. These costs are classified as general and administrative expenses in the accompanying consolidated statements of income.

The results of operations for Custom Wheel House have been included in the Company's consolidated statements of income since the closing date of the acquisition on March 3, 2023. The total revenue and pre-tax net loss for Custom Wheel House for the year ended December 29, 2023 amounted to $65,558 and $1,630, respectively.

The following unaudited pro forma financial information shows the combined results of operations of the Company and Custom Wheel House, as if the acquisition had occurred as of the beginning of the periods presented. The pro forma results include the effects of the amortization of purchased intangible assets and acquired inventory and property, plant and equipment valuation step-ups, interest expense on the revolving credit facility used to finance the transaction, and the net tax benefit of the above adjustments calculated at the statutory federal tax rate of 21%. A pro forma adjustment has been made to reflect the income taxes that would have been recorded at the federal statutory rate based on Custom Wheel House's net income. The pro forma results for the years ended December 29, 2023 and December 30, 2022 do not include transaction costs associated with the acquisition or transaction success bonuses as these were removed for pro forma purposes. This pro forma data is presented for informational purposes only and does not purport to be indicative of the results of future operations or of the results that would have occurred had the acquisition taken place in the periods noted below.

(in thousands, except per share amounts)

	For the fiscal years ended	
	December 29, 2023	December 30, 2022
Pro forma sales	$ 1,475,574	$ 1,684,375
Pro forma net income attributable to FOX stockholders	$ 118,341	$ 206,152

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 $567,194, net of cash acquired. Wheelhouse is the parent company of 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 has been preliminary 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. The following table summarizes the provisional fair values of the identifiable assets acquired and liabilities assumed at the date of the acquisition:

Acquisition consideration	
Cash consideration, net of cash acquired	$ 567,092
Due to sellers	102
Total consideration at closing	$ 567,194
Fair market values	
Accounts receivable	$ 31,268
Inventory	44,972
Prepaid and other current assets	1,256
Property, plant and equipment	19,065
Lease right-of-use assets	9,423
Trademarks and brands	174,700
Customer and distributor relationships	83,800
Core technologies	20,600
Goodwill	244,790
Other assets	583
Total assets acquired	$ 630,457
Accounts payable	$ 6,995
Accrued expenses	10,512
Other current liabilities	1,854
Deferred Taxes	36,914
Other liabilities	6,988
Total liabilities assumed	$ 63,263
Purchase price allocation	$ 567,194

(in thousands, except per share amounts)

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, and are subject to subsequent adjustments as additional information is obtained during the applicable measurement period. The primary areas of estimates that are not yet finalized include certain tangible assets acquired and liabilities assumed, as well as the identifiable intangible assets. The Company incurred $3,126 of acquisition costs in conjunction with the Marucci acquisition during the year ended December 29, 2023. 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 will be amortized over the term of the Incremental Term Loan A. Refer to Note Note 10 - 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 $244,790 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 and pre-tax loss for Marucci for the year ended December 29, 2023 amounted to $16,791 and $3,150, respectively.

The following unaudited pro forma financial information shows the combined results of operations of the Company and Marucci, as if the acquisition had occurred as of the beginning of the periods presented. The pro forma results include the effects of the amortization of purchased intangible assets and acquired inventory and property, plant and equipment valuation step-ups, interest expense on the term debt secured to finance the acquisition, and the net tax benefit of the above adjustments calculated at the statutory federal tax rate of 21%. Marucci was operated as a C Corporation for federal taxation purposes. A pro forma adjustment has been made to reflect the income taxes that would have been recorded at the federal statutory rate based on Marucci's net income. The pro forma results for the years ended December 29, 2023 and December 30, 2022 do not include transaction costs associated with the acquisition or the acceleration of any stock-based compensation that resulted from the transaction as these were removed for pro forma purposes. This pro forma data is presented for informational purposes only and does not purport to be indicative of the results of future operations or of the results that would have occurred had the acquisition taken place in the periods noted below.

	For the fiscal years ended	
	December 29, 2023	December 30, 2022
Pro forma sales	$ 1,632,076	$ 1,767,902
Pro forma net income attributable to FOX stockholders	$ 110,391	$ 177,081

(in thousands, except per share amounts)

19. Foreign Currency Translation Adjustment

The following table summarizes the changes in foreign currency translation adjustments:

	Foreign currency translation adjustment
Balance as of 12/31/2021	$ 1,281
Other comprehensive loss	(4,918)
Balance as of 12/30/2022	(3,637)
Other comprehensive income	1,507
Balance as of 12/29/2023	$ (2,130)

20. Subsequent Events

Subsequent to December 29, 2023 and up through February 15, 2024, the Company repurchased and subsequently retired approximately 378 shares of the Company's Common Stock at a cost of approximately $25,000, for an average price of $66.03 per share, under the Share Repurchase Program described further in Note 13 - Stockholders' Equity to the consolidated financial statements.

Exhibit 10.10

FOX FACTORY HOLDING CORP. 2022 OMNIBUS PLAN (THE "PLAN")

2023 POLICY REGARDING TERMS APPLICABLE TO RESTRICTED STOCK UNIT AND PERFORMANCE SHARE UNIT AWARD AGREEMENTS IN THE EVENT OF QUALIFIED RETIREMENT

1. Purpose.

The purpose of this 2023 Policy Regarding Terms Applicable to Restricted Stock Unit and Performance Share Unit Award Agreements in the Event of Qualified Retirement (this "**Policy**") is to identify certain terms and conditions for continued vesting of certain equity awards, including unvested restricted stock units and performance share units, granted under the Plan after a Qualified Retirement.

This Policy shall not or be deemed to in any way waive, limit or modify the rights of Fox Factory Holding Corp. (the "**Company**") under any "Restricted Stock Unit Award Agreement," "Performance Share Unit Award Agreement" or the Plan.

Capitalized terms not otherwise defined herein have the definitions assigned to them in **Annex A** hereto, and capitalized terms not otherwise defined below or in **Annex A** to this Policy shall have the same meaning as under the Plan.

2. Qualified Retirement Vesting.

An Award Agreement for Restricted Stock Units and Performance Share Units may, as determined by the Committee, or its delegate, on the date of an Award, provide for continued vesting of an Award upon a Qualified Retirement, subject to the terms and conditions of the respective Award Agreement, as follows:

- Restricted Stock Units granted twelve (12) or more months before a Qualified Retirement will continue to vest in full and payout upon the original vesting schedule; and
- Performance Share Units, granted within twelve (12) months of a Qualified Retirement will continue to vest and payout upon the original vesting schedule, and based on actual performance.

3. Condition to Continued Vesting.

Continued vesting of Awards after a Qualified Retirement is conditioned upon an employee's compliance with all applicable post-employment covenants with the Company and its Affiliates.

4. Prior and Subsequent Awards.

This Policy does not in any way modify or apply to any Award Agreement entered into prior to the date this Policy is adopted by the Committee, nor to any subsequent Award Agreement that does not contain a Qualified Retirement provision.

Annex A to Policy

For purposes of this Policy, the following terms have the indicated meanings:

"**Award**" means any unvested Restricted Stock Unit Award and/or Performance Share Unit Award granted pursuant to the Plan.

"**Qualified Retirement**" means an employee's separation from service with the Company and its Affiliates, other than for Cause, with the employee having met a combined age and service requirement of sixty-five (65), with a minimum service of five (5) years and a minimum age of sixty (60), provided that service (i) will be measured beginning with the employee's date of hire by the Company or an Affiliate, and (ii) with an Affiliate shall be measured from the date such entity became an Affiliate of the Company.

Exhibit 10.11

SIXTH AMENDED AND RESTATED
FOX FACTORY HOLDING CORP.
NON-EMPLOYEE DIRECTOR COMPENSATION POLICY

The Fox Factory Holding Corp. Board of Directors (the "Board") shall review and approve the amount of compensation, including cash and equity-based compensation, to be paid to non-employee directors pursuant to the Non-Employee Director Compensation Policy (this "Policy") on at least an annual basis. Each year, the Board, together with the Compensation Committee (the "Committee"), shall review the Company's total non-employee director compensation program to ensure that it is designed to achieve the Company's goals and compensation objectives to attract, engage, reward for results, and retain individuals in an effort to advance the interests of the Company and its stockholders. In conducting its annual review, the Board and the Committee may consider information provided by the Company's human resources staff, independent compensation consultants and compensation data service providers. The ultimate amount and form of compensation to be paid to non-employee directors for their service on the Board and/or any Board or committee position held by such non-employee director may be determined and changed from time to time by the Board in its discretion.

CASH COMPENSATION

Retainer for Serving as Non-Employee Chairperson of the Board

Should the Board have a Chairperson that is a non-employee director, the Chairperson shall be paid an annual retainer, which retainer shall be payable quarterly in arrears, plus the other retainers and compensation he or she may be eligible to receive as set forth herein (as such amounts may be changed from time to time by the Board in its discretion).

Retainer for Serving as Lead Independent Director

Should the Board have a Lead Independent Director, the Lead Independent Director shall be paid an annual retainer, which retainer shall be payable quarterly in arrears, plus the other retainers and compensation he or she may be eligible to receive as set forth herein (as such amounts may be changed from time to time by the Board in its discretion).

