

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 January 3, 2025

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  
(State or Other Jurisdiction of Incorporation or Organization)

26-1647258  
(I.R.S. Employer Identification No.)

2055 Sugarloaf Circle, Suite 300, Duluth GA 30097  
(Address of Principal Executive Offices) (Zip Code)

(831) 274-6500  
(Registrant’s Telephone Number, Including Area Code)

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

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

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 28, 2024 (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 \$1,338,778,148. As of February 20, 2025, there were 41,683,905 shares of the registrant’s common stock outstanding.

## DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s Definitive Proxy Statement for the 2024 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.

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## 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 similar events, or due to inflation, higher interest rates, or tariffs;*
  - 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 execute our cost optimization efforts;*
  - 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 and other regulatory matters;*
  - 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*
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- *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.*

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**Fox Factory Holding Corp.**  
**FORM 10-K**  
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## **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 “FOX.”

#### **Description of our business**

We are a designer, engineer, 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, including Major League 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 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, Cube, Orbea, Canyon Bicycles, Santa Cruz Bicycles, and Yeti Cycles in Specialty Sports and BRP, Ford Motor Company (“Ford”), Polaris, Toyota, 4 Wheel Parts, Kawasaki, Yamaha, Stellantis, CF Moto, 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, as well as our direct to customer platforms.

#### **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, and motorcycles.

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®, METHOD RACE WHEELS®, BDS®, BAJA KITS®, 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 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-side market. Our innovative product development and speed to market are supported by:

- our racing culture, including on-site technical race support for 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:

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- Fox Factory Silverado 1500, the first Fox upfitted vehicle showcasing Semi-Active Dual Live Valve Shocks, Baja Kits Long-Travel Suspension with 15” Wheel Travel, Supercharged to 700, and a host of additional exclusive performance and design upgrades.
- Semi-active Dual Live Valve shocks with compression and rebound control, for ultimate confidence and control, which such technology is currently being used in utility terrain vehicles (“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 used in 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;
- Ridetech 67-69 Camaro Subframe – this product goes one step beyond Ridetech’s suspension kits and replaces the entire subframe to allow larger wheel and tire fitments, modern steering and modern powertrains. This gives consumers the option to solve many pain points with a single product that delivers performance gains beyond that of a typical suspension-only upgrade;
- XT Series of lift kits to better serve the go-fast off road market. These suspension kits come standard with top of the line shock technology;
- BDS Tundra Lift Kits incorporate Toyota Tundra that provide shock, suspension and ground clearance upgrades to aid off-road performance;
- 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;
- Fox Grip SL, Grip X and Grip X2 line of innovative dampers for all Fox Factory series forks. This new line of innovative dampers builds of the highly successful and race proven GRIP architecture. Further living into our purpose-built suspension philosophy; the Grip SL is focused on XC and endurance applications, Grip X on trail and all-mountain riding, and Grip X2 is our highest performing gravity-focusing damper. The Grip X2 damper was awarded 2024 suspension product of the year by the largest global mountain bike media site (Pinkbike.com).
- 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;
- Easton EC90 SL Crankset, a versatile and ultralight gravel road bike crankset that allows quick conversion between 1x and 2x chainring configurations;
- Method Raised Wheels, a series of new wheels featuring innovative new styles ranging from bold to sophisticated. Raised series of wheels is a fusion of design and best structural warranty, giving consumers unmatched visual appeal and piece of mind;
- The Marucci CATX2, a premium metal baseball bat engineered for elite performance, that features patented anti-vibration technology in both the knob and the end of the barrel for a smoother swing;
- The Marucci MXB Footwear Collection, the first baseball and softball footwear to feature the BOA® Fit System, allowing a more personalized fit for athletes during play; and

- The Marucci CATX Puck Knob, the first metal bat featuring an integrated puck knob that optimizes the weight distribution of the bat.

***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 in designing, engineering, manufacturing and marketing 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, international truck and sports utility vehicle (“SUV”) applications, and entry premium bike 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, through 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. In December 2024, through our wholly owned subsidiary, Marzocchi Suspension Holding S.r.l., we acquired all of the outstanding equity of Marzocchi Suspension S.r.l. (“Marzocchi”), a leader in motorbike suspension manufacturing. The Company expects that these acquisitions will continue to support the expansion of its North American geographic manufacturing footprint and the broadening of 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 Group (“PVG”)***

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, Rancho (“Tenneco”), and others.

Within the market for powered vehicle suspension components, we compete with several companies in different submarkets. In the ATV and side-by-side 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, and others. In the snowmobile market, we compete with KYB (Kayaba Industry Co., Ltd.), Öhlins Racing AB, Walker Evans Racing, Works Performance Products, Inc., Penske Racing Shocks / Custom Axis, Inc., and others.

### ***Aftermarket Applications Group (“AAG”)***

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, Rusty’s Off-Road, MTS Offroad, Thumper Fab, and others.

In the market for upfitted vehicles, we compete with Roush Performance, Waldoch, Sherrod Vans, American Luxury Coach, DSI Custom Vehicles, Storyteller Overland, Remote Vans, Winnerbago, Airstream, Grench, Grit Overland, Roadtrek, Pleasureway, Benchmark, Sync Vans, Titan Van, Off Highway Vans, and others. In the market for aftermarket wheels, we compete with Wheel Pros (KMC, Black Rhino, Fuel, XD Wheels) and Raceline, as well as others.

### ***Specialty Sports Group (“SSG”)***

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, as well as others.

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, as well as others.

## **Our products**

We design, engineer 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, and motorcycles. In each of the years ended January 3, 2025, December 29, 2023 and December 30, 2022, approximately 33%, 36% and 27%, 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. With the recent acquisition of Marzocchi in 2024, we expanded our product portfolio to include Marzocchi motorcycle shocks, forks, cushioning, and hydraulic components. This acquisition enhances our market position by aligning us with Marzocchi's established client base, which includes leading motorcycle manufacturers such as Ducati, BMW, and Triumph.

### ***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, Fox Factory Vehicles, Black Widow, Rocky Ridge, Outside Van, and Custom Wheel House brands, including Method Race Wheels, 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 January 3, 2025, December 29, 2023 and December 30, 2022, approximately 30%, 38% and 31%, 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 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. 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.

In each of the years ended January 3, 2025, December 29, 2023 and December 30, 2022, approximately 37%, 26% and 42%, respectively, of our net sales were attributable to net sales of specialty sports-related 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 professional and amateur players test and provide feedback before product rollout and distribution. Research and development expenses totaled approximately \$60.3 million, \$53.2 million and \$56.2 million in fiscal years 2024, 2023 and 2022, 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 of FOX<sup>®</sup> and others from subsidiaries. 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 250 OEMs and distribute our products to more than 16,000 retail dealers and distributors worldwide. In 2024, approximately 44% of our net sales resulted from net sales to OEM customers, approximately 49% resulted from net sales to dealers and distributors for resale in the aftermarket channel, and approximately 7% resulted from net sales through direct-to-consumer channels. 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 customers, which can vary from year-to-year, collectively accounted for approximately 36%, 35%, and 35% of our net sales in fiscal years 2024, 2023 and 2022, respectively. In 2024 and 2023, our sales to Ford, a powered vehicles OEM, accounted for approximately 15% and 13% of total net sales, respectively. In 2022, 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 \$1,097.3 million, \$1,127.6 million, and \$1,009.2 million, or 79%, 77% and 63%, of our total net sales in 2024, 2023 and 2022, respectively. Our international net sales totaled \$296.6 million, \$336.6 million and \$593.3 million or 21%, 23% and 37% of our total net sales in fiscal years 2024, 2023 and 2022, 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, Stellantis, CF Moto, Ducati, BMW, Triumph, 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, including Ford, General Motors, and Stellantis (Ram and Jeep).

### *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, Cube, 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, the Baja 1000, and Major League Baseball games. 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 tradeshow, we maintain an active social media presence, including Instagram feeds, Facebook pages, YouTube channels, Vimeo channels and Twitter feeds 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**

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.

### ***Powered Vehicles***

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 PVG.

Furthermore, we strategically reallocated a majority of the aftermarket production to our El Cajon, CA facility, leveraging its capabilities and optimizing resource allocation.

### ***Aftermarket Applications***

We expanded our existing product mix to other areas in the upfitting, high-performance wheels, off-road tires and accessories businesses, 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.

### ***Specialty Sports***

With the acquisition of Marucci in 2023, we expanded our manufacturing footprint to baseball and softball gear and equipment products. We maintain a vertically integrated wood bat manufacturing process with domestic production facilities in Baton Rouge, LA and King of Prussia, PA, supported by two timber mills and a wood drying facility. The Company sources other product lines, including metal bats, apparel, and accessories, from an established international supplier network.

## **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 from time to time. While we have been able to mitigate the impacts of price fluctuations on our business historically, we actively monitor current market conditions and price trends.

We also have OEM partners that supply vehicle chassis used in our upfitting operations. Our operations could be, and have been, 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 year order and certain other exclusions.

## **Human Capital Resources**

### ***Employee Overview***

As of January 3, 2025, we had approximately 4,100 employees in the U.S., Canada, Europe, Taiwan, Thailand 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. We are committed to providing a safe and healthy work environment by following guidance from relevant health and safety organizations, as well as state and local regulations. We have implemented measures to support employee well-being, including offering paid sick leave or paid time off for illness and absences. Our commitment to employee safety and well-being remains a top 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, including executive officers, 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, except for our arrangements to obtain chassis. For more details on chassis arrangements, refer to [Note 12. Commitments and Contingent Liabilities](#). 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 2024, the SEC approved 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; however, the implementation and enforcement of these rules has been paused and enjoined due to ongoing litigation between the SEC, certain U.S. states and other entities. 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](#) in this Annual Report on Form 10-K..

#### ***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 three reportable segments: PVG, AAG, and SSG. Through these segments, we focus on manufacturing, sale and service of performance-defining products. PVG is comprised of sales to off-road and power sports OEM and aftermarket businesses that sell shocks directly to dealers and distributors. AAG 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. SSG consists of sales to OEM and aftermarket businesses that provide components for performance mountain bikes, e-bikes, and gravel bikes, as well as sales through dealers, distributors, and direct-to-customer channels, offering premium baseball and softball equipment. Additional information about our product segments 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](http://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 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 is 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 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, the continued expansion of the market and demand for our products, and to attract and retain experienced and qualified talent;
- 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, labor strikes, or infrastructure issues, 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;
- our cost optimization efforts may not succeed or may be significantly delayed;
- 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, including a group of relatively small number of customers that account for a substantial portion of our sales, 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;
- our sales could be impacted by the disruption of sales by other manufacturers or if other manufacturers enter into the specialty markets in which we operate;
- 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 destocking and restocking cycles and production schedules, we may manufacture insufficient or excess quantities or our manufacturing costs could increase;
- 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;

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- 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 may incur higher employee costs in the future;
- we rely on increasingly complex information systems for management of our various functions. If our information systems fail to perform these functions adequately, if we or our vendors or 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 through acquisitions, and we may not be able to effectively integrate businesses we acquire, or we may not be able to identify or complete 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;
- qualitative data and limited sources support our beliefs regarding the future growth of the performance-defining product market and may not be reliable;
- the current inflation and changes in interest rates 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 amended credit agreement with Wells Fargo Bank, National Association, and other named lenders ("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;
- we are subject to environmental laws and regulations and potential exposure, costs and liabilities due to laws and regulations regarding conflict minerals, environmental matters, land-use, and noise and air pollution may have a negative impact on our future sales and results of operations;
- 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;
- U.S. policies related to global trade and tariffs could have a material adverse effect on our results of operations;
- 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;
- 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;
- 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 actions and proceedings 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 employees; 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 war in 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, subsequent sanctions against Russia by the United States and European and Asian countries, and geopolitical tensions or conflict that may arise out of the new U.S. Presidential administration 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.