Retainers for Serving as Committee Chairpersons

Non-employee directors shall be paid annual retainers for serving as the chairperson of the following committees of the Board, which retainer shall be payable quarterly in arrears, plus the other retainers and compensation such non-employee directors may be eligible to receive as set forth herein (as such amounts may be changed from time to time by the Board in its discretion):

- Audit Committee
- Compensation Committee
- Nominating and Corporate Governance Committee

Non-employee directors shall, at the discretion of the Board, be paid an annual retainer for serving as the chairperson of any other committee of the Board.

Retainer for Serving on the Board

Each non-employee director shall be paid an annual retainer for his or her service on the Board, which retainer shall be payable quarterly in arrears, plus the other retainers and compensation he or she may be eligible to receive as set forth herein (as such amounts may be changed from time to time by the Board in its discretion). The Board, in its discretion, may determine if separate meeting fees are also to be paid for Board meetings attended by the non-employee directors.

Retainers for Serving on Committees

Non-employee directors shall be paid annual retainers for serving on the following committees of the Board, which retainer shall be payable quarterly in arrears, plus the other retainers and compensation such non-employee directors may be eligible to receive as set forth herein (as such amounts may be changed from time to time by the Board in its discretion):

- Audit Committee
- Compensation Committee
- Nominating and Corporate Governance Committee

Non-employee directors shall, at the discretion of the Board, be paid an annual retainer for serving on any other committee of the Board. The Board may determine, in its discretion, if separate meeting fees are also to be paid for committee meetings attended by the non-employee directors.

Retainer Proration

If a non-employee director (a) becomes the Chairperson of the Board, (b) becomes the Lead Independent Director, (c) becomes a Committee Chairperson, (d) joins the Board, or (e) joins a committee (each a "Retainer Event"), on a day other than the first day of the fiscal year, such non-employee director shall be entitled to receive a prorated retainer for such service. Such prorated retainer shall be determined by multiplying the applicable annual retainer amount (or such other amount as determined by the Board in its sole discretion) times a fraction, (i) the numerator of which shall be the difference between four and the number of quarters that have lapsed since the beginning of the fiscal year end preceding the Retainer Event, and (ii) the denominator of which is four. Such prorated retainer shall be paid quarterly in arrears.

EQUITY-BASED COMPENSATION

At the discretion of the Board, non-employee directors shall be granted annual equity-based compensation awards each year in the form of restricted stock units pursuant to any applicable equity-based compensation plan of the Company then effect, as such plans are amended from time to time. Such awards shall be subject to such terms and conditions as may be set forth in the applicable award agreement and plan.

General Non-Employee Director Annual Award

Subject to applicable laws and the Company's policies then in place for equity-based awards, the non-employee directors who serve on the Board immediately following each annual meeting of the Company shall, at the Board's discretion, be entitled to receive an annual award of restricted stock units. The number of restricted stock units to be awarded annually shall be determined by the Board in its sole discretion. Such annual awards, if any, shall be granted on the date of the Company's annual meeting or, alternatively, to the extent determined appropriate by the Board in its discretion, during the Company's open trading window that follows the Company's annual meeting.

If a non-employee director joins the Board on a day other than the date of the annual meeting, such non-employee director shall, at the Board's discretion, be entitled to receive a prorated award of restricted stock units. Such prorated award shall be determined by multiplying the implied dollar value of the restricted stock units awarded, in the Board's sole discretion, to the directors serving on the date of the annual meeting times a fraction, (i) the numerator of which shall be the difference between 365 and the number of days that have lapsed since the annual meeting immediately preceding the day such non-employee director joined the award, and (ii) the denominator of which is 365. The product resulting from the prior sentence shall then be divided by the closing price of the Company's common stock on the date of grant to determine the number of restricted stock units to be awarded. Such annual award, if any, shall be granted on the date such director joins the Board or, alternatively, to the extent determined appropriate by the Board in its discretion, during the Company's open trading window that follows the date that such director joins the Board.

Chairperson/Lead Independent Director Annual Award

Subject to applicable laws and the Company's policies then in place for equity-based awards, the non-employee director who serves as Chairperson or Lead Independent Director of the Board, if any, immediately following each annual meeting of the Company shall, at the Board's discretion, be entitled to receive an annual award of restricted stock units. The number of restricted stock units to be awarded annually shall be determined by the Board in its sole discretion. Such annual award, if any, shall be granted on the date of the Company's annual meeting or, alternatively, to the extent determined appropriate by the Board in its discretion, during the Company's open trading window that follows the Company's annual meeting.

If a non-employee director becomes the Chairperson or Lead Independent Director of the Board on a day other than the date of the annual meeting, such non-employee director shall be entitled to receive a prorated award of restricted stock units. Such prorated award shall be determined by multiplying the implied dollar value of restricted stock units which would have been granted to a director serving as the Chairperson or Lead Independent Director on the date of the annual meeting times a fraction, (i) the numerator of which shall be the difference between 365 and the number of days that have lapsed since the annual meeting immediately preceding the day such non-employee director became the Chairperson or Lead Independent Director of the Board, and (ii) the denominator of which is 365. The product resulting from the prior sentence shall then be divided by the closing price of the Company's common stock on the date of grant to determine the number of restricted stock units to be awarded. Such annual award, if any, shall be granted on the date such director becomes the Chairperson or Lead Independent Director of the Board or, alternatively, to the extent determined appropriate by the Board in its discretion, during the Company's open trading window that follows the date that such director becomes the Chairperson or Lead Independent Director of the Board.

EXPENSE REIMBURSEMENT

Each of the non-employee directors shall be entitled to receive reimbursement for reasonable, documented expenses that he or she actually and properly incurs in connection with attending Board meetings and his or her duties as a director.

DIRECTORS HOLDING 5% OR MORE OF THE COMPANY'S STOCK AND REPRESENTATIVES OF STOCKHOLDERS HOLDING 5% OR MORE OF THE COMPANY'S STOCK

Notwithstanding the foregoing, any non-employee director who, directly or indirectly, beneficially owns 5% or more of the Company's outstanding securities or is employed by or represents a stockholder of the Company that, directly or indirectly, beneficially owns 5% or more of the Company's outstanding securities shall not be entitled to receive any cash compensation or equity-based compensation for his or her service on the Board. Such non-employee director shall, however, be entitled to receive reimbursement for reasonable, documented expenses which he or she actually and properly incurs in connection with attending Board meetings and their duties as a director.

AMENDMENTS, REVISION AND TERMINATION

This policy may be amended, revised or terminated by the Board of Directors at any time and from time-to-time in its sole discretion.

****

Sixth Amended and Restatement Approved by the Compensation Committee: May 3, 2022
Sixth Amended and Restatement Approved by the Board: May 4, 2022
Effective: January 1, 2022

Exhibit 10.17

FOX FACTORY HOLDING CORP.
2022 OMNIBUS PLAN

Restricted Stock Unit Award Agreement – United States

Name of Participant: ______________________
Grant Date: ______________________

This Restricted Stock Unit Award Agreement (the "**Agreement**") is executed between Fox Factory Holding Corp., a Delaware corporation ("**Fox Factory**" or the "**Company**"), and _______________, an Employee (the "**Participant**").

RECITALS:

Fox Factory desires to carry out the purposes of Fox Factory Holding Corp. 2022 Omnibus Plan, as it may be amended and/or restated (the "**Plan**"), by affording the Participant a long-term incentive compensation opportunity as hereinafter provided.

The Agreement is concluded exclusively between Fox Factory and the Participant and does not constitute any obligations for the Participant's local employer. Therefore, any claims arising from the Agreement may only arise and be asserted against Fox Factory.

In consideration of the foregoing, of the mutual promises set forth below and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. **Incorporation of Plan**. The rights and duties of Fox Factory and the Participant under this Agreement shall in all respects be subject to and governed by the provisions of the Plan, the terms of which are incorporated herein by reference. In the event of any conflict between the provisions in the Agreement and those of the Plan, the provisions of the Plan shall govern. Unless otherwise provided herein, capitalized terms in this Agreement shall have the same definitions as set forth in the Plan.

2. **Grant of Award; Vesting**.

(a) Subject to the terms and conditions of this Agreement and the Plan, the Company hereby grants to the Participant the right (this "**Award**") to earn an aggregate of _____________ shares of Fox Factory common stock, par value $0.001 per share ("**Shares**"). Such Shares shall not be issued, and the Participant shall have no rights as a stockholder of the Company, until Shares are issued pursuant to Section 5 below.

(b) Subject to the terms of this Agreement and those of the Plan, this Award shall vest and become earned at its Fair Market Value in installments, as follows, provided that the Participant's Continuous Service with the Company and its Subsidiaries has not ceased before the particular vesting date:

Vesting Schedule:

(c) Except as provided in the Plan and in this Agreement, if the Participant's Continuous Service with the Company and its Subsidiaries ceases, this Award, to the extent not then vested, shall immediately terminate without consideration[; provided, however, that the portion of the Award that is scheduled to vest after the twelve (12) month anniversary of the Grant Date shall continue to vest according to the vesting schedule in Section 2(b) above following the Participant's Qualified Retirement. As used herein, "**Qualified Retirement**" means the Participant's separation from service with the Company and/or its Affiliates, other than for Cause, after the Participant has met a combined age and service requirement of sixty-five (65), with a minimum service of five (5) years and a minimum age of sixty (60)].

3. **Vesting of Award**. The Committee has sole authority (unless arbitrary and capricious) to determine whether and to what degree the Award has vested and is payable and to interpret the terms and conditions of this Agreement and the Plan.

4. **Forfeiture of Award**. Except as set forth in Section 12 of the Plan regarding a Change in Control, in the event that the Continuous Service of the Participant with Fox Factory or an Affiliate terminates for any reason and the Award has not vested pursuant to Section 2 of this Agreement, then the Award, to the extent not vested as of the Participant's termination of Continuous Service date, shall be forfeited immediately upon such termination, and the Participant shall have no further rights with respect to the Award or the Shares underlying the Award. The Committee (or its designee, to the extent permitted under this Agreement or the Plan) shall have sole discretion (unless arbitrary and capricious) to determine if a Participant's rights have terminated pursuant to the Plan and this Agreement, including but not limited to the authority to determine the basis for the Participant's termination of Continuous Service. The Participant expressly acknowledges and agrees that, except as otherwise provided in this Agreement or Section 12 of the Plan, the termination of the Participant's Continuous Service shall result in forfeiture of the Award and any underlying payout to the extent the Award has not vested as of the Participant's termination of Continuous Service date. For the purposes of this Agreement and the Plan, a legal leave under short term disability or FMLA or similar law shall not be deemed to be a termination of the Participant's Continuous Service; provided, however, that no such leave shall last longer than six (6) continuous months.

5. **Award Payout**.

(a) The Award and the number of Shares that the Award represents shall, to the extent vested on each particular vesting date, be payable, and paid, in whole Shares, with cash being paid in lieu of fractional Shares and with each settlement to include any dividends that accrued on the vested Shares from the Grant Date through the settlement date.

(b) Award payout shall, upon vesting of the Award, be made to the Participant (or in the event of the Participant's death, to the Participant's beneficiary or beneficiaries) in a lump sum as soon as practicable, but in all cases within two and one-half (2-1/2) months following the applicable vesting date specified in Section 2 of this Agreement.

6. **No Right to Continued Employment or Service**. Neither the Plan, the grant of the Award, nor any other action related to the Plan shall confer upon the Participant any right to continue in the employment or service of Fox Factory or an Affiliate or affect in any way the right of Fox Factory or an Affiliate to terminate the Participant's employment or service at any time. Except as otherwise expressly provided in the Plan or this Agreement or as determined by the Committee, all rights of the Participant with respect to the Award shall terminate upon termination of the employment or service of the Participant with Fox Factory or an Affiliate. The grant of the Award does not create any obligation on the part of Fox Factory or an Affiliate to grant any further awards. So long as the Participant shall continue to be an employee of Fox Factory or an Affiliate, the Award shall not be affected by any change in the duties or position of the Participant.

7. **Nontransferability of Award and Shares**. The Award, and any Award payout, shall not be transferable (including by sale, assignment, pledge or hypothecation) other than by will or the laws of intestate succession. The designation of a beneficiary in accordance with Plan procedures does not constitute a transfer.

8. **Superseding Agreement; Binding Effect**. This Agreement supersedes any statements, representations or agreements of Fox Factory with respect to the grant of the Award or any related rights, and the Participant hereby waives any rights or claims related to any such statements, representations or agreements. This Agreement does not supersede or amend any existing confidentiality agreement, non-solicitation agreement, noncompetition agreement, employment agreement or any other similar agreement between the Participant and Fox Factory or an Affiliate, including, but not limited to, any restrictive covenants contained in such agreements.

9. **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law, and in accordance with applicable United States federal laws.

10. **Amendment and Termination, Waiver**. Subject to the terms of the Plan, this Agreement may be amended or terminated only by the written agreement of the parties hereto. The waiver by Fox Factory of a breach of any provision of the Agreement by the Participant shall not operate or be construed as a waiver of any subsequent breach by the Participant. Notwithstanding the foregoing, the Committee shall have unilateral authority to amend this Agreement (without Participant consent) to the extent necessary to comply with applicable law or changes to applicable law (including but in no way limited to federal securities laws), and the Participant hereby consents to any such amendments to the Plan and this Agreement.

11. **Withholding; Tax Matters**.

(a) Fox Factory or an Affiliate shall report all income and withhold all required local, state, federal, foreign income and other taxes and any other amounts required to be withheld by any governmental authority or law from any amount payable in cash with respect to the Award. Prior to the delivery or transfer of any Shares or any other benefit conferred under the Plan, Fox Factory shall require the Participant to pay to Fox Factory in cash the amount of any tax or other amount required by any governmental authority to be withheld and paid over by Fox Factory or an Affiliate to such authority for the account of such recipient. Alternatively, at the election of Participant, Participant shall be entitled (subject to procedures satisfactory to the Committee) to satisfy such obligation in whole or in part, and any local, state, federal, foreign or other income, employment and other tax obligations relating to the Award, by electing (the "**election**") to have Fox Factory withhold Shares from the Shares to which the recipient is entitled. The number of Shares to be withheld shall have a Fair Market Value as of the date that the amount of tax to be withheld is determined as nearly equal as possible to the amount of such obligations being satisfied. Each election must be made in writing to the Committee in accordance with election procedures established by the Committee.

(b) Fox Factory has made no warranties or representations to the Participant with respect to the tax consequences (including but not limited to income tax consequences) related to the Award or the payout, if any, pursuant to the Award, and the Participant is in no manner relying on Fox Factory or its representatives for an assessment of such tax consequences. The Participant acknowledges that there may be adverse tax consequences with respect to the Award and that the Participant should consult a tax advisor. The Participant acknowledges that the Participant has been advised that the Participant should consult with the Participant's own attorney, accountant, and/or tax advisor regarding the decision to enter into this Agreement and the consequences thereof. The Participant also acknowledges that Fox Factory has no responsibility to take or refrain from taking any actions in order to achieve a certain tax result for the Participant.

12. **<u>Administration</u>**. The authority to construe and interpret this Agreement and the Plan, and to administer all aspects of the Plan, shall be vested in the Committee, and the Committee shall have all powers with respect to this Agreement as are provided in the Plan. Any interpretation of the Agreement by the Committee and any decision made by it with respect to the Agreement are final and binding on the parties hereto.

13. **<u>Notices</u>**. Any and all notices under this Agreement shall be in writing and sent by hand delivery or by certified or registered mail (return receipt requested and first-class postage prepaid), in the case of Fox Factory, 2055 Sugarloaf Circle, Suite 300, Duluth, GA 30097; Attention: Compensation Committee, and in the case of the Participant, to the last known address of the Participant as reflected in Fox Factory's records.

14. **<u>Severability</u>**. The provisions of this Agreement are severable; and if any one or more provisions may be determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

15. **<u>Compliance with Laws, Restrictions on Award and Shares of Common Stock</u>**. Fox Factory may impose such restrictions on the Award and the Shares or other benefits underlying the Award or relating to the payout of the Award as it may deem advisable in order to comply with restrictions under the federal securities laws, federal tax laws, the requirements of any stock exchange or similar organization and any blue sky, state or foreign securities laws applicable to such Award or Shares. Notwithstanding any other provision in the Plan or this Agreement to the contrary, Fox Factory shall not be obligated to issue, deliver or transfer any Shares, make any other distribution of benefits under the Plan, or take any other action, unless such delivery, distribution or action is in compliance with all applicable laws, rules and regulations (including but not limited to the requirements of the Securities Act). Fox Factory may cause a restrictive legend or legends to be placed on any certificate for Shares issued pursuant to the Award in such form as may be prescribed from time to time by applicable laws and regulations or as may be advised by legal counsel.

16. **<u>Successors and Assigns</u>**. Subject to the limitations stated herein and in the Plan, this Agreement shall be binding upon and inure to the benefit of the Participant and the Participant's executors, Committees and permitted transferees and beneficiaries and Fox Factory and its successors and assigns.

17. **<u>Counterparts; Further Instruments</u>**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The parties hereto agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Agreement.

18. **<u>Right of Offset</u>**. Notwithstanding any other provision of the Plan or this Agreement, Fox Factory may reduce the amount of any benefit or payment otherwise payable to or on behalf of the Participant by the amount of any obligation of the Participant to Fox Factory or an Affiliate that is or becomes due and payable, and the Participant shall be deemed to have consented to such reduction; provided, however, that to the extent Section 409A is applicable, such offset shall not exceed the greater of Five Thousand Dollars ($5,000) or the maximum offset amount then permitted under Section 409A.

19. **<u>Adjustment of Award</u>**.

(a) In the event of any change in the outstanding Shares by reason of any stock split, stock dividend or other non-recurring dividends or distributions, recapitalization, merger, consolidation, spin off, combination, repurchase or exchange of stock, reorganization, liquidation, dissolution or other similar corporate transaction that affects the Common Stock, an adjustment shall be made, as the Committee deems necessary or appropriate, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan. Such adjustment may include an adjustment to the number and class of Shares which may be delivered under the Plan, the number, class and price of Shares subject to outstanding Awards, the number and class of Shares issuable pursuant to Options or Stock Appreciation Rights, and the numerical limits contained in Section 5 of the Plan. Notwithstanding the preceding sentence, the number of Shares subject to any Award always will be a whole number.

(b) Notwithstanding anything contained in the Plan or elsewhere in this Agreement to the contrary, (i) the Committee, in order to comply with applicable law (including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Sarbanes-Oxley Act of 2002), retains the right at all times to decrease or terminate the Award and payments under the Plan, and any and all amounts payable under the Plan or paid under the Plan shall be subject to clawback, forfeiture, and reduction to the extent determined by the Committee as necessary to comply with applicable law; and (ii) in the event any legislation, regulation(s), or formal guidance require(s) any compensation payable under the Plan (including, without limitation, the Award) to be deferred, reduced, eliminated, or subjected to vesting, the Award shall be deferred, reduced, eliminated, paid in a different form or subjected to vesting or other restrictions as, and solely to the extent, required by such legislation, regulation(s), or formal regulatory guidance.