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 \$60.3 million, \$53.2 million and \$56.2 million for our research and development efforts in fiscal years 2024, 2023 and 2022, 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 to 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, changing 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 face various risks related to ongoing and potential public health issues, including epidemics, pandemics, and other outbreaks, including the COVID-19 pandemic. The impact of the COVID-19 pandemic, including changes in consumer behavior, 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.

Government-mandated closures and “shelter-in-place” directives aimed at combating the spread of COVID-19 or future public health epidemics or pandemics, or 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. Additionally, modifications we’ve made and may continue to make to our business practices as a result of COVID-19, including implementing widespread remote 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 an outbreak and related governmental actions.

These impacts affected 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 and disrupt global economies and financial markets.

***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 2024, approximately 23% 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 Specialty Sports 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.

***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 seven members of our senior management team are crucial to establishing our focus and executing our corporate strategies, as they have extensive knowledge of our business, 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.

***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 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.

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

A portion of our goods move through ports on the coasts of the U.S. We have a global supply chain, and we import products from our third-party vendors and our Fox Taiwan facility into the U.S. largely through these ports. Dockworkers, none of whom are our employees, must offload freight from ships arriving at these ports. We do not control the activities of these employees or seaports, and we could suffer supply chain disruptions due to any disputes, capacity shortages, slowdowns, or shutdowns that may occur, as was experienced in February 2015, in relation to certain ports on the West Coast of the U.S. In October 2024, the International Longshoremen's Association ("ILA"), which negotiates on behalf of 45,000 dockworkers at three dozen ports from Maine to Texas and collectively handles about half of seaborne imports into the U.S., initiated a three-day member strike due to disagreements with the United States Maritime Alliance over their agreement, which expired on September 30, 2024. The ILA reached a tentative agreement on a new six-year master contract in January 2025, which was ratified by the dockworkers and will be formally signed by both parties in March 2025. However, if for some reason the agreement is not signed in March 2025, the ILA could strike again. The 2015 strike lasted longer than we forecasted, and any similar labor dispute in the future or any slowdown or stoppage relating to the ongoing labor agreement negotiations, including the threatened strike by the ILA, could potentially have a negative effect on both our financial condition and results of operations. Additionally, the Baltimore Francis Scott Key bridge accident in March 2024 leading to the suspension of activity in the Port of Baltimore caused rerouting of shipping vessels, which may create congestion and delays in other ports, including certain East Coast ports through which we import products, increase fuel costs for shipping, and have long-standing impacts on supply chains in the retail and manufacturing industries. While the Port of Baltimore opened to maritime traffic on June 10, 2024, the bridge that is not expected to be fully rebuilt until late 2028 and further work to clear out wreckage and maintenance of the port may continue to cause delays in the Port of Baltimore and other East Coast ports where activities are rerouted. The incident has also raised concerns regarding deteriorating infrastructure throughout the U.S., which may further cause shipping delays and harm results of operation as such infrastructure is replaced or updated with new safety measures. Furthermore, the ongoing effects of the COVID-19 pandemic increased uncertainty for global supply chains, as port congestion and shipping container shortages have become exacerbated, which could adversely affect our operating results.

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

***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.

***Our cost optimization efforts may not succeed or may be significantly delayed, which may impact our ability to deliver improved margins.***

Due to challenges in the OEM market and broader market conditions impacting discretionary consumer spending, we implemented certain immediate and longer-term actions to strengthen our business, including aggressive cost management and strategic operational improvements. We developed a plan to adjust our business structure to operate efficiently in a number of demand environments in order to protect margins and drive significant, and consistent, free cash flow to de-lever our balance sheet. We anticipate implementing this strategy across segments will improve margins, resulting in significant annualized cost reductions to strategically position ourselves to capitalize on opportunities in the future. However, our cost optimization strategy relies on a number of factors and may distract management, slow improvements to our products and services, and limit our ability to increase production quickly if demand accelerates in the future. We may not achieve the expected benefits of the cost optimization measures on our anticipated timeline, or at all. Failure to achieve our cost optimization targets could have a material adverse effect on our results of operations, liquidity and financial condition.

***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 customers, which can vary from year to year, collectively accounted for approximately 28%, 27%, and 23% of our net sales in fiscal years 2024, 2023 and 2022. The loss of all or a substantial 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, 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 changes in interest rates 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 East and 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 war in 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 manufacturers or if other manufacturers enter the specialty markets in which we operate.***

Most bikes that incorporate our suspension products are built using products and components manufactured by other bike component manufacturers. We face similar concerns with manufacturers in our other lines of business. If those other manufacturers stopped selling or producing the products and components for which our products depend on, our sales may be adversely affected. Similarly, if those other manufacturers experience sales disruptions, lose their competitive position in the marketplace, or face reputational damage, customers could migrate to complementary products, some of which may be incompatible with our suspension products or directly compete with our products. Moreover, other manufacturers could begin manufacturing products such as bike suspension products, wheels, or cranks, or bundle their 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/non-OEM sales, the date the product is originally purchased from an authorized dealer; or (iii) in the case of upfitting sales, the date of the retail sale to an end customer. 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 January 3, 2025, we employed approximately 4,100 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 war in 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 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. Given the persistent and advanced nature of cybersecurity threats, we continue to invest in upgraded programs, implement advanced features, and establish adequate controls to stop or curtail these threats. However, investing in upgraded programs, advanced programs and adequate controls is expensive and an ongoing, rapidly changing challenge and 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 19 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, Marucci Sports, LLC in November 2023, and Marzocchi Suspension S.r.l. in December 2024. 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, diamond sports, 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 changes in interest rates 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 reduced benchmark interest rates in 2024, it may decide to raise benchmark interest rates in 2025 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 resumes 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 January 3, 2025, we had \$705.1 million of indebtedness and \$496.8 million in revolving credit 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 reduced benchmark interest rates in 2024, it may decide to raise benchmark interest rates in 2025 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 January 3, 2025, we had \$713.7 million of interest-bearing indebtedness outstanding under the 2022 Credit Facility. Based on the \$213.7 million of variable interest rate indebtedness that was outstanding under the 2022 Credit Facility as of January 3, 2025, 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 \$2.1 million increase or decrease in interest expense for the year ended January 3, 2025, 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 swap agreements. 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 (“CARB”)), 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. We work cooperatively with consultants and CARB to comply with current CARB regulations that may apply to our modified vehicles. Depending on the results of modified vehicle emissions testing, there is some chance that we could be limited in types of modifications and products sold into California, or have to adjust our business model for California sales in a way that makes such modified vehicles uneconomical and/or unachievable. 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 2024, the SEC adopted 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. Following a number of challenges to the rules by federal courts and prior statements that the SEC would vigorously defend the validity of the rule, the SEC, under new administration, changed course in February 2025, stating that it would no longer defend the rules and the rules would be removed under new leadership. While we may no longer face the stringent reporting requirements under SEC rules, 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 has recently experienced increasingly frequent and severe wildfires, flooding, and landslides. 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, rejoined the Paris Agreement in February 2021, and then announced an intent to again withdraw from the Paris Agreement following the change in Presidential administration, the U.S. may, in the future, choose to join other international agreements targeting greenhouse gas emissions. The adoption of legislation or regulatory programs at the federal level or other government action to reduce emissions of greenhouse gases, such as the programs implemented under the Biden Administration to address the climate crises, 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. The new Trump administration recently enhanced these measures by increasing the tariff on aluminum to 25%, expanding the products on which the tariffs will be assessed to include derivative products containing steel or aluminum, and terminating all countrywide exemptions and the product specific exemption process. Throughout the first 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 created significant uncertainty about their review of tariffs and future relationships between the U.S. and other countries with respect to regulations. Since taking office, the new Trump administration has implemented various new strategies regarding tariffs. President Trump invoked the International Emergency Economic Powers Act to impose 25% tariffs on products from Mexico and 25% tariffs on products from Canada (with a lower 10% tariff on Canadian energy and energy resources) but delayed implementation of those tariffs based on agreed actions by both countries. President Trump also imposed a 10% tariff on all imports from China and Hong Kong under the International Emergency Economic Powers Act. Most recently, the Trump administration suggested the idea of "reciprocal taxes", in which the U.S. matches the import duties levied by other countries, which is an alternative to standard "universal tariffs," where all imports are taxed at the same punitive rate. While reciprocal tariffs are thought to be lower than universal tax rates, and therefore to have a lower impact on consumers, reciprocal tariffs may create an administrative burden and will cause retailers to make difficult decisions as to how to pay the tariff or absorb the cost into their profit margins.

Recently, a coalition of U.S. producers of aluminum extrusions filed a petition with U.S. trade authorities requesting the imposition of anti-dumping duties against imports of aluminum extrusions from 15 countries. Following hearings in October 2024, the U.S. International Trade Commission determined that the aluminum extrusions do not harm U.S. industry and, therefore, the U.S. Department of Commerce will not issue antidumping or countervailing duty orders for applicable countries. While we face no immediate consequences on the import of aluminum extrusions, because the U.S. producers challenged the USITC determination at the U.S. Court of International Trade and aluminum is one of the primary raw materials used in the production of our products, our operating results could be adversely impacted by the future imposition of duties on extruded aluminum.

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

In addition, with respect to sourcing products and raw materials from third-party suppliers in other countries, our ability to timely or successfully import such products or those made with such raw materials may be adversely affected by changes in U.S. laws. As a result, products we import into the U.S. could be held for inspection by U.S. Customs and Border Patrol ("U.S. CBP") based on a suspicion of noncompliance. Additionally, the Uyghur Forced Labor Prevention Act ("UFLPA") empowers the U.S. Customs and Border Protection Agency (the "U.S. CBP") to withhold release of items produced in whole or in part in countries or by companies included on the UFLPA entities list, creating a presumption that such goods were produced using forced labor. In January 2025, the Department of Homeland Security added to the UFLPA entity list, marking the largest single expansion of the list to date, and including a large supplier of critical minerals and one of the world's largest textile manufacturers, both linked to forced labor practices in the People's Republic of China. Although we do not believe that our suppliers source materials from entities included on the UFLPA for the products they sell to us or use to manufacture our products and we could be subject to penalties, fines or sanctions if any of the suppliers from which we purchase goods is found to have dealings, directly or indirectly, with entities on the UFLPA entities list. We are committed to complying with the UFLPA and have taken significant steps to assess and mitigate risks within our supply chain. Given the complexity and multi-tiered nature of global supply chains, achieving full traceability for every supplier and sub-supplier presents substantial challenges. However, we are continuously working to enhance our due diligence processes, leveraging available data and supplier engagement to ensure compliance to the fullest extent possible.

While any detentions or detainments we have experienced have not resulted in any material impact on our business to date, future detentions, as result of noncompliance or in connection with forced labor enforcement (including noncompliance by or enforcement against our suppliers and manufacturers), could result in unexpected (i) delays or rejections of products scheduled for delivery to us, which could in turn affect the timing or our ability to deliver products to our customers; (ii) supply chain disruptions and increased operating costs; (iii) damage to our customer relationships; and/or (iv) negative publicity that harms our reputation, any of which could have a material impact on our business and negatively affect our ultimate financial results.

***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 and two stockholder derivative complaints are 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 and fiduciary duties. See Part I, Item 3. "Legal Proceedings" for more information about this class action and stockholder derivative complaints 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 1, 2022 through January 3, 2025, our stock price fluctuated between \$171.80 and \$28.33 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, 41,683,905 of which shares were outstanding as of January 3, 2025. 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 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, imposed 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 (as such term is used and defined in Item 106(a) of Regulation S-K, as amended and supplemented, of the Securities Act (“Regulation S-K”));
- the use of external service providers, where appropriate, to assess, test, monitor, or otherwise assist with aspects of our cybersecurity 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 (as such term is used and defined in Item 106(a) of Regulation S-K). 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 January 3, 2025, we occupied the following square footage by location:

	U.S.	Other Countries	Total
Leased facilities	3,028,156	475,342	3,503,498
Owned facilities	1,726,373	179,789	1,906,162
Total	4,754,529	655,131	5,409,660

Certain administrative, research and development and manufacturing operations are located in California and Georgia. We also manufacture in Michigan, Indiana, Alabama, Pennsylvania, Louisiana, Utah, Arizona, and Oregon, and internationally in Taiwan, Italy, and Canada, and maintain sales and service offices in the U.S., Australia, 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. On August 16, 2024, the plaintiff filed an amended complaint that purports to seek damages on behalf of a putative class of persons who purchased the Company's common stock between May 6, 2021 and November 2, 2023. The amended complaint asserts claims under Sections 10(b) and 20 of the Securities Exchange Act and alleges that the Company and certain current and former officers made material misstatements and omissions to investors regarding demand for the Company's products and its inventory levels. The amended complaint generally seeks monetary damages, interest, attorneys' fees, and other costs. The defendants deny all allegations of wrongdoing, believe the plaintiff's positions are without merit, and intend to vigorously defend themselves. On October 15, 2024, the defendants filed a motion to dismiss the amended complaint. Plaintiff filed his opposition on December 13, 2024, and defendants filed their reply on January 13, 2025. The motion is fully briefed, and the parties await the court's ruling.

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

## ITEM 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 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 20, 2025, the closing price per share of our common stock as reported on the NASDAQ was \$26.48 per share.

#### Stockholders

As of January 31, 2025, 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 January 3, 2025, 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.

#### Share Repurchase Plan

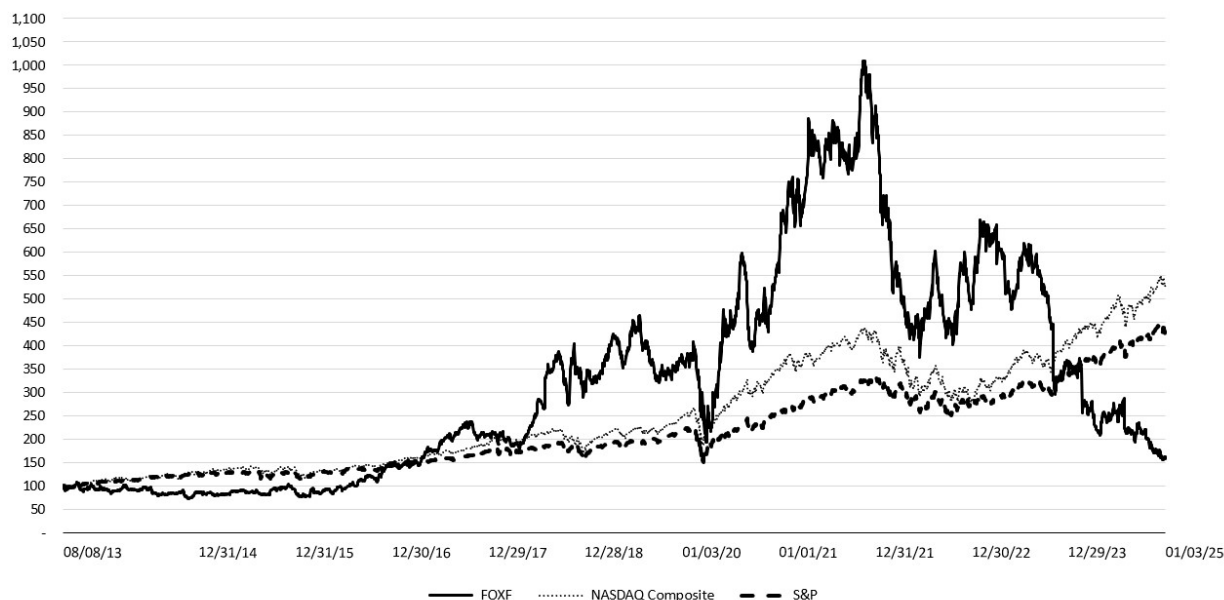
On November 1, 2023, the Company's Board of Directors authorized a share repurchase plan for up to \$300,000 in shares of the Company's common stock, par value \$0.001 per share. The share repurchase program is scheduled to expire on November 1, 2028. Repurchases of shares of Common Stock under the stock 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. For repurchase activity during the year ended January 3, 2025, refer to [Note 13. Stockholders' Equity](#).

#### 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 January 3, 2025 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 January 3, 2025.

## Issuer Purchases of Equity Securities

The table below sets forth information regarding repurchases of our common stock by us during the quarter ended January 3, 2025:

Period	Total Number of Shares Purchased <sup>(1)</sup>	Weighted Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(2)</sup>	Approximate Dollar Value of Shares that May Yet be Purchased under the Plans or Programs <sup>(2)</sup>
9/28-11/1	128	\$ 35.99	—	\$ 250,000,000
11/2-11/29	—	\$ —	—	\$ 250,000,000
11/30-1/3	—	\$ —	—	\$ 250,000,000
Total	128	\$ 35.99	—	\$ 250,000,000

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

(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.

## 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, generally, as of and for fiscal years 2024 and 2023 should be read in conjunction with the consolidated financial statements and related notes thereto included elsewhere in this Annual Report on Form 10-K. For discussion related to the results of operations and changes in financial condition for fiscal year 2023 compared to fiscal year 2022 refer to Part II, Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations in our fiscal year 2023 Form 10-K, which was filed with the SEC on February 23, 2024. The purpose of this discussion is to focus on information concerning our financial condition and results of operations that is not readily apparent from our consolidated financial statements and related notes. 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 brands on 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, motorcycles, 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 service-related repair work and the associated sale of parts represented less than 2% of our sales in each of the years ended January 3, 2025, December 29, 2023 and December 30, 2022.

We have determined that we operate in three reportable segments: PVG, AAG, and SSG. 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.

The following table summarizes percentages of net sales by segment:

	For the fiscal years ended		
	January 3, 2025	December 29, 2023	December 30, 2022
Powered Vehicles Group	33 %	36 %	27 %
Aftermarket Applications Group	30 %	38 %	31 %
Specialty Sports Group	37 %	26 %	42 %
	100 %	100 %	100 %

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.

	For the fiscal years ended		
	January 3, 2025	December 29, 2023	December 30, 2022
North America	79 %	77 %	63 %
International	21 %	23 %	37 %
	100 %	100 %	100 %

### Opportunities, challenges and risks

We intend to focus on generating sales of our performance-defining products through OEMs, aftermarket, retail, and direct-to-consumer 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.

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. Some of our power sports OEM customers are currently facing challenges, which could impact demand for our products and contribute to fluctuations in sales. Additionally, bike continues to recover from the inventory channel recalibration, which may affect sales and overall demand in the near term. See “Risks Related to Our Business and Operations” within [Item 1A. Risk Factors](#).

Our aftermarket distribution network currently consists of more than 16,000 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.

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](#) of this Annual Report on Form 10-K.

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.

Our operations and supply chain are directly impacted by evolving U.S. trade policies and global tariffs. The new presidential administration has expanded tariffs on steel, aluminum, and derivative products, imposed new tariffs on imports from China, Hong Kong, Mexico, and Canada, and proposed a shift toward reciprocal tariffs. These changes create uncertainty in global trade, potentially increasing our material costs, disrupting our supply chain, and affecting our pricing strategies. As tariffs continue to evolve, we may need to adjust our sourcing, production, and pricing to remain competitive and mitigate financial and operational risks. Please read “Risks Related to Laws and Regulations - U.S. policies related to global trade and tariffs could have a material adverse effect on our results of operations” within [Item 1A. Risk Factors](#) of this Annual Report on Form 10-K.

## **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 Outside Van upfit packages. Contracts are generally in the form of purchase orders and are governed by standard terms and conditions. For larger OEMs, dealers and retailers, we may also enter into master agreements;
- *Service sales:* consist of revenue generated from maintenance, repair, installation, and other support services provided to customers. These services are typically recognized as revenue when the service is performed; 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 goods or 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/non-OEM 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, trade names, 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 January 3, 2025, December 29, 2023 and December 30, 2022.

### ***Income from operations***

We define income from operations as gross profit less our operating expenses.

### ***Interest and other expense, net***

Interest expense consists of interest charged to us under our credit facility, changes related to our interest rate swap, and interest on supplier-financed chassis.

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 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.

For the years ended January 3, 2025, December 29, 2023 and December 30, 2022, we had effective tax rates of (543.5)%, 12.8% and 12.2%, respectively.

As of January 3, 2025, our deferred tax assets included foreign tax credits of approximately \$47.4 million, which begin to expire in 2027 unless utilized.

Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. As of January 3, 2025, 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.

***Non-controlling interests (“NCI”)***

Non-controlling interests represent the portion of income or loss and the corresponding equity attributable to third-party equity holders in certain consolidated subsidiaries that are not 100% owned by us. NCI are presented as separate components in our consolidated statements of income to clearly differentiate between our interests and the economic interests of third parties in those entities. Net income attributable to FOX stockholders, as reported in the consolidated statements of income, is presented net of the portion of net income (loss) attributable to non-controlling interests.