Exhibit 10.18

FOX FACTORY HOLDING CORP.
2022 Omnibus Plan

PERFORMANCE SHARE UNIT AWARD AGREEMENT

Pursuant to this Performance Share Unit Award Agreement (this "**Award Agreement**"), and subject to the terms and conditions herein and in the Fox Factory Holding Corp. 2022 Omnibus Plan (the "**Plan**"), Fox Factory Holding Corp. (the "**Company**") grants an Award of performance based Restricted Stock Units ("**Performance Share Units"** or "**PSUs**") to the following identified Grantee with the following specified terms:

Summary of Award Terms:

Name of Grantee: _____________ (the "**Grantee**")

Date of Grant: _______________ (the "**Grant Date**")

Target Number of Performance Share Units: ________________ (the "**Target PSUs**")

Performance Period: January 1, 20__ – December 31, 20__ ("**Performance Period**")

Vesting: The PSUs shall vest only upon the achievement of the applicable Performance Goals for the Performance Period. Depending on the actual achievements of Performance Goals, the Grantee may earn between 0% and 200% of the Target PSUs.

Performance Goals: The number of PSUs earned by the Grantee at the end of the Performance Period, if any, will be determined by the Committee, in its sole but reasonable discretion, on or before the Settlement Date, based on the satisfaction of Performance Goals identified in **Exhibit A** to this Award Agreement.

Unless otherwise provided in this Award Agreement, Grantee must have Continuous Service throughout the Performance Period to remain eligible for any rights or interests with respect to this Award.

Settlement Date of Award: The settlement date of the Award shall be as soon as practicable following the end of the Performance Period, but no later than March 15th following the last day of the Performance Period (the "**Settlement Date**").

Capitalized terms used in this Award Agreement, unless otherwise defined, shall have the meanings set forth in the Plan.

1. **Grant of Performance Share Units**. The Company hereby grants this Award of PSUs, pursuant to which, subject to the terms and conditions of this Award Agreement and the Plan, the Company will pay to the Grantee on the Settlement Date one (1) Share as of the Settlement Date multiplied by the number of vested PSUs earned hereby, subject to applicable withholding for taxes.

2. **Vesting**. The Award is subject to the vesting terms set forth in the Summary of Award Terms above, except as may otherwise be provided in this Award Agreement or in the Plan. Any portion of the Award that does not vest for any reason shall automatically be cancelled and terminated and be of no further force and effect.

3. Forfeiture.

(a) If the Grantee has a termination of employment or a leave of absence that isn't a qualified leave of absence under the applicable Company's or Affiliate's employment policies ("**Qualified Leave**") prior to the end of the Performance Period for any reason, then except as provided in an employment agreement between the Company and the Grantee then in effect, the Grantee shall forfeit, and shall have no further rights or interest with respect to, any of the PSUs granted hereby, with automatic and immediate effect as of the termination of employment date. Notwithstanding the foregoing, if the Grantee's employment is terminated by the Company without Cause or due to Grantee's death or Disability, or if the Grantee has a leave of absence during the Performance Period that isn't a Qualified Leave, the Grantee will receive a pro-rated Award on the Settlement Date, provided the Performance Goals are met as determined by the Committee, by multiplying the number of Shares the Grantee would have received had the Grantee's employment not terminated, or had the Grantee had a Qualified Leave, by a fraction, the numerator of which is the number of full and partial months of employment, excluding periods of leaves of absences that are not Qualified Leaves, completed during the Performance Period, and the denominator of which is the number of total months in the Performance Period[; provided, however, if the Grant Date is within twelve (12) months of the Grantee's Qualified Retirement, the Grantee will receive an Award on the Settlement Date, provided the Performance Goals are met as determined by the Committee, as if the Grantee had remained employed through the end of the Performance Period].

(b) The Award, and the Committee's determination of the satisfaction of Performances Goals, shall be subject to adjustment by the Committee (i) as provided in the Plan, and (ii) in recognition of unusual or nonrecurring events affecting the Company or any Affiliate, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations or accounting principles, if the Committee determines that such adjustments are appropriate or necessary.

4. Change in Control. In the event of a Change in Control, the Award shall be subject to the provisions of Section 12 of the Plan.

5. Settlement of Award. On the Settlement Date, the Company will, in full satisfaction of the PSUs granted hereby, pay to the Grantee the amount owed, as determined by the Committee based upon the Committee's determination of achievement of the Performance Goals, in whole Shares, rounded down to the nearest whole Share.

(a) Notwithstanding anything herein to the contrary, no transfer of Shares shall become effective until the Company determines that such transfer, issuance, and delivery is in compliance with all applicable, laws, regulations of governmental authority, and the requirements of any securities exchange on which Shares may be traded.

(b) The Committee may, as a condition to the issuance of Shares, require the Grantee to make covenants and representations and/or enter into agreements with the Company to reflect the Grantee's rights and obligations as a stockholder of the Company and any limitations and restrictions on such Shares.

(c) The transfer of Shares pursuant to this Award Agreement shall be effectuated by an appropriate entry on the books of the Company, the issuance of certificates representing such shares (bearing such legends as the Committee deems necessary or desirable), the transfer of shares to a brokerage account in the name of the Grantee, and/or other appropriate means as determined by the Committee.

(d) Unless and until any Shares are issued in settlement of the Award on the Settlement Date, the Award shall not confer to the Grantee any rights or status as a stockholder of the Company.

6. **<u>Withholding</u>**. The Grantee shall surrender to the Company, for no consideration, the portion of any Shares that become vested under this Award whose aggregate Fair Market Value is sufficient to satisfy federal, state, and local withholding tax requirements.

7. **<u>No Assignment or Transfer</u>**. The Award granted hereunder may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution. No transfer by will or the laws of descent and distribution shall be effective to bind the Company unless the Committee shall have been furnished with (i) written notice thereof along with such evidence as the Committee may deem necessary to establish the validity of the transfer and (ii) an agreement by the transferee to comply with all the terms and conditions of the Award that are or would have been applicable to the Grantee and to be bound by the acknowledgements made by the Grantee in connection with the grant.

8. **<u>Grantee Representations</u>**. By accepting the Award, the Grantee represents and acknowledges the following:

(a) The Grantee has received a copy of the Plan, has reviewed the Plan and this Award Agreement in their entirety, and has had an opportunity to obtain the advice of independent legal counsel prior to accepting the Award.

(b) The Grantee has had the opportunity to consult with a tax advisor concerning the tax consequences of accepting the Award, and understands that the Company makes no representation regarding the tax treatment as to any aspect of the Award, including the grant, vesting, settlement, or conversion of the Award.

(c) The Grantee understands that neither the grant of this Award nor the Grantee's participation in the Plan confers any right to continue in the service of the Company or any Affiliate or to receive any other award or amount of compensation, whether under the Plan or otherwise, and no payment of any award under the Plan will be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance, or other benefit plan of the Company or any Affiliate except as otherwise specifically provided in such other plan.

(d) The Grantee consents to the collection, use, and transfer, in electronic or other form, of the Grantee's personal data by the Company, any Affiliate, the Committee, and any third party retained to administer the Plan for the exclusive purpose of administering the Award and Grantee's participation in the Plan. The Grantee agrees to promptly notify the Committee of any changes in the Grantee's name, address, or contact information during the entire period of Plan participation.

For the avoidance of doubt, the Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in this award Agreement and any other equity grant materials ("**Data**") by and among, as applicable, the Company and any Affiliate employer for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that the Company and any Affiliate may hold certain personal data about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, e-mail address, date of birth, Social Security number, passport or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or any Affiliate , details of all equity or any other entitled to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the exclusive purpose of implementing, administering and managing the Plan.

The Grantee understands that Data may be transferred to a third party (or third parties) to assist the Company and any Affiliate with the implementation, administration and management of the Plan. The Grantee understands the recipients of the Data may be located in the Grantee's country, in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than the Grantee's country. The Grantee understands that the Grantee may request a list with the names and addresses of any potential recipients of Data by contacting the Grantee's local human resources representative. The Grantee authorizes the Company and any Affiliate, and any foregoing third party, and any other possible recipients which may assist the Company or any Affiliate (whether presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Grantee may elect to deposit any Shares acquired upon settlement of the Award. The Grantee understands that the Grantee may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Grantee's local human resources representative. Further, the Grantee understands that the Grantee is providing the consents herein on a purely voluntary basis. If the Grantee does not consent, or if the Grantee later revokes his or her consent, the Grantee's employment status or service with the Company or any Affiliate will not be affected; the only consequence of refusing or withdrawing the Grantee's consent is that the Company would not be able to grant the Award or other equity awards to the Grantee or administer or maintain such Award or other equity awards. Therefore, the Grantee understands that refusing or withdrawing the Grantee's consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee understands that the Grantee may contact the Participant's local human resources representative.

(e) Notwithstanding anything in this Award Agreement to the contrary or any other agreement to the contrary, the Grantee further agrees that (i) the Grantee is not entitled to, and has no rights to, future Awards, (ii) any rights of the Grantee to future Awards shall be in the sole discretion of the Company, (iii) the Company may discontinue the granting of future Awards at any time, without notice and without the Grantee's consent, (iv) the Award is discretionary on behalf of the Company and is not related to the salary or any other contractual benefits granted to the Grantee by the Company or any Affiliate, and therefore, any benefits derived from the Award will not under any circumstances be considered as an integral part of the Grantee's compensation, (v) the value of the Award will not be considered at any time for purposes of any severance calculations associated with the Grantee, and (vi) the Grantee understands and agrees that any modification to this Award shall not constitute a change or impairment of the terms and conditions of his or her employment with the Company or any Affiliate.