In May 2024, the Company formed a joint venture, The Stable JV, LLC, whereby the Company owns a 51% membership interest. The joint venture was created with the purpose of offering specialized training programs to high performance athletes, as well as the development of training apparel and other products.

## Results of operations

The table below summarizes our results of operations for the fiscal years ended January 3, 2025, December 29, 2023, and December 30, 2022:

(in millions)	For the fiscal years ended		
	January 3, 2025	December 29, 2023	December 30, 2022
Net sales	\$ 1,393.9	\$ 1,464.2	\$ 1,602.5
Cost of sales	970.3	999.4	1,071.1
Gross profit	423.6	464.8	531.3
Operating expenses:			
General and administrative	139.9	124.6	116.1
Sales and marketing	121.2	100.5	90.8
Research and development	60.3	53.2	56.2
Amortization of purchased intangibles	44.5	26.5	21.5
Total operating expenses	365.9	304.7	284.6
Income from operations	57.7	160.1	246.7
Interest expense	54.9	19.3	8.9
Other expense, net	1.7	2.1	4.0
Income before income taxes	1.0	138.7	233.8
(Benefit) provision for income taxes	(5.5)	17.8	28.5
Net income	6.5	120.8	205.3
Less: net loss attributable to non-controlling interest	—	—	—
Net income attributable to FOX stockholders	\$ 6.6	\$ 120.8	\$ 205.3

\*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		
	January 3, 2025	December 29, 2023	December 30, 2022
Net sales	100.0 %	100.0 %	100.0 %
Cost of sales	69.6	68.3	66.8
Gross profit	30.4	31.7	33.2
Operating expenses:			
General and administrative	10.0	8.5	7.2
Sales and marketing	8.7	6.9	5.7
Research and development	4.3	3.6	3.5
Amortization of purchased intangibles	3.2	1.8	1.3
Total operating expenses	26.3	20.8	17.8
Income from operations	4.1	10.9	15.4
Interest expense	3.9	1.3	0.6
Other expense, net	0.1	0.1	0.2
Income before income taxes	0.1	9.5	14.6
(Benefit) provision for income taxes	(0.4)	1.2	1.8
Net income	0.5	8.3	12.8
Less: net loss attributable to non-controlling interest	—	—	—
Net income attributable to FOX stockholders	0.5 %	8.3 %	12.8 %

\*Percentages may not foot due to rounding.

**Fiscal year ended January 3, 2025 compared to fiscal year ended December 29, 2023**
*Consolidated net sales*

(in millions)	For the fiscal years		Change (\$)	Change (%)
	2024	2023		
Total net sales	\$ 1,393.9	\$ 1,464.2	\$ (70.3)	(4.8)%

Total net sales for the year ended January 3, 2025 decreased approximately \$70.3 million, or 4.8%, compared to the year ended December 29, 2023. The decrease in net sales is primarily due to product mix, chassis availability, lower industry and end consumer demand because of higher interest rates and higher inventory levels at OEMs and dealerships. The decrease was partially offset by a full-year net sales of \$192.4 from Marucci, which was acquired in November 2023, compared to net sales of \$16.8 million included in prior year.

*Cost of sales*

(in millions)	For the fiscal years		Change (\$)	Change (%)
	2024	2023		
Cost of sales	\$ 970.3	\$ 999.4	\$ (29.1)	(2.9)%

Cost of sales for the year ended January 3, 2025 decreased approximately \$29.1 million, or 2.9%, compared to the year ended December 29, 2023. The decrease in cost of sales was mainly due to our decreased sales.

For the year ended January 3, 2025, our gross margin was 30.4% compared to 31.7% for the year ended December 29, 2023. The decrease in gross margin for the fiscal year 2024 was primarily due to shifts in our product line mix and operating leverage on lower volume.

*Operating expenses*

(in millions)	For the fiscal years		Change (\$)	Change (%)
	2024	2023		
Operating expenses:				
General and administrative	\$ 139.9	\$ 124.6	\$ 15.3	12.3 %
Sales and marketing	121.2	100.4	20.8	20.7
Research and development	60.3	53.2	7.1	13.3
Amortization of purchased intangibles	44.5	26.5	18.0	67.9
Total operating expenses	\$ 365.9	\$ 304.7	\$ 61.2	20.1 %

Total operating expenses for the year ended January 3, 2025 increased approximately \$61.2 million, or 20.1%, over the comparable period in 2023. When expressed as a percentage of net sales, operating expenses increased to 26.3% of net sales for the year ended January 3, 2025, compared to 20.8% of net sales for the fiscal year ended December 29, 2023.

Within operating expenses, our sales and marketing expenses and general and administrative expenses increased by approximately \$20.8 million and \$15.3 million, respectively, primarily due to \$24.6 million and \$26.9 million higher expenses attributable to Marucci, respectively, attributed to including a full year of Marucci expenses in 2024. The increase was partially offset by our cost containment measures. Research and development expenses increased approximately \$7.1 million driven by personnel investments to support future growth and product innovation and the inclusion of a full year of Marucci expenses. Amortization of purchased intangible assets for the year ended January 3, 2025 increased by approximately \$18.0 million as compared to the year ended December 29, 2023, primarily due to the amortization of Marucci intangible assets.

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### *Income from operations*

(in millions)	For the fiscal years		Change (\$)	Change (%)
	2024	2023		
Income from operations	\$ 57.7	\$ 160.1	\$ (102.4)	(64.0)%

As a result of the factors discussed above, income from operations for the year ended January 3, 2025 decreased approximately \$102.4 million, or 64.0%, compared to the year ended December 29, 2023.

### *Interest and other expense, net*

(in millions)	For the fiscal years		Change (\$)	Change (%)
	2024	2023		
Interest expense	\$ 54.9	\$ 19.3	\$ 35.6	184.5 %
Other expense, net	1.7	2.1	(0.4)	(19.0)
Interest and other expense, net	\$ 56.6	\$ 21.4	\$ 35.2	164.5 %

Interest and other expense, net for the year ended January 3, 2025 increased by approximately \$35.2 million to \$56.6 million, compared to \$21.4 million for the year ended December 29, 2023. Interest expense increased by \$35.6 million due to higher debt and interest rates.

### *Income taxes*

(in millions)	For the fiscal years		Change (\$)	Change (%)
	2024	2023		
(Benefit) provision for income taxes	\$ (5.5)	\$ 17.8	\$ (23.3)	(130.9)%

Income tax expense for the year ended January 3, 2025 decreased by approximately \$23.3 million to a benefit of \$5.5 million compared to \$17.8 million for the year ended December 29, 2023. The decrease primarily resulted from a decrease in pre-tax profit.

The effective tax rates were (543.5)% and 12.8% for the years ended January 3, 2025 and December 29, 2023, respectively.

For the year ended January 3, 2025, the difference between our effective tax rate and the 21% federal statutory rate resulted primarily from a benefit from the U.S. research and development tax credit.

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.

### *Net income*

(in millions)	For the fiscal years		Change (\$)	Change (%)
	2024	2023		
Net income	\$ 6.5	\$ 120.8	\$ (114.3)	(94.6)%

As a result of the factors described above, our net income decreased \$114.3 million, or 94.6%, to \$6.5 million in the fiscal year ended January 3, 2025 from \$120.8 million for the fiscal year ended December 29, 2023.

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### *Net income attributable to FOX stockholders*

(in millions)	For the fiscal years		Change (\$)	Change (%)
	2024	2023		
Net income attributable to FOX stockholders	\$ 6.6	\$ 120.8	\$ (114.2)	(94.5)%

Our net income attributable to FOX stockholders decreased \$114.2 million, or 94.5%, to \$6.6 million in the fiscal year ended January 3, 2025 from \$120.8 million for the fiscal year ended December 29, 2023.

### *Segment Review*

For additional financial information related to our operating segments including the reconciliation of net income attributable to our common stockholders to adjusted EBITDA, see [Note 20 – Segment Information](#).

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

(in millions)	For the fiscal years		Change (\$)	Change (%)
	2024	2023		
Net sales				
Powered Vehicles Group	\$ 461.4	\$ 523.9	\$ (62.5)	(11.9)%
Aftermarket Applications Group	421.4	551.1	(129.7)	(23.5)
Specialty Sports Group	511.1	389.2	121.9	31.3
Net sales	<u>\$ 1,393.9</u>	<u>\$ 1,464.2</u>	<u>\$ (70.3)</u>	<u>(4.8)%</u>
Adjusted EBITDA				
Powered Vehicles Group	\$ 53.8	\$ 79.2	\$ (25.4)	(32.1)%
Aftermarket Applications Group	51.7	126.8	(75.1)	(59.2)
Specialty Sports Group	117.8	117.8	—	—
Unallocated corporate expenses	<u>(56.4)</u>	<u>(62.7)</u>	<u>6.3</u>	<u>(10.0)</u>
Adjusted EBITDA	<u>\$ 167.0</u>	<u>\$ 261.1</u>	<u>\$ (94.1)</u>	<u>(36.0)%</u>

### *Powered Vehicles Group*

Powered Vehicles Group net sales decreased by approximately \$62.5 million, or 11.9%, due to lower industry demand in power sports and automotive because of higher interest rates impacting dealers and consumers, and higher inventory levels at dealerships.

Powered Vehicles Group adjusted EBITDA decreased by approximately \$25.4 million or 32.1%, mainly due to a decrease in gross profit.

### *Aftermarket Applications Group*

Aftermarket Applications Group net sales decreased by approximately \$129.7 million, or 23.5%, driven by lower upfitting sales due to product mix, chassis availability, higher interest rates impacting dealers and consumers, and higher inventory level at dealerships.

Aftermarket Applications Group adjusted EBITDA decreased by approximately \$75.1 million, or 59.2%, mainly due to lower gross profit.

***Specialty Sports Group***

Specialty Sports Group net sales increased by approximately \$121.9 million, or 31.3%, primarily due to the inclusion of \$192.4 million in net sales from Marucci, partially offset by a reduction in bike sales of \$53.7 million because of the ongoing bike channel inventory recalibration and, to a lesser extent, lower end consumer demand.

Specialty Sports Group adjusted EBITDA remained nearly unchanged primarily due to product mix within the segment, offset by the inclusion of Marucci.

***Unallocated corporate expenses***

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

Unallocated corporate expenses decreased by \$6.3 million, or 10.0%, driven by cost containment measures.

## Liquidity and Capital Resources

Our primary cash needs are to support working capital, interest on debt, employee compensation, capital expenditures, acquisitions, debt repayments, and other general corporate purposes. Historically, we have generally financed our liquidity needs with operating cash flows, borrowings under 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 January 3, 2025, we held \$7.9 million of our \$71.7 million of cash and cash equivalents in accounts of our subsidiaries outside of the U.S., which we may repatriate.

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

(in millions)	For the years ended		
	January 3, 2025	December 29, 2023	December 30, 2022
Net cash provided by operating activities	\$ 131.8	\$ 178.7	\$ 187.1
Net cash used in investing activities	(76.3)	(750.4)	(44.7)
Net cash (used in) provided by financing activities	(67.3)	509.0	(179.1)
Effect of exchange rate changes on cash and cash equivalents	(0.2)	1.1	2.3
Decrease in cash and cash equivalents	\$ (12.0)	\$ (61.6)	\$ (34.4)

*\*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 January 3, 2025, net cash provided by operating activities was \$131.8 million. The change in our operating assets and liabilities is a result of a decrease in prepaids and other current assets of \$48.5 million, an increase in accounts payable of \$23.2 million, and a decrease in accounts receivable of \$10.4 million, partially offset by an increase in inventory of \$26.5 million, and decreases in income taxes payable of \$11.2 million and accrued expenses and other liabilities of \$2.8 million. The decrease in prepaids and other current assets is primarily due to lower prepaid chassis deposits driven by the sale of 2023 and 2024 model year chassis. The change in our accounts payable is driven by timing of inventory purchases and vendor payments. The change in our accounts receivable reflects a shift in our product line mix and the timing of customer collections. The increase in inventory excluding acquired inventory reflects an imbalance between expected and realized orders. The change in income taxes payable is mainly due to lower pre-tax income.

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.

### ***Investing activities***

In the fiscal year ended January 3, 2025, cash used in investing activities was \$76.3 million, which primarily consisted of \$44.0 million in property and equipment additions, \$25.8 million in cash considerations for our acquisitions including the acquisition of Marzocchi, \$5.4 million in cash consideration for our purchase of other assets, and \$1.1 million paid for acquisition foreign exchange hedge settlement related to the acquisition of Marzocchi.

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.

### ***Financing activities***

In the fiscal year ended January 3, 2025, net cash used in financing activities was \$67.3 million, which primarily consisted of \$406.0 million in payments on our revolver, \$25.0 million to repurchase shares of our common stock, \$19.3 million in repayments on our Incremental Term Loans (as defined below), \$3.4 million in deferred fees for debt modifications, \$2.6 million net of proceeds from the exercise of stock options, as part of our stock-based compensation program, partially offset by \$200.0 million proceeds from the Delayed Draw Term Loan (as defined below) and \$189.0 million proceeds from the revolver, which were used to support our working capital and the acquisition of Marzocchi.

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 revolver, \$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 2022 Credit Facility, \$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 (defined at [Note 12. Commitments and Contingent Liabilities](#)). 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 (defined at [Note 11. Derivatives and Hedging](#)) of \$12.3 million.

### ***2022 Credit Facility***

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

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

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

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The Company may borrow, prepay and re-borrow principal under the 2022 Credit Facility during its term. Advances under the 2022 Credit Facility can be either Adjusted Term Secured Overnight Financing Rate (“SOFR”) loans or base rate loans. SOFR rate revolving loans bear interest on the outstanding principal amount thereof for each interest period at a rate per annum equal to Term SOFR for such calculation plus 0.10% plus a margin ranging from 1.00% to 2.25%. Base rate revolving loans bear interest on the outstanding principal amount thereof at a rate per annum equal to the highest of (i) Federal Funds Rate plus 0.50%, (ii) the rate of interest in effect for such day as publicly announced from time to time by the lender as its “prime rate”, and (iii) Adjusted Term SOFR rate for a one-month tenor plus 1.00%, subject to the interest rate floors set forth therein, plus a margin ranging from 0.00% to 1.00%. At January 3, 2025, the one-month SOFR and three-month SOFR rates were 4.51% and 4.68%, respectively. At January 3, 2025, our weighted-average interest rate on outstanding borrowing was 6.43%.

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 Terms Loans”), each of which are permitted under the 2022 Credit Facility, subject to satisfaction of certain conditions. The Incremental Term A Loan was fully funded on November 14, 2023 and used to fund a portion of the consideration owed under the Marucci acquisition. The Delayed Draw Term Loan was available to the Company for up to six months commencing on December 6, 2023, until the date on which the Delayed Draw Term Loan commitments have been terminated. Each of the Incremental Term Loans 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 of the Incremental Term Loans has a maturity date of April 5, 2027, consistent with the 2022 Credit Facility.

The Company paid \$10.1 million in debt issuance costs, of which \$6.7 million were allocated to the Incremental Term A Loan and \$3.4 million were allocated to the Delayed Draw Term Loan. Loan fees allocated to the Incremental Term A Loan are amortized using the interest method over the term of the 2022 Credit Facility. Loan fees allocated to the Delayed Draw Term Loan were deferred as an asset until the debt is drawn.

On May 13, 2024, the Company borrowed the full amount of \$200.0 million of the Delayed Draw Term Loan. The fees were reclassified to a contra-liability account and amortized over the term of the drawn debt using the interest method.

On July 31, 2024 and December 20, 2024, the Company entered into the Third and Fourth Amendments to the 2022 Credit Facility, respectively, to secure an improved covenant profile on its capital structure to provide more flexibility given the uncertain macroeconomic environment.

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 January 3, 2025.

### **Material Cash Requirements**

As of January 3, 2025, we had the following material cash requirements related to commitments or contractual obligations (in millions):

<b>Payments due by period</b>	<b>Total</b>	<b>Less than 1 year</b>	<b>1-3 years</b>	<b>4-5 years</b>	<b>More than 5 years</b>
Long-term borrowings	\$ 713.7	\$ 24.3	\$ 689.4	\$ —	\$ —
Operating lease obligations	127.5	20.5	33.1	25.1	48.8
Purchase obligations and other	17.0	6.8	4.5	5.7	—
Total	<u>\$ 858.2</u>	<u>\$ 51.6</u>	<u>\$ 727</u>	<u>\$ 30.8</u>	<u>\$ 48.8</u>

*\*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.

## **Interest Rates**

Interest rate volatility can impact our borrowing costs and overall financial condition. While fluctuations in interest rates have not historically had a material effect on our results of operations, significant increases could lead to higher interest expense on our variable-rate debt. To mitigate this risk and enhance predictability, we utilize interest rate swaps to manage our exposure to interest rate fluctuations.

## **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 basis 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 at the end of that fiscal period that cannot be increased in future periods.

### ***Warranty***

Unless otherwise required by law, the Company generally offers limited warranties on its products for a one, two or three-year period. 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 \$21.6 million and \$20.0 million as of January 3, 2025 and December 29, 2023, 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 2024 at which time we had three reporting units: PVG, AAG, and SSG for purposes of assessing goodwill impairment. The quantitative impairment test indicated that the fair values of our three reporting units - PVG, AAG, and SSG - exceeded their respective carrying values by 44%, 18%, and 38%, respectively. Additionally, we performed a qualitative analysis at year end and concluded that it was not more likely than not that the fair values of the reporting units were less than the carrying values. No impairment charges have been incurred to date.

#### ***Indefinite-lived intangible assets***

Certain trademarks and trade names, including FOX and others from certain subsidiaries, 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 \$9.6 million, \$16.5 million and \$16.4 million for the fiscal years ended January 3, 2025, December 29, 2023 and December 30, 2022, respectively. Refer to [Note 13. Stockholders’ Equity](#) for further details. 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 RSU 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, dealers and retailers, 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 and Upfit UTV generally include the vehicle chassis, of which the Company has the risks and rewards of ownership and, in certain Outside Van instances, 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 because 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 \$7.9 million, \$11.9 million, and \$8.7 million as of January 3, 2025, 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 reasonable and supportable forecasts of future economic conditions that may impact collectability. Our methodology reflects the expected credit loss model, which does not solely rely on past events or incurred losses but also considers forward-looking information to estimate potential credit deterioration. 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 reassess our estimates and determine whether the recoverability of the amounts due could be reduced by a material amount.

### ***Fair value measurement and financial instruments***

Accounting Standards Codification (“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 reasonable 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 reasonable market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk.

As of January 3, 2025, the carrying amount of the principal under the Company’s 2022 Credit Facility - Incremental Term Loans and Revolver approximated fair value because they had variable interest rates that reflected market changes in interest rates and changes in the Company’s net leverage ratio.

The Company mitigates the cash flow risk associated with changes in interest rates on its variable rate debt through interest rate swap agreements. Refer to [Note 11. Derivatives and Hedging](#) for additional details of the agreements. In accordance with ASC 815, interest rate swap contracts are recognized as assets or liabilities on the consolidated balance sheets and are measured at fair values. The fair values were estimated based on expected cash flows over the life of the swaps. These expected cash flows were determined using a pricing model that incorporated reasonable assumptions and available market data.

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

### **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 January 3, 2025, we had \$713.7 million of interest bearing indebtedness outstanding under our 2022 Credit Facility. Based on the \$213.7 million of variable interest rate indebtedness that was outstanding as of January 3, 2025, after giving effect to our interest rate swaps, a hypothetical 100 basis point increase or decrease in the interest rate would have resulted in an approximately \$2.1 million increase or decrease in interest expense for the year ended January 3, 2025. As of January 3, 2025, our supplier-financed chassis on hand were \$46.9 million. A hypothetical 100 basis point increase or decrease in the interest rate would have resulted in an approximately \$0.5 million increase or decrease in interest expense for the year ended January 3, 2025.

### Exchange rate sensitivity

As of January 3, 2025, 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 January 3, 2025, 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 January 3, 2025. Based on the evaluation of our disclosure controls and procedures as of January 3, 2025, 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 January 3, 2025 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**

The following information is being included in this Item 9B in lieu of filing such information on a Current Report on Form 8-K under Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On February 25, 2025, the Compensation Committee of the Board of Directors of the Company adopted a form of performance share unit award agreement (the “Form of PSU Agreement”) for use in connection with the Fox Factory Holding Corp. 2022 Omnibus Plan. The foregoing description of the Form of PSU Agreement is qualified in its entirety by the full text of the Form of PSU Agreement, a copy of which is filed as Exhibit 10.37 to this Annual Report on Form 10-K.

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

During the three months ended January 3, 2025, 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).

## **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 2025 Annual Meeting of Stockholders (the “Proxy Statement”) entitled “Election of Class III 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

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Reports of Independent Registered Public Accounting Firm (PCAOB ID Number: 248)	<a href="#">70</a>
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Consolidated Statements of Income for the years ended January 3, 2025, December 29, 2023 and December 30, 2022	<a href="#">75</a>
Consolidated Statements of Comprehensive Income for the years ended January 3, 2025, December 29, 2023 and December 30, 2022	<a href="#">76</a>
Consolidated Statements of Stockholders' Equity for the years ended January 3, 2025, December 29, 2023 and December 30, 2022	<a href="#">77</a>
Consolidated Statements of Cash Flows for the years ended January 3, 2025, December 29, 2023 and December 30, 2022	<a href="#">78</a>
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(b) Exhibits

See <a href="#">Index to Exhibits</a>	<a href="#">64</a>
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**ITEM 16. FORM 10-K SUMMARY**

None.