9. **Adjustments**. If there is a change in the outstanding Shares due to a stock dividend, split, or consolidation, or a recapitalization, corporate change, corporate transaction, or other similar event relating to the Company, the Committee may adjust the number of Target PSUs subject to the Award in accordance with Section 5 of the Plan.

10. **Administration; Interpretation**. In accordance with the Plan and this Award Agreement, the Committee shall have full discretionary authority to administer the Award, including discretionary authority to interpret and construe any and all provisions relating to the Award. Decisions of the Committee shall be final, binding, and conclusive on all parties.

11. **Section 409A**. It is intended that this Award Agreement is exempt from Code Section 409A and the interpretive guidance thereunder ("**Section 409A**"), and this Award Agreement shall be administered accordingly, and interpreted and construed on a basis consistent with such intent. The provisions of Section 16.7 of the Plan are incorporated by reference herein.

12. **Successors**. The terms of this Award Agreement shall be binding upon and inure to the benefit of the heirs of the Grantee or distributees of the Grantee's estate and any successor to the Company.

13. Governing Law; Severability.

(a) Governing Law. This Award Agreement shall be construed and administered in accordance with the laws of the State of Delaware without regard to its conflict of law principles.

(b) Severability. Any determination by a court of competent jurisdiction or relevant governmental authority that any provision or part of a provision in this Award Agreement is unlawful or invalid shall not serve to invalidate any portion of this Award Agreement not found to be unlawful or invalid, and any provision or part of a provision found to be unlawful or invalid shall be construed in a manner that will give effect to the terms of such provision or part of a provision to the fullest extent possible while remaining lawful and valid.

14. Acknowledgment of Receipt and Acceptance. By signing below (or acceptance by other means, including by electronic signature), the undersigned acknowledges receipt and acceptance of the Award, agrees to the representations made in the Award, and indicates his/her intention to be bound by this Award Agreement and the terms of the Plan.

EXHIBIT A
TO
PERFORMANCE SHARE UNIT AWARD AGREEMENT

Company's Return on Invested Capital ("ROIC")
For January 1, 20__-December 31, 20__ Fiscal Years ("ROIC Performance Goal")
(50% Weighting)[1]

ROIC (%) Achieved	% ROIC Target Earned
< 12.05	0%
12.05	50%
12.125	55%
12.200	60%
12.275	65%
12.350	70%
12.425	75%
12.500	80%
12.575	85%
12.650	90%
12.725	95%
12.800	100%
12.838	105%
12.875	110%
12.913	115%
12.950	120%
12.988	125%
13.025	130%
13.063	135%
13.100	140%
13.138	145%
13.175	150%
13.213	155%
13.250	160%
13.288	165%
13.325	170%
13.363	175%
13.400	180%
13.438	185%
13.475	190%
13.513	195%
13.550	200%

[1] ROIC Performance Goal: ROIC is a measurement of how efficiently the Company uses its capital and levels of return on that capital. It is calculated by dividing net operating profit after tax by funded debt plus equity. The Company's actual ROIC for the Performance Period will be determined by the Committee at the end of the Performance Period using Non-GAAP NOPAT. If the Company's ROIC for the Performance Period is less than the Threshold Level Goal, then there shall be no payout with respect to the ROIC Performance Goal metric. Straight line interpolation will be used to calculate Shares earned for percentages between Threshold and Target and Target and Maximum.

Company’s Free Cash Flow (“FCF”)
For January 1, 20__-December 31, 20__ Fiscal Years (“FCF Performance Goal”)
(50% Weighting)[2]

Non-GAAP FCF ($M) Achieved	% PSU Target Earned
< 225.5	0%
225.5	50%
229.2	55%
232.9	60%
236.6	65%
240.3	70%
244.0	75%
247.7	80%
251.4	85%
255.1	90%
258.8	95%
262.5	100%
264.4	105%
266.2	110%
268.1	115%
269.9	120%
271.8	125%
273.6	130%
275.5	135%
277.3	140%
279.2	145%
281.0	150%
282.9	155%
284.7	160%
286.6	165%
288.4	170%
290.3	175%
292.1	180%
294.0	185%
295.8	190%
297.7	195%
299.5	200%

[2] FCF Performance Goal: FCF is defined as cash flow from the Company’s operating activities *minus* capital expenditures and dividends paid *plus* proceeds from the sale of operating assets. The Company’s actual FCF will be determined by the Committee at the end of the Performance Period. If the Company’s FCF for the Performance Period is less than the Threshold Level Goal, then there shall be no payout with respect to the FCF Performance Goal metric. Straight line interpolation will be used to calculate Shares earned for percentages between Threshold and Target and Target and Maximum.

FOX FACTORY

Effective Date: July 21, 2013

POLICY REGARDING INSIDER TRADING, TIPPING AND OTHER WRONGFUL DISCLOSURES

AND

GUIDELINES WITH RESPECT TO CERTAIN TRANSACTIONS IN SECURITIES OF FOX FACTORY HOLDING CORP. (COLLECTIVELY "INSIDER TRADING POLICY")

FOX FACTORY HOLDING CORP. (INCLUDING SUBSIDIARIES)

Introduction

Federal and state securities laws prohibit the purchase or sale of a public company's securities by persons who possess material information about that company that is not generally known or available to the public. These laws also prohibit persons who possess Material Non-Public Information (as defined in Section E below) from disclosing this information to others who may trade in the company's securities or securities of certain other publicly traded companies while in possession of this information. This Policy provides guidelines to employees, officers, directors, consultants and contractors of **Fox Factory Holding Corp. ("Fox")** and its subsidiaries with respect to transactions in securities issued by Fox and also contains restrictions on the communication of information they may learn during the course of employment with or other services performed on behalf of Fox or its subsidiaries.

Violations of laws relating to insider trading may be punished by criminal penalties (including prison sentences) and civil penalties. In addition, officers and employees of Fox or its subsidiaries who violate this Policy shall be subject to disciplinary action, which may include termination of employment or ineligibility for future participation in any equity incentive plans. The Securities and Exchange Commission (the "SEC"), and stock exchanges use sophisticated electronic surveillance techniques to uncover insider trading. The SEC and the Department of Justice pursue insider trading violations vigorously. Cases have been successfully prosecuted against trading through foreign accounts, trading by family members and friends and trading involving only a small number of shares.

Please note that other policy statements applicable to you also require you to protect proprietary information and contain restrictions on unauthorized disclosure of information.

Applicability of This Policy

In this Policy, we refer to securities issued by Fox as "Covered Securities." In addition, we use the term the "Companies" when we want to refer to Fox and its subsidiaries. We sometimes refer to employees (including part-time and temporary employees), officers, directors, consultants and contractors of the Companies as "Covered Persons." This group of people, members of their immediate families, and members of their households are sometimes referred to in this Policy as "insiders."

This Policy applies to:

- transactions in all types of Covered Securities by Covered Persons and other insiders, including transactions in common stock, preferred stock, convertible debentures and notes, options, warrants and any other securities Fox may issue from time to time; and

- transactions in derivative securities relating to Covered Securities, whether or not issued by Fox, such as exchange-traded options.

Under this Policy, an insider may, from time to time, have to forego a proposed transaction in Covered Securities even if he or she planned to make the transaction before learning of the Material Non-Public Information and even though the insider believes he or she may suffer an economic loss or forego anticipated profit by refraining from trading. Please note that this Policy applies to transactions by the Covered Person in all of the Covered Securities issued by Fox.

The principles described in this Policy also apply to Material Non-Public Information relating to other companies, including the customers and business partners of the Companies, when that information is obtained in the course of employment with or other services performed on behalf of, the Companies.

Civil and criminal penalties, and termination of employment, may result from trading on inside information regarding the customers or business partners of the Companies.

Statement of Policy

A General Policy

It is the policy of the Companies to oppose the unauthorized disclosure of any non-public information acquired in the course of employment with, or other services performed on behalf of, the Companies and the misuse of Material Non-Public Information in securities trading.

B Specific Policies

1 Trading on Material Non-Public Information. No Covered Person, and no member of the immediate family or household of any Covered Person, shall engage in any transaction in Covered Securities, including any offer to purchase or offer to sell, during any period:

- commencing with the date that he or she possesses Material Non-Public Information concerning the Company, and

- ending at the close of the first Full Trading Session (defined below) following the date and time of public disclosure of that information, or at such time as such nonpublic information is no longer material.

The only exceptions to this are those specified below in <u>Section F</u> of this Policy: (a) trading pursuant to a pre-arranged trading plan that complies with SEC Rule 10b5-1, has been approved by a Designated Officer (identified at the end of this Policy) and has not been amended or modified in any respect after such approval by a Designated Officer without such amendment or modification being approved in advance in writing pursuant to Section F of this Policy; and (b) certain non-market transactions where Fox is the only other party to the transaction. As used in this Policy, the term "<u>Full Trading Session</u>" means the period during any day commencing when The NASDAQ Stock Market opens for pre-market trading (currently **4:00** A.M. ET) and ending when it closes for after-market trading (currently **8:00** P.M. ET).