# Index to Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	File No.	Filing Date	
<a href="#">2.1</a>	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	
<a href="#">3.1</a>	Second Amended and Restated Certificate of Incorporation	10-Q	001-36040	August 4, 2023	
<a href="#">3.2</a>	Second Amended and Restated Bylaws	8-K	001-36040	August 1, 2024	
<a href="#">4.1</a>	Form of Common Stock Certificate	S-1	333-189841	July 8, 2013	
<a href="#">4.2</a>	Form of Indenture	S-3	333-203146	March 31, 2015	
<a href="#">4.3</a>	Description of Securities	10-K	001-36040	February 23, 2023	
<a href="#">10.1†</a>	Employment Agreement, dated May 1, 2018, by and between Fox Factory Holding Corp. and Chris Tutton	10-K	001-36040	February 26, 2019	
<a href="#">10.2†</a>	Employment Agreement, dated August 29, 2018, by and between Fox Factory Holding Corp. and Michael C. Dennison	10-K	001-36040	February 26, 2019	
<a href="#">10.3†</a>	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	
<a href="#">10.4†</a>	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	
<a href="#">10.5†</a>	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	
<a href="#">10.6†</a>	2023 Policy Regarding Terms Applicable to Restricted Stock Unit and Performance Share Unit Award Agreements in the Event of Qualified Retirement	10-K	001-36040	February 23, 2024	
<a href="#">10.7†</a>	Sixth Amended and Restated Non-Employee Director Compensation Policy, effective January 1, 2022.	10-K	001-36040	February 23, 2024	
<a href="#">10.8†</a>	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	
<a href="#">10.9†</a>	2008 Stock Option Plan, as amended	S-1	333-189841	July 8, 2013	
<a href="#">10.10†</a>	2008 Non-Statutory Stock Option Plan, as amended	S-1/A	333-189841	August 2, 2013	
<a href="#">10.11†</a>	Fox Factory Holding Corp. 2022 Omnibus Plan	8-K	001-36040	May 6, 2022	
<a href="#">10.12†</a>	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	
<a href="#">10.13†</a>	Form of Restricted Stock Unit Award Agreement under 2022 Omnibus Plan (U.S.)	10-K	001-36040	February 23, 2024	
<a href="#">10.14†</a>	Form of Performance Share Unit Award Agreement under the 2022 Omnibus Plan	10-K	001-36040	February 23, 2024	
<a href="#">10.15†</a>	Form of Performance Share Unit Award Agreement under the 2022 Omnibus Plan	8-K	001-36040	March 21, 2024	
<a href="#">10.16†</a>	Form of Revenue Growth Performance Share Unit Award Agreement under the 2022 Omnibus Plan	8-K	001-36040	March 21, 2024	
<a href="#">10.15</a>	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	
<a href="#">10.17</a>	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	

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<a href="#">10.18</a>	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	
<a href="#">10.19</a>	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	
<a href="#">10.20</a>	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	
<a href="#">10.21</a>	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	
<a href="#">10.22</a>	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	
<a href="#">10.23</a>	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	
<a href="#">10.24</a>	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	
<a href="#">10.25</a>	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	
<a href="#">10.26</a>	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	
<a href="#">10.27†</a>	Deferred Compensation Plan, effective June 30, 2021.	S-8	333-264858	June 29, 2021	
<a href="#">10.28</a>	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	
<a href="#">10.29</a>	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	
<a href="#">10.30†</a>	Employment Agreement, by and between Fox Factory Holding Corp. and Dennis C. Schemm, dated June 12, 2023	10-Q	001-36040	August 4, 2023	
<a href="#">10.31†</a>	Employment Agreement, by and between Fox Factory Holding Corp. and Toby D. Merchant, dated April 13, 2021	10-Q	001-36040	August 4, 2023	
<a href="#">10.32†</a>	Employment Agreement, by and between Fox Factory Holding Corp. and Thomas L. Fletcher, dated May 24, 2021	10-Q	001-36040	August 4, 2023	
<a href="#">10.33</a>	Second Amendment to Credit Agreement and First Amendment to Guaranty and Security Agreement, dated June 5, 2024	10-Q	001-36040	August 2, 2024	
<a href="#">10.34</a>	Third Amendment to Credit Agreement, dated July 31, 2024	10-Q	001-36040	November 1, 2024	
<a href="#">10.35</a>	Amendment to Pilot Agreement, dated September 25, 2024	10-Q	001-36040	November 1, 2024	
<a href="#">10.36</a>	Fourth Amendment to the Credit Agreement, dated December 20, 2024.	8-K	001-36040	December 20, 2024	
<a href="#">10.37†</a>	Form of EBITDA Performance Share Unit Award Agreement under 2022 Omnibus Plan				<b>X</b>
<a href="#">19.1</a>	Insider Trading Policy				<b>X</b>
<a href="#">21.1</a>	List of Subsidiaries				<b>X</b>
<a href="#">23.1</a>	Consent of Independent Registered Public Accounting Firm				<b>X</b>
<a href="#">24.1</a>	Power of Attorney (contained in signature page to this Annual Report on Form 10-K)				<b>X</b>

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<a href="#">31.1</a>	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as amended					<b>X</b>
<a href="#">31.2</a>	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as amended					<b>X</b>
<a href="#">32.1*</a>	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					<b>X</b>
<a href="#">32.2*</a>	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					<b>X</b>
<a href="#">97.1</a>	Clawback Policy	10-K	001-36040	February 23, 2024		
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					<b>X</b>
101.SCH	Inline XBRL Taxonomy Extension Schema Document					<b>X</b>
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					<b>X</b>
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					<b>X</b>
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					<b>X</b>
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					<b>X</b>
104	Cover page formatted as Inline XBRL and contained in Exhibit 101					<b>X</b>

† 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.

February 27, 2025

FOX FACTORY HOLDING CORP.

By: /s/ Dennis C. Schemm

**Dennis C. Schemm, Chief Financial Officer  
(Principal Financial Officer & Duly Authorized  
Signatory)**

February 27, 2025

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
<u>/s/ Michael C. Dennison</u> Michael C. Dennison	Chief Executive Officer and Director (Principal Executive Officer)	February 27, 2025
<u>/s/ Dennis C. Schemm</u> Dennis C. Schemm	Chief Financial Officer (Principal Financial Officer)	February 27, 2025
<u>/s/ Dudley W. Mendenhall</u> Dudley W. Mendenhall	Chairman	February 27, 2025
<u>/s/ Thomas E. Duncan</u> Thomas E. Duncan	Director	February 27, 2025
<u>/s/ Elizabeth A. Fetter</u> Elizabeth A. Fetter	Director	February 27, 2025
<u>/s/ Jean H. Hlay</u> Jean H. Hlay	Director	February 27, 2025
<u>/s/ Ted D. Waitman</u> Ted D. Waitman	Director	February 27, 2025
<u>/s/ Sidney Johnson</u> Sidney Johnson	Director	February 27, 2025

## **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 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 January 3, 2025.

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 27, 2025

/s/ Michael C. Dennison

Michael C. Dennison  
Chief Executive Officer

/s/ Dennis C. Schemm

Dennis C. Schemm  
Chief Financial Officer

## 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 January 3, 2025 and December 29, 2023, the related consolidated statements of income, comprehensive income, stockholders’ equity, and cash flows for each of the three years in the period ended January 3, 2025, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of January 3, 2025 and December 29, 2023, and the results of its operations and its cash flows for each of the three years in the period ended January 3, 2025, 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 January 3, 2025, 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 27, 2025 expressed an unqualified opinion.

### Basis for opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated 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 separate opinions 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 net realizable value 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 judgment.

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 estimated demand for selected inventory items 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.

#### *Realizability of foreign tax credits*

As discussed in Note 1 to the consolidated financial statements, deferred tax assets and liabilities are determined based on the temporary differences 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. Valuation allowances are provided when necessary to reduce net deferred tax assets to an amount that is more likely than not to be realized. We identified the realizability of deferred tax assets relating to the Company's foreign tax credits as a critical audit matter.

The principal considerations for our determination that the realizability of deferred tax assets relating to the Company's foreign tax credits represents a critical audit matter are the significance of the Company's foreign tax credits and the use of forecasted profitability by jurisdiction and source. The forecasts, including future sales and expenses by jurisdiction, are subject to a high level of estimation uncertainty and subjectivity. Additionally, realizability depends on continued implementation of a tax planning strategy. As a result, significant auditor judgment is necessary to evaluate management's judgments and assumptions.

Our audit procedures related to the realizability of deferred tax assets relating to the Company's foreign tax credits included the following, among others:

- We considered the applicability of the Company's international transfer pricing arrangements as it relates to the Company's ability to utilize foreign tax credits.
- We tested the accuracy of the underlying data used in the forecasts by agreeing the baseline 2024 results for selected jurisdictions to general ledger balances.
- We evaluated the appropriateness of the assumptions supporting the future revenue growth rate by jurisdiction.
- We evaluated management's assumptions with respect to anticipated relief from withholding on intercompany charges paid by selected jurisdictions for consistency and credibility.
- We tested the design and operating effectiveness of controls related to the generation and review of the forecasts and assumptions that underpin the assessment of the realizability of deferred tax assets relating to the Company's foreign tax credits.

/s/ GRANT THORNTON LLP

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

San Jose, California

February 27, 2025

## 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 January 3, 2025, 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 January 3, 2025, 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 January 3, 2025, and our report dated February 27, 2025 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.

### 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 Jose, California

February 27, 2025

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

	As of January 03, 2025	As of December 29, 2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 71,674	\$ 83,642
Accounts receivable (net of allowances of \$1,848 and \$1,158 at January 3, 2025 and December 29, 2023, respectively)	165,827	171,060
Inventory	404,736	371,841
Prepays and other current assets	85,443	141,512
Total current assets	727,680	768,055
Property, plant and equipment, net	246,393	237,192
Lease right-of-use assets	104,019	84,317
Deferred tax assets, net	44,364	21,297
Goodwill	639,505	636,565
Trademarks and brands, net	264,126	273,293
Customer and distributor relationships, net	161,585	184,269
Core technologies, net	23,154	25,785
Other assets	21,484	11,525
Total assets	\$ 2,232,310	\$ 2,242,298
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 144,067	\$ 104,150
Accrued expenses	91,427	103,400
Current portion of long-term debt	24,286	14,286
Total current liabilities	259,780	221,836
Revolver	153,000	370,000
Term Loans, less current portion	527,775	359,242
Other liabilities	90,611	69,459
Total liabilities	1,031,166	1,020,537
Commitments and contingent liabilities (Refer to <a href="#">Note 12. Commitments and Contingent Liabilities</a> )		
Non-controlling interest	(38)	—
Stockholders' equity		
Preferred stock, \$0.001 par value — 10,000 authorized and no shares issued or outstanding as of January 3, 2025 and December 29, 2023	—	—
Common stock, \$0.001 par value — 90,000 authorized; 42,574 shares issued and 41,684 outstanding as of January 3, 2025; 42,844 shares issued and 41,954 outstanding as of December 29, 2023	42	42
Additional paid-in capital	339,266	348,346
Treasury stock, at cost; 890 common shares as of January 3, 2025 and December 29, 2023	(13,754)	(13,754)
Accumulated other comprehensive (loss) income ("AOCI")	224	9,041
Retained earnings	875,404	878,086
Total stockholders' equity	1,201,182	1,221,761
Total liabilities and stockholders' equity	\$ 2,232,310	\$ 2,242,298

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		
	January 3, 2025	December 29, 2023	December 30, 2022
Net sales	\$ 1,393,921	\$ 1,464,178	\$ 1,602,491
Cost of sales	970,345	999,366	1,071,148
Gross profit	423,576	464,812	531,343
Operating expenses:			
General and administrative	139,857	124,582	116,103
Sales and marketing	121,207	100,451	90,801
Research and development	60,314	53,179	56,205
Amortization of purchased intangibles	44,528	26,509	21,537
Total operating expenses	365,906	304,721	284,646
Income from operations	57,670	160,091	246,697
Interest expense	54,942	19,320	8,939
Other expense, net	1,716	2,108	3,994
Income before income taxes	1,012	138,663	233,764
(Benefit) provision for income taxes	(5,500)	17,817	28,486
Net income	\$ 6,512	\$ 120,846	\$ 205,278
Less: net loss attributable to non-controlling interest	(38)	—	—
Net income attributable to Fox stockholders	\$ 6,550	\$ 120,846	\$ 205,278
Earnings per share:			
Basic	\$ 0.16	\$ 2.86	\$ 4.86
Diluted	\$ 0.16	\$ 2.85	\$ 4.84
Weighted-average shares used to compute earnings per share:			
Basic	41,681	42,305	42,232
Diluted	41,717	42,432	42,384

*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		
	January 3, 2025	December 29, 2023	December 30, 2022
Net income	\$ 6,512	\$ 120,846	\$ 205,278
Other comprehensive income (loss)			
Interest rate swap			
Change in net unrealized gain	6,418	830	13,775
Reclassification of net gain on interest rate swaps to net earnings	(8,460)	(6,775)	(3,177)
Tax effects	(466)	(1,303)	4,226
Net change, net of tax effects	(2,508)	(7,248)	14,824
Foreign currency translation adjustments	(6,309)	1,507	(4,918)
Other comprehensive (loss) income	(8,817)	(5,741)	9,906
Comprehensive (loss) income	\$ (2,305)	\$ 115,105	\$ 215,184
Less: comprehensive loss attributable to non-controlling interest	(38)	—	—
Comprehensive (loss) income attributable to Fox stockholders	\$ (2,267)	\$ 115,105	\$ 215,184

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

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

	Common Stock		Treasury		Additional paid-in capital	Accumulated other comprehensive income	Retained earnings	Total stockholders' equity	Non-controlling interest
	Shares	Amount	Shares	Amount					
<b>Balance - December 31, 2021</b>	<b>43,010</b>	<b>\$ 42</b>	<b>890</b>	<b>\$ (13,754)</b>	<b>\$ 344,119</b>	<b>\$ 4,876</b>	<b>\$ 558,799</b>	<b>\$ 894,082</b>	<b>\$ —</b>
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	—
<b>Balance - December 30, 2022</b>	<b>43,160</b>	<b>\$ 42</b>	<b>890</b>	<b>\$ (13,754)</b>	<b>\$ 356,239</b>	<b>\$ 14,782</b>	<b>\$ 764,077</b>	<b>\$ 1,121,386</b>	<b>\$ —</b>
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 (loss)	—	—	—	—	—	(5,741)	—	(5,741)	—
Net income	—	—	—	—	—	—	120,846	120,846	—
<b>Balance - December 29, 2023</b>	<b>42,844</b>	<b>\$ 42</b>	<b>890</b>	<b>\$ (13,754)</b>	<b>\$ 348,346</b>	<b>\$ 9,041</b>	<b>\$ 878,086</b>	<b>\$ 1,221,761</b>	<b>\$ —</b>
Issuance of common stock under equity compensation plans, net of shares repurchased for income tax withholding	108	—	—	—	(2,609)	—	—	(2,609)	—
Stock-based compensation expense	—	—	—	—	9,606	—	—	9,606	—
Purchase and retirement of common stock	(378)	—	—	—	(16,077)	—	(9,232)	(25,309)	—
Other comprehensive income (loss)	—	—	—	—	—	(8,817)	—	(8,817)	—
Net income	—	—	—	—	—	—	6,550	6,550	(38)
<b>Balance - January 3, 2025</b>	<b>42,574</b>	<b>\$ 42</b>	<b>890</b>	<b>\$ (13,754)</b>	<b>\$ 339,266</b>	<b>\$ 224</b>	<b>\$ 875,404</b>	<b>\$ 1,201,182</b>	<b>\$ (38)</b>

*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		
	January 3, 2025	December 29, 2023	December 30, 2022
<b>OPERATING ACTIVITIES:</b>			
Net income	\$ 6,512	\$ 120,846	\$ 205,278
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	83,566	58,603	49,242
Provision for inventory reserve	5,631	6,184	8,923
Stock-based compensation	9,606	16,465	16,351
Amortization of acquired inventory step-up	4,485	13,008	—
Amortization of loan fees	3,748	905	1,086
Write off of unamortized loan origination fees	—	—	1,927
Amortization of deferred gains on prior swap settlements	(4,334)	(4,252)	(3,177)
Proceeds from (cash paid for) interest rate swap settlements	4,026	2,522	(471)
Loss (gain) on disposal of property and equipment	341	1,492	(1,740)
Deferred taxes	(23,310)	(7,867)	(18,445)
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable	10,372	64,527	(63,957)
Inventory	(26,503)	31,613	(87,460)
Income taxes	(11,168)	(19,094)	8,717
Prepays and other assets	48,463	(40,702)	18,603
Accounts payable	23,234	(44,029)	40,493
Accrued expenses and other liabilities	(2,837)	(21,478)	11,724
Net cash provided by operating activities	131,832	178,743	187,094
<b>INVESTING ACTIVITIES:</b>			
Acquisition of businesses, net of cash acquired	(25,785)	(701,112)	(714)
Acquisition foreign exchange hedge settlement	(1,118)	—	—
Acquisition of other assets	(5,344)	(2,432)	(3,500)
Purchases of property and equipment	(44,040)	(46,852)	(43,701)
Proceeds from sale of property and equipment	—	—	3,180
Net cash used in investing activities	(76,287)	(750,396)	(44,735)
<b>FINANCING ACTIVITIES:</b>			
Proceeds from line of credit, net of origination fees	189,000	400,000	602,356
Payments on revolver	(406,000)	(230,000)	(404,336)
Proceeds from issuance of debt	200,000	393,528	—
Repayment of term debt	(19,286)	(20,000)	(382,500)
Purchase and retirement of common stock	(25,000)	(25,000)	—
Installment on purchase of non-controlling interest	—	—	(2,700)
Repurchases from stock compensation program, net	(2,608)	(6,195)	(4,231)
Deferred debt issuance/modification costs	(3,434)	(3,354)	—
Proceeds from termination of swap agreement	—	—	12,270
Net cash (used in) provided by financing activities	(67,328)	508,979	(179,141)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(185)	1,066	2,346
CHANGE IN CASH AND CASH EQUIVALENTS	(11,968)	(61,608)	(34,436)
CASH AND CASH EQUIVALENTS—Beginning of year	83,642	145,250	179,686
CASH AND CASH EQUIVALENTS—End of year	\$ 71,674	\$ 83,642	\$ 145,250

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

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

SUPPLEMENTAL CASH FLOW INFORMATION:	For the fiscal years ended		
	January 3, 2025	December 29, 2023	December 30, 2022
Cash paid during the period for:			
Income tax payment	\$ 29,159	\$ 44,655	\$ 37,493
Interest	\$ 57,004	\$ 21,147	\$ 9,922
Amounts included in the measurement of lease liabilities	\$ 18,844	\$ 14,009	\$ 10,499
Non-cash operating activities:			
Right-of-use assets obtained in exchange for lease obligations	\$ 39,541	\$ 54,949	\$ 21,167
Non-cash investing and financing activities:			
Capital expenditures included in accounts payable	\$ 747	\$ 977	\$ 2,049

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

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
**January 3, 2025**  
**(in thousands)**

**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 2024, 2023 and 2022, the Company’s fiscal year ended on January 3, 2025, December 29, 2023 and December 30, 2022 and had 53, 52, and 52 weeks, respectively.

**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 \$1,811, \$1,465, and \$3,377 for the years ended January 3, 2025, December 29, 2023 and December 30, 2022, 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.

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
**January 3, 2025**  
**(in thousands)**

**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 an allowance for credit losses 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 the allowance for credit losses using the aging method, considering the length of time a receivable has been outstanding. This assessment incorporates historical credit loss rates, current conditions, and reasonable and supportable forecasts of future economic conditions that may impact collectability. Our methodology follows the expected credit loss model, which not only accounts for past events and incurred losses but also integrates forward-looking information to estimate potential credit deterioration. If circumstances change, such as higher-than-expected defaults or an unexpected material adverse change in a major customer's financial condition, we reassess our estimates to determine whether the recoverability of amounts due could be materially impacted.

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

	For the fiscal years ended		
	January 3, 2025	December 29, 2023	December 30, 2022
Allowance for credit losses:			
Balance, beginning of year	\$ 1,158	\$ 443	\$ 410
Add: bad debt expense (benefit)	913	907	446
Less: write-offs, net of recoveries	(223)	(192)	(413)
Balance, end of year	<u>\$ 1,848</u>	<u>\$ 1,158</u>	<u>\$ 443</u>

**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 January 3, 2025 the Company held \$63,743 in cash at U.S. subsidiaries and \$7,931 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:

	January 3, 2025	December 29, 2023
Customer A	14%	18%

In 2024 and 2023, our sales to customer A accounted for approximately 15% and 13% of total net sales, respectively. 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 26%, 29%, and 34% of its product components for the years ended January 3, 2025, December 29, 2023 and December 30, 2022, respectively, from ten vendors. As of January 3, 2025 and December 29, 2023, amounts due to these vendors represented 21% and 20% 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.

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
**January 3, 2025**  
**(in thousands)**

**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:

<u>Asset Classification</u>	<u>Estimated useful life</u>
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. 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 January 3, 2025, December 29, 2023 and December 30, 2022.

**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.

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
**January 3, 2025**  
**(in thousands)**

**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 2024 at which time we had three reporting units: PVG, AAG, and SSG for purposes of assessing goodwill impairment. The quantitative impairment test indicated that the fair values of our three reporting units - PVG, AAG, and SSG - exceeded their respective carrying values by 44%, 18%, and 38%, respectively. Additionally, we performed a qualitative analysis at year end and concluded that it was not more likely than not that the fair values of the reporting units were less than the carrying values. 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 January 3, 2025, December 29, 2023 and December 30, 2022.