2 Tipping. No Covered Person shall disclose ("tip") Material Non-Public Information to any other person (including family members) where such information could be used by such person to profit by trading in Covered Securities or the securities of other companies to which such information relates, nor shall any Covered Person make recommendations or express opinions based on Material Non-Public Information as to trading in Covered Securities or the securities of other companies. **Tipping may subject the tipper to criminal and civil penalties, even when the tipper does not profit by the prohibited disclosure.**

C Pre-Clearance; Blackout Periods and Other Responsibilities

To promote compliance with applicable federal and state securities laws, the Companies require compliance with the following procedures in connection with trading in Covered Securities:

1 Pre-Clearance Persons. "Pre-Clearance Persons" include: (a) all members of the Board of Directors of Fox; (b) all executive officers of Fox; and (c) other specifically designated employees of each of the Companies. The list of Pre-Clearance Persons is intended to include those individuals having regular access to Material Non-Public Information. Pre-Clearance Persons must refrain **at all times** from conducting transactions in Covered Securities without first complying with the "pre-clearance" process. Specifically, for **each** transaction in Covered Securities that a Pre-Clearance Person wishes to make, the Pre-Clearance Person must, prior to engaging in the proposed transaction:

- provide the Designated Officer with information, in advance, regarding the proposed transaction; and
- receive pre-clearance to engage in the proposed transaction from a Designated Officer.

Any such pre-clearance received from a Designated Officer is valid only for one week or such lesser time period as may be prescribed at the time pre-clearance is given. To avoid the appearance of any impropriety, Pre-Clearance Persons should seek pre-clearance for any transactions conducted by their spouse or other members of their family who share the same household.

Fox may also find it necessary, from time to time, to require compliance with the preclearance process from certain employees, consultants and contractors other than the designated Pre- Clearance Persons. You must follow the above pre-clearance process if, for any specific period, you are directed to do so by a Designated Officer.

2 Quarterly Blackout Periods. The period directly before public disclosure and dissemination of the financial results for a quarter is a particularly sensitive period of time for transactions by Covered Persons in Covered Securities from the perspective of compliance with applicable insider trading laws. Accordingly, a specified group of Covered Persons are subject to "Quarterly Blackout Periods" and must refrain from conducting transactions in Covered Securities during the period. The Quarterly Blackout Periods:

- commence at the close of the Trading Session on the 14th day prior to each fiscal quarter end, and
- end at the close of the second Full Trading Session following the date and time of public disclosure of Fox's financial results for the particular fiscal quarter or year.

The specified group of Covered Persons consists of: (a) all members of the Board of Directors of Fox; (b) all employees having a title or currently assuming the responsibilities of Vice President or greater of the Companies; (c) all persons (regardless of position or title) who are employed in the Finance Department of the Companies, regardless of whether they are Pre-Clearance Persons; and (d) other specifically designated employees of each of the Companies. A Designated Officer may add additional categories of employees to the specified group at any time.

A Designated Officer may initiate a Quarterly Blackout Period on a date that is in advance of the 14th day prior to each fiscal quarter end by announcing the start date by electronic mail or other written notification to the specified group of Covered Persons.

3 **Special Blackout Periods.** A Designated Officer may, at any time, require that specific Covered Persons suspend trading because of developments not yet disclosed to the public. A Covered Person may be subject to such a "Special Blackout Period" regardless of whether he or she does, in fact, have knowledge of the specific developments at the time the Special Blackout Period is imposed. A Designated Officer may announce the beginning of any such Special Blackout Period by electronic mail or other written notification to the specific Covered Persons subject to the Special Blackout Period. In such event, Covered Persons so notified may not engage in any transaction in Covered Securities during such period and may not disclose to others the fact that a Special Blackout Period has been imposed.

In addition, directors and executive officers, to the extent and during the periods required by Section 306 of the Sarbanes-Oxley Act of 2002 and its implementing regulations pertaining to blackout periods applicable to 401(k) and other individual account retirement plans of the Fox, may not purchase or sell any Covered Securities or otherwise enter into a SEC Rule 10b5-1 pre-arranged trading program to do so.

4 **Nature of Blackout Periods.** The purpose behind having the above referenced blackout periods is to help Covered Persons avoid any improper transaction or the appearance of any impropriety. However, even outside of these blackout periods, no person possessing Material Non-Public Information concerning the Companies may engage in any transactions in Covered Securities for which the information is relevant until such information has been known publicly for at least one Full Trading Session. Except as otherwise provided in Section F of this Policy, trading outside of blackout periods is **not** exempted or excepted from regulation by enforcement authorities and must comply with all applicable laws and the other provisions of this Policy.

5 **Individual Responsibility.** Every Covered Person has the individual responsibility to comply with this Policy and applicable law, regardless of whether a blackout period exists or whether the Companies have notified that person to suspend trading. The guidelines set forth in this Policy are not intended to identify all possible situations relating to potential misuse of Material Non-Public Information, and appropriate judgment should be exercised in connection with any trade in Covered Securities. Remember, any enforcement authorities scrutinizing your transactions will be doing so after the fact and with the benefit of hindsight. As a practical matter, before engaging in any transaction, you should carefully consider how enforcement authorities might view the transaction. If you have any questions about the application of this Policy in general or regarding specific trading activity, you should contact a Designated Officer.

6 **Post-Termination Transactions.** If a Covered Person possesses Material Non-Public Information when he or she terminates employment or services, he or she may not trade in Covered Securities until that information has become public or is no longer material.

D Other Prohibited Transactions

1 **Short-Term or Speculative Transactions.** Fox considers it improper and inappropriate for any Covered Person to engage in short-term or speculative transactions in Covered Securities. Such activities may put the personal gain of the Covered Person in conflict with the best interests of the Fox and its securityholders or may create an appearance of such a conflict of interest or the appearance of use of Material Non-Public Information, any of which could negatively affect investors' perceptions of Fox. Accordingly, it is the policy of Fox that Covered Persons not engage in any of the following transactions in Covered Securities:

- **Short Sales** – Short selling is the act of borrowing securities to sell with the expectation of the price dropping and the intent of buying the securities back at a lower price to replace the borrowed securities. Short sales evidence an expectation on the part of the seller that the securities sold will decline in value and may create the appearance that Covered

Person is trading while possessing Material Non- Public Information. In addition, short sales create an inherent conflict of interest with investors in Covered Securities and reduce a Covered Person's incentive to improve the applicable public company's performance. For these reasons, short sales of Covered Securities by Covered Persons are prohibited by this Policy. In addition, Section 16(c) of the Securities Exchange Act, as amended (the Exchange Act"), prohibits directors and executive officers from engaging in short sales.

- **Hedging Transactions** – Hedging transactions allow a holder to continue to own securities, but without the full risks and rewards of that ownership. As a result, hedging transactions involve potential conflicts of interest with investors in Covered Securities and may reduce (or appear to reduce) a Covered Person's incentive to improve the applicable public company's performance. Hedging transactions may also create the appearance that a Covered Person is trading while possessing Material Non-Public Information. Accordingly, Covered Persons are prohibited from engaging in any hedging transactions with respect to Covered Securities.

- **Short-Term Trading** – Short-term trading of Covered Securities may create the appearance that a Covered Person is trading based on Material Non-Public Information or that a Covered Person's attention is focused on short-term performance at the expense of long-term objectives. Accordingly, Covered Persons may not sell any Covered Securities that he or she chooses to purchase for a period of six months following such purchase; provided, however, that this prohibition does not apply to shares acquired as a result of stock option exercises or other employee benefit plan acquisitions.

- **Publicly Traded Options** – A transaction in publicly traded options is, in effect, a wager on the short-term movement of a company's stock. This type of transaction in a Covered Security may create the appearance that a Covered Person is trading based on Material Non-Public Information or that a Covered Person's attention is focused on short-term performance at the expense of long-term objectives. Accordingly, transactions by Covered Persons in put options or call options (or any derivative security that has similar characteristics to those options) on an exchange or in any other organized market are prohibited by this Policy.

2 **Margin Accounts and Pledges.** Securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Accordingly, Covered Persons are required to obtain prior written approval from a Designated Officer before holding Covered Securities in a margin account or pledging Covered Securities as collateral for a loan.

E Definition of "Material Non-Public Information"

It is not possible to define all categories of material information. The materiality of a fact depends upon the circumstances. Generally speaking, a fact regarding Covered Securities will be considered "material" if (1) there is a substantial likelihood that a reasonable investor would consider the fact important in making a decision to buy, sell or hold Covered Securities, (2) the fact is likely to have a significant effect on the market price of Covered Securities or (3) the disclosure of the fact is required to make other material facts regarding Covered Securities not misleading. Either positive or negative information may be material.

While it may be difficult under this standard to determine whether particular information is material, there are various categories of information that are often material, including:

- financial results,
- projections of future earnings or losses,

- news of a pending or proposed merger or acquisition,
- news of a pending or proposed disposition of a subsidiary or business,
- new equity or debt offerings, or proposed repurchases of significant amounts of shares or securities,
- potential exposure due to actual or threatened litigation or major governmental investigations,
- a significant cybersecurity incident involving loss of data or the interruption of Fox's operations,
- major changes in senior management, and
- regulatory actions.

"Non-Public" information is information that has not been previously disclosed to the general public and is otherwise not available to the general public.

Please note that this Policy provides that Covered Persons may **not** trade immediately after disclosure of Material Non-Public Information – there is a waiting period to allow the public to receive and absorb the information. Unless you are notified otherwise by a Designated Officer listed at the end of this Policy, that waiting period ends at the close of the first Full Trading Session following the date and time of public disclosure of the Material Non-Public Information.

F Certain Exceptions

1 **Certain Transactions with the Company.** For purposes of this Policy, the receipt of shares, share units, restricted share units, restricted stock or other awards under any Fox equity-based incentive plan and any related stock withholding or vesting of awards under any such plan are exempt from this Policy. Likewise, the exercise of stock options under any Fox equity-based incentive plan and the purchase of shares under the any Fox employee stock purchase plan are exempt from this Policy, since the other party to the transaction is the issuer itself. However, a subsequent sale in the securities markets of the shares received upon exercise of the options (including sales pursuant to a so-called "cashless exercise" arranged by your broker) or purchased under the employee stock purchase plan is subject to this Policy. Delivery of shares to Fox, where permitted under applicable equity award plans or similar arrangements, is not subject to this Policy.

2 **SEC Rule 10b5-1 Pre-Arranged Trading Programs.** SEC Rule 10b5-1 protects insiders from insider trading liability for transactions under pre-arranged trading programs meeting certain standards. Transactions in Covered Securities pursuant to the terms of a Rule 10b5-1 pre-arranged trading program shall be exempt from the pre-clearance and blackout provisions of this Policy if that pre-arranged program complies with each of the following (each, an "Approved Trading Plan"):

- has been submitted to and received the prior written approval of a Designated Officer, (i) at least 30 days before the commencement of any transactions under the pre-arranged trading program for a Covered Person other than a director or Section 16 officer of Fox, and (ii) for a director or Section 16 officer of Fox, the later of 90 days after the adoption or modification of such pre-arranged trading program and two business days after the filing of a Form 10-Q or Form 10-K that covers the fiscal quarter in which such pre-arranged trading program was adopted up to a maximum of 120 days after the adoption or modification of such pre-arranged trading program;

- was adopted by the Covered Person (i) in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act, and (ii) at a time when the Covered Person had no Material Non-Public Information; and

- either (i) specifies the amount, date, and price for the future security transactions under the trading program; (ii) provides a written formula, algorithm or computer program for determining the amount, date, and price for the future security transactions under the

trading program; or (iii) delegates to a third-party discretion for determining the amount, price and dates for the future securities transactions under the trading program.

Each pre-arranged trading program entered into by any Covered Person who is or may be subject to pre-clearance or blackouts must receive the prior written approval of a Designated Officer. Each Covered Person may adopt only one Approved Trading Plan at a time; provided, however, that such Covered Person may adopt (a) additional Approved Trading Plans that authorize sell-to-cover transactions to satisfy tax withholding obligations incident to the vesting of equity awards even where another Approved Trading Plan is in place so long as such Covered Person (i) authorizes an agent to sell only the securities necessary to satisfy such tax withholding obligations and (ii) does not otherwise control the timing of such sales; and (b) a second Approved Trading Plan that is a successor trading plan under which trades are not scheduled to begin until completion or expiration of the predecessor plan.

In order to have an SEC Rule 10b5-1 pre-arranged trading program considered by a Designated Officer for approval, the person seeking to enter into the program should submit the program's description and documentation to the Designated Officer before entering into the program. Each such program must allow for the cessation of sales under the program upon notice and request by Fox to the extent Fox enters a transaction that results in the imposition of trading restrictions on the seller or Fox otherwise determines such cessation is in the best interests of the company. In considering whether to approve particular programs, the Designated Officer shall consider, among other things, whether the program meets the requirements of Rule 10b5-1, whether there exists Material Non-Public Information with respect to the Companies, and whether arrangements are in place for complying with SEC reporting requirements. A Designated Officer may refuse to approve any proposed pre-arranged trading program, including if he or she determines that any such program does not satisfy all applicable legal requirements. Such Covered Person may only amend or revoke an Approved Trading Plan at a time that is outside of a blackout period and at a time when such Covered Person has no Material Non-Public Information. Any amendment or revocation of an Approved Trading Plan must be preapproved in writing by the Designated Officer and may subject the Covered Person to an additional cooling off period of the same duration set forth in the first bullet point above. Please note that each Designated Officer represents Fox and will be reviewing trading programs in that capacity, and not for the purpose of providing legal advice to those who enter into such programs. Accordingly, the review by a Designated Officer is not a substitute for seeking advice from your own attorney prior to entering into such a program. None of Fox or the Designated Officer assumes any liability for any delay in reviewing or refusing a trading program submitted for approval nor the legality or consequences relating to a person entering into or trading under an Approved Trading Plan. Transactions prohibited under Section D of this Policy may not be carried out through a prearranged trading program. Fox reserves the right to publicly announce, or respond to inquiries from the media regarding the implementation of an Approved Trading Plan or the execution of transactions made under an Approved Trading Plan. Fox also reserves the right to disclose any such events as required or advisable under federal securities laws, including in quarterly or annual reports it files with the SEC.

Additional Information - Directors and Executive Officers

Members of the Board of Directors and executive officers of Fox who are required to file beneficial ownership reports pursuant to Section 16 of the Exchange Act must also comply with the reporting obligations and limitations on short-swing transactions set forth in Section 16 of the Exchange Act. The practical effect of these provisions is that directors and executive officers who purchase and sell Covered Securities in certain transactions within a six-month period are required to disgorge all profits to the applicable public company whether or not they had knowledge of any Material Non-Public Information. Under these provisions, and so long as certain other criteria are met, neither the receipt of an option under an option plan, nor the exercise of that option, nor the receipt of stock under an employee stock purchase plan will be deemed to be a purchase under Section 16; however, the sale of any such shares will be deemed to be a sale under Section 16. Moreover, no director or executive officer may ever make a short sale of Covered Securities. In addition, sales

of Covered Securities by directors and executive officers are required to be made in accordance with Rule 144 under the Securities Act of 1933, as amended.

Interpretation and Amendments

Each Designated Officer is authorized to interpret this Policy on behalf of Fox and to apply its terms to specific situations in which questions arise. Each Designated Officer is further authorized to take all such actions he or she may consider necessary or advisable to administer this Policy. The prior exercise of discretionary authority by a Designated Officer shall not obligate him, her or any other Designated Officer to exercise such discretionary authority in a like fashion thereafter. In addition, the Fox Nominating and Corporate Governance Committee is authorized to amend this Policy from time to time.

Inquiries

Please direct your questions as to any of the matters discussed in this Policy to any of the following persons, who are the Designated Officers under this Policy:

- **Chief Financial Officer and Treasurer (SECReporting@ridefox.com)**
- **Chief Legal Officer and Secretary (legal@ridefox.com)**

Exhibit 21.1

Fox Factory Holding Corp.

List of Subsidiaries as of December 29, 2023

Company Name	State or Other Jurisdiction of Incorporation or Organization	Name under which Business is Conducted
Fox Factory Australia Pty Ltd	Australia	Sola Sport/Fox Australia
RFE Holding (Canada) Corp.	British Columbia, Canada	Race Face / Easton
Fox Factory, Inc.	California	Fox Factory, Inc.
FF US Holding LLC	Georgia	FF US Holding LLC
FF Indiana Holding LLC	Indiana	FF Indiana Holding LLC
ST USA Holding Corp.	Delaware	Sport Truck, USA
RT Acquisition Corp.	Delaware	Ridetech
SCA Performance Holdings, Inc.	Delaware	SCA Performance Holdings, Inc.
SCA Performance, Inc.	Delaware	SCA Performance, Inc.
Rocky Ridge Trucks, Inc.	Delaware	Rocky Ridge Trucks, Inc.
Rocky Ridge Real Estate, LLC	Delaware	Rocky Ridge Real Estate, LLC
Rocky Mountain Truckworks, Inc.	Delaware	Rocky Mountain Truckworks, Inc.
Manifest Joy LLC	Oregon	Outside Van
Outsidevan LLC	Oregon	Outside Van
Outsideparts, LLC	Oregon	Outside Van
Outsidetruck, LLC	Oregon	Outside Van
Shock Therapy Suspension, Inc.	Delaware	Shock Therapy
CWH Blocker Corp.	Delaware	CWH Blocker Corp.
CWH Holdco, LLC	Delaware	CWH Holdco, LLC
Custom Wheel House, LLC	Delaware	Custom Wheel House, LLC
Wheelhouse Holdings Inc.	Delaware	Wheelhouse Holdings Inc.
Marucci Sports, LLC	Delaware	Marucci Sports, LLC
SEP VI LS Holdings, Inc.	Delaware	Marucci Sports, LLC
Lizard Skins, LLC	Delaware	Marucci Sports, LLC
CaT Timber Products, LLC	Pennsylvania	Marucci Sports, LLC
Victus Sports, LLC	Delaware	Marucci Sports, LLC
Marucci Bat Company LLC	Louisiana	Marucci Sports, LLC
Marucci Elite Training, L.L.C.	Louisiana	Marucci Sports, LLC
Marucci Hitters House, LLC	Delaware	Marucci Sports, LLC
Marucci Clubhouse, LLC	Delaware	Marucci Sports, LLC
Marucci Clubhouse IP, LLC	Delaware	Marucci Sports, LLC
ALMM, L.L.C.	Louisiana	Marucci Sports, LLC
Rounding Third Sports LLC	Delaware	Marucci Sports, LLC
Baum Enterprises LLC	Delaware	Marucci Sports, LLC
Baseball Performance Lab Inc.	Louisiana	Marucci Sports, LLC
Carpenter Trade LLC	Delaware	Marucci Sports, LLC
Marucci and Victus Sports Japan LLC	Japan	Marucci Sports, LLC
Fox Factory GmbH	Germany	Fox Factory GmbH
FF US Holding Corp.	Delaware	FF US Holding Corp.
FF US Acquisition Corp.	Delaware	Tuscany
Fox Factory UK Limited	United Kingdom	Fox Factory UK Limited

Fox Factory Switzerland GmbH	Switzerland	Fox Factory Switzerland GmbH LLC
Fox Factory Thailand Holdings LLC	Delaware	Fox Factory Thailand Holdings LLC
Fox Factory Thailand Ltd.	Thailand	Fox Factory Thailand Ltd.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated February 22, 2024, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of Fox Factory Holding Corp. on Form 10-K for the year ended December 29, 2023. We consent to the incorporation by reference of said reports in the Registration Statements of Fox Factory Holding Corp. on Forms S-8 (File No. 333-264858, File No. 333-257516 and File No. 333-192238) and Form S-3ASR (File No. 333-239231).

/s/ GRANT THORNTON LLP

San Francisco, California
February 22, 2024

EXHIBIT 31.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Michael C. Dennison, certify that:

1. I have reviewed this Annual Report on Form 10-K 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.

/s/ Michael C. Dennison

Michael C. Dennison
Chief Executive Officer
February 22, 2024

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Dennis C. Schemm, certify that:

1. I have reviewed this Annual Report on Form 10-K 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.

/s/ Dennis C. Schemm

Dennis C. Schemm
Chief Financial Officer and Treasurer
February 22, 2024

EXHIBIT 32.1

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

In connection with the Annual Report on Form 10-K for the fiscal year ended December 29, 2023 of Fox Factory Holding Corp. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael C. Dennison, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael C. Dennison
Michael C. Dennison
Chief Executive Officer
(Principal Executive Officer)
February 22, 2024

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Fox Factory Holding Corp. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.

EXHIBIT 32.2

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

In connection with the Annual Report on Form 10-K for the fiscal year ended December 29, 2023 of Fox Factory Holding Corp. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dennis C. Schemm, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Dennis C. Schemm

Dennis C. Schemm
Chief Financial Officer and Treasurer
(Principal Financial Officer and Treasurer)
February 22, 2024

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Fox Factory Holding Corp. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.

FOX FACTORY HOLDING CORP.
AMENDED AND RESTATED CLAWBACK POLICY

Effective Date: October 2, 2023

1. **Purpose.** This Clawback Policy (this "Policy") has been adopted by the Board of Directors (the "Board") of Fox Factory Holding Corp. (the "Company") to provide for the recovery of certain erroneously awarded Incentive Compensation (defined below) in the event the Company is required to prepare an Accounting Restatement (defined below). This Policy amends and restates, and replaces in its entirety, the Policy Regarding Recoupment of Incentive Compensation Upon Restatement or Misstatement of Financial Results, or as Required by Law, dated July 21, 2013. This Policy is intended to comply with, and shall be interpreted in accordance with, Section 10D of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Exchange Act Rule 10D-1, and Nasdaq Stock Market Listing Rule 5608 ("Rule 5608").

2. **Definitions.** For purposes of this Policy, the following terms shall have the meanings set forth below:

   a. "Accounting Restatement" shall mean an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

   b. "Erroneously Awarded Compensation" shall mean the amount of Incentive Compensation Received by an Executive Officer during a Recovery Period that exceeds the amount of Incentive Compensation the Executive Officer otherwise would have Received had such Incentive Compensation been determined based on the restated amounts. For Incentive Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the applicable Accounting Restatement, the amount of Erroneously Awarded Compensation must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which such Incentive Compensation was Received. The amount of Erroneously Awarded Compensation shall be computed without regard to any taxes paid.

   c. "Executive Officer" shall mean a current or former executive officer, within the meaning of and as determined by the Board in accordance with Section 10D of the Exchange Act, Exchange Act Rule 10D-1, and Rule 5608. For purposes of this Policy, Executive Officers consist of the Company's current and former Section 16 officers.

   d. "Financial Reporting Measures" shall mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures. A Financial

Reporting Measure need not be presented in the Company's financial statements or included in a filing with the SEC.

e. "Incentive Compensation" shall mean any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

f. Incentive Compensation shall be deemed "Received" in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period.

g. "Recovery Period" shall mean (1) the three completed fiscal years of the Company immediately preceding the Restatement Date and (2) any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years that is within the scope of the recovery period described in Rule 5608.

h. "Restatement Date" shall mean the date the Company is required to prepare an Accounting Restatement. Such date shall be the earlier of (1) the date the Board, a committee of the Board, or the officer(s) of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (2) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.

i. "SEC" shall mean the U.S. Securities and Exchange Commission.

3. Recovery of Erroneously Awarded Compensation.

a. In the event the Company is required to prepare an Accounting Restatement, the Board shall review all Incentive Compensation Received by any Executive Officer during the applicable Recovery Period to determine if any Erroneously Awarded Compensation has been Received, and the Company shall recover, reasonably promptly, any Erroneously Awarded Compensation.

b. The Company may affect the recovery by requiring repayment, reimbursement or return of Incentive Compensation previously paid, seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity-based awards, cancelling outstanding vested or unvested awards, cancelling or offsetting the recouped amount from any compensation otherwise owed by the Company to the Executive Officer or from any future compensation, and/or any other means or combination of means or remedial or recovery action permitted by law as determined by the Board in its sole discretion.

c. Except as set forth in Section 4, in no event may the Company seek to recover an amount that is less than the Erroneously Awarded Compensation owed by an Executive Officer.

d. This Policy applies to all Incentive Compensation Received by a person (1) after beginning service as an Executive Officer; (2) who served as an Executive Officer at any time during the performance period for that Incentive Compensation; (3) while the Company has a class of securities listed on a national securities exchange or a national securities association;

and (4) during the Recovery Period. For the avoidance of doubt, this Policy shall apply to all such Executive Officers who Received Erroneously Awarded Compensation during the applicable Recovery Period, regardless of whether any misconduct occurred or an Executive Officer was responsible for the preparation of the Company's financial statements. Further, the Company's obligation to recover Erroneously Awarded Compensation is not dependent on if or when restated financial statements are filed.

4. **Exceptions to Recovery of Erroneously Awarded Compensation.** The Company shall recover Erroneously Awarded Compensation in accordance with this Policy unless the conditions set forth in Exchange Act Rule 10D-1 and Rule 5608 are met, and the Compensation Committee, or in the absence of an independent compensation committee, a majority of the independent directors serving on the Board, has made a determination that recovery would be impracticable in accordance with Exchange Act Rule 10D-1 and Rule 5608.

5. **Records.** The Company shall maintain documentation relating to the Board's review process, including any computation of the restated amounts or the Erroneously Awarded Compensation. Further, if the amount of Erroneously Awarded Compensation is determined pursuant to the second sentence of Section 2(b), the Company shall maintain documentation of any estimated Erroneously Awarded Compensation, and provide such documentation to Nasdaq.

6. **Indemnification Prohibition.** Under no circumstances shall the Company indemnify any Executive Officer against, or provide insurance coverage for, the loss of any Erroneously Awarded Compensation. Further, the Company shall not enter into any agreement that exempts any Incentive Compensation from the application of this Policy or that waives the Company's right to recover any Erroneously Awarded Compensation. This Policy shall supersede any such agreement (whether entered into before, on, or after the Effective Date).

7. **Administration.** This Policy shall be administered, interpreted and enforced by the Board. The Board has full power and authority to interpret and construe this Policy and to make all determinations that it deems necessary, appropriate or advisable for the administration of this Policy, subject to and unless otherwise provided in this Policy or in Exchange Act Rule 10D-1 or Rule 5608. Any determinations made by the Board in good faith pursuant to this Policy or otherwise made in accordance with this Policy, Section 10D of the Exchange Act, Exchange Act Rule 10D-1, and Rule 5608 shall be final and binding on all affected individuals.

8. **Other Agreements; Other Recoupment Rights.** The Board may require that any employment agreement, award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require an Executive Officer to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company under applicable law or pursuant to the terms of any similar additional policy adopted by the Company to supplement this Policy; any similar policy or provision in any employment agreement, award terms, award agreement, or similar agreement; any compensation, incentive, or severance plan or policy; and any other remedies at law or in equity available to the Company.

9. **Effective Date.** This Policy shall be effective as of October 2, 2023 (the "Effective Date"). The terms of this Policy shall apply to any Incentive Compensation that is Received by Executive Officers on or after the Effective Date, even if such Incentive Compensation was approved, awarded, granted, or paid to Executive Officers prior to the Effective Date.

10. **Severability**. If any provision of this Policy is determined to be unenforceable or invalid under any applicable law, such provision shall be applied to the maximum extent permitted by applicable law and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

11. **Successors.** This Policy shall be binding and enforceable against all Executive Officers and their beneficiaries, heirs, executors, administrators, or other legal representatives.

12. **Amendment; Termination.** The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary, including when it determines that it is legally required by, or to comply with, any federal securities laws, regulations adopted by the SEC, or any rules or standards adopted by a national securities exchange on which the Company's securities are listed. The Board may terminate this Policy at any time. Notwithstanding anything contrary herein, no amendment or termination of this Policy shall be effective if such amendment or termination would cause the Company to violate any federal securities laws, SEC rules, or rules of any national securities exchange on which the Company's securities are listed.