**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 January 3, 2025 and December 29, 2023 are \$2,031 and \$2,203 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 floor plan 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.

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
**January 3, 2025**  
**(in thousands)**

**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, that is a derivative of RSUs, 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 January 3, 2025 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 \$10,695, \$6,717, and \$4,813 for the years ended January 3, 2025, December 29, 2023 and December 30, 2022, respectively.

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
**January 3, 2025**  
**(in thousands)**

**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, as of the end of the first quarter of fiscal year 2024, due to the manner in which we began to operate the business to further drive long term value to our stockholders and customers, we have three operating and reportable segments: PVG, AAG, and SSG. The Company considers operating segments to be components of the Company in which separate financial information is available that is evaluated regularly by the Company's chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance. The CODM for the Company is the Chief Executive Officer. Starting in March 2024, the Chief Executive Officer reviews additional financial information by operating and reportable segment for purposes of allocating resources and evaluating financial performance. Adjusted EBITDA is utilized by the CODM to evaluate segment profitability and inform strategic decisions regarding investments, cost management, and resource allocation. On a regular basis, the CODM reviews budget-to-actual variances for adjusted EBITDA to guide capital and personnel distribution. During the annual budgeting and forecasting process, segment adjusted EBITDA is used by the CODM to measure segment performance and to allocate resources such as employees, financial assets, or capital. Additionally, adjusted EBITDA is reviewed by the CODM in evaluating the efficiency of cost management strategies within each segment, ensuring that financial and operational resources are optimized and in alignment with the Company's overall strategic objectives.

**Reclassifications** - We reclassified certain prior period amounts within our consolidated balance sheets, consolidated statements of other comprehensive income, consolidated statements of cash flows, Note 2 - Revenues, and Note 7 - Goodwill and Intangible Assets for the year ended December 30, 2022 to conform to our current year presentation. The reclassifications did not have any impact on net income or other major financial statement line items.

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

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

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
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**(in thousands)**

**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 war in 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. Additionally, the imposition of U.S. tariffs on China and retaliatory tariffs by China on the U.S. may increase costs, disrupt supply chains, and impact demand for the Company's products. Furthermore, domestic and foreign political instability and uncertainty may create economic volatility, regulatory changes, and trade disruptions that pose additional risks to the Company's business environment.

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

Management provides this non-GAAP financial measure as a supplemental tool to assist investors in understanding our performance and evaluating our ongoing results of operations. Many investors are interested in understanding the performance of our business by comparing our results from ongoing operations from one period to the next and would ordinarily add back items that are not part of normal day-to-day operations of our business. This measure is intended to facilitate period-to-period comparisons by excluding items that management does not view as indicative of the Company's day-to-day operations. By presenting adjusted EBITDA, along with reconciliations to the most directly comparable GAAP measure, we aim to support investors' ability to analyze our results of operations and assess our progress in executing strategic initiatives.

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

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

We also use total adjusted EBITDA:

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

Please see [Note 20 – Segment Information](#) for our definition of adjusted EBITDA. Under ASC 280, adjusted EBITDA is the measure of segment profitability and financial performance of our operating segments, and when used in this context, the term adjusted EBITDA is a financial measure prepared in accordance with U.S. GAAP. Adjusted EBITDA reported for the Company on a consolidated basis is a non-U.S. GAAP financial measure.

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
**January 3, 2025**  
**(in thousands)**

**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 the Company's 2023 Annual Report on Form 10-K. The Company adopted 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 November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The amendments in ASU 2023-07 require disclosure of significant segment expenses that are regularly provided to the CODM and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items to reconcile to segment profit or loss, and the title and position of the entity's CODM. The amendments in this update also expand the interim segment disclosure requirements. These amendments do not change how a public entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted and the amendments in this update are required to be applied on a retrospective basis. The Company adopted ASU 2023-07 in this Annual Report on Form 10-K for fiscal year 2024 ending January 3, 2025. Refer to Significant Accounting Policies - Segments above and [Note 20. Segment Information](#) for further details.

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 accounting standard update, but does not expect material impact on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40). ASU 2024-03 introduces enhanced income statement expense disclosure requirements. The amendments in ASU 2023-03 require new tabular disclosures in the notes to financial statements, disaggregating specific expense categories within relevant income statement captions. These categories include inventory purchases, employee compensation, depreciation, and intangible asset amortization. The guidance is effective for fiscal years beginning after December 15, 2026, and must be applied prospectively. The Company is currently evaluating the impact of this accounting standard update on its consolidated financial statements and related disclosures.

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
**January 3, 2025**  
**(in thousands)**

## 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 segment:

	For the fiscal years ended		
	January 3, 2025	December 29, 2023	December 30, 2022
Powered Vehicles Group	\$ 461,403	\$ 523,862	\$ 432,388
Aftermarket Applications Group	421,453	551,143	489,132
Specialty Sports Group	511,065	389,173	680,971
Total net sales	<u>\$ 1,393,921</u>	<u>\$ 1,464,178</u>	<u>\$ 1,602,491</u>

The following table summarizes total net sales by sales channel:

	For the fiscal years ended		
	January 3, 2025	December 29, 2023	December 30, 2022
OEM	\$ 612,679	\$ 725,232	\$ 909,550
Aftermarket/Non-OEM <sup>(1)</sup>	781,242	738,946	692,941
Total net sales	<u>\$ 1,393,921</u>	<u>\$ 1,464,178</u>	<u>\$ 1,602,491</u>

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

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

	For the fiscal years ended		
	January 3, 2025	December 29, 2023	December 30, 2022
North America	\$ 1,097,329	\$ 1,127,587	\$ 1,009,203
Europe	165,043	187,762	320,545
Asia	109,074	125,488	252,275
Rest of the World	22,475	23,341	20,468
Total net sales	<u>\$ 1,393,921</u>	<u>\$ 1,464,178</u>	<u>\$ 1,602,491</u>

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
**January 3, 2025**  
**(in thousands)**

**3. Inventory**

Inventory consisted of the following:

	<b>January 3, 2025</b>	<b>December 29, 2023</b>
Raw materials	\$ 245,368	\$ 217,888
Work-in-process	16,519	8,813
Finished goods	142,849	145,140
Total inventory	<u>\$ 404,736</u>	<u>\$ 371,841</u>

**4. Prepaids and Other Current Assets**

Prepaids and other current assets consisted of the following:

	<b>January 3, 2025</b>	<b>December 29, 2023</b>
Prepaid chassis deposits	\$ 47,094	\$ 108,866
Advanced payments and prepaid contracts	26,496	14,025
Other current assets	11,853	18,621
Total prepaids and other assets	<u>\$ 85,443</u>	<u>\$ 141,512</u>

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
**January 3, 2025**  
**(in thousands)**

## 5. Property, Plant and Equipment, net

Property, plant and equipment consisted of the following:

	January 3, 2025	December 29, 2023
Machinery and manufacturing equipment	\$ 177,261	\$ 149,502
Building and building improvements	82,224	77,998
Internal-use computer software	38,572	35,518
Information systems, office equipment and furniture	28,725	26,972
Leasehold improvements	40,663	38,115
Transportation equipment	23,299	15,505
Land and land improvements	15,521	14,692
Total property, plant and equipment	406,265	358,302
Less: accumulated depreciation and amortization	(159,872)	(121,110)
Total property, plant and equipment, net	\$ 246,393	\$ 237,192

Depreciation expense was \$39,038, \$32,094, and \$27,705 for the years ended January 3, 2025, December 29, 2023 and December 30, 2022, respectively, including \$3,949, \$2,916, and \$3,787 of internal-use software amortization for the years ended January 3, 2025, December 29, 2023 and December 30, 2022, respectively. The Company capitalized \$3,054, \$5,254, and \$4,683 in internal use computer software costs during the years ended January 3, 2025, December 29, 2023, and December 30, 2022, respectively.

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

	For the fiscal years ended		
	January 3, 2025	December 29, 2023	December 30, 2022
Cost of sales	\$ 19,153	\$ 15,040	\$ 13,741
General and administrative	15,092	13,098	11,003
Research and development	3,158	2,916	2,441
Sales and marketing	1,635	1,040	520
Total depreciation expense	\$ 39,038	\$ 32,094	\$ 27,705

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

	January 3, 2025	December 29, 2023
United States	\$ 203,937	\$ 198,033
International	42,456	39,159
Total long-lived assets	\$ 246,393	\$ 237,192

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
**January 3, 2025**  
**(in thousands)**

## 6. Leases

An agreement is considered a lease when it gives the Company the right to substantially all of the economic benefits from an identified asset and the ability to direct its use throughout the term of the agreement. 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 or terminate the leases. The Company considered these options to the extent that they were reasonably certain to be exercised in determining the lease term used to establish its right-of-use assets and lease liabilities. Certain leases are subject to annual escalations as specified in the lease agreements. These lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company elected the practical expedient related to treating lease and non-lease components as a single lease component for all of its leases and 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.

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 8.84 years and the weighted-average incremental borrowing rate was 3.96% as of January 3, 2025.

Operating lease costs consisted of the following:

	For the fiscal years ended		
	January 3, 2025	December 29, 2023	December 30, 2022
Operating lease cost	\$ 21,467	\$ 15,656	\$ 11,209
Other lease costs (1)	4,443	3,846	3,638
Total lease costs	<u>\$ 25,910</u>	<u>\$ 19,502</u>	<u>\$ 14,847</u>

(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	January 3, 2025
Operating lease right-of-use assets	Lease right-of-use assets	\$ 104,019
Current lease liabilities	Accrued expenses	\$ 16,683
Non-current lease liabilities	Other liabilities	\$ 88,168

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
**January 3, 2025**  
**(in thousands)**

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

For fiscal year	Total future payments
2025	\$ 20,544
2026	18,856
2027	14,250
2028	13,398
2029	11,716
Thereafter	48,789
Total lease payments	127,553
Less: imputed interest	(22,702)
Present value of lease liabilities	104,851
Less: current portion	(16,683)
Lease liabilities less current portion	\$ 88,168

## 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)
<b>January 03, 2025</b>				
Trademarks and brands, subject to amortization	\$ 233,728	\$ (25,172)	\$ 208,556	14
Customer and distributor relationships	292,934	(131,349)	161,585	12
Core technologies	62,169	(39,015)	23,154	10
Total	\$ 588,831	\$ (195,536)	393,295	
Trademarks and brands, not subject to amortization			55,570	
Total			\$ 448,865	
<b>December 29, 2023</b>				
Trademarks and brands, subject to amortization	\$ 226,563	\$ (8,840)	\$ 217,723	14
Customer and distributor relationships	290,518	(106,249)	184,269	12
Core technologies	61,439	(35,654)	25,785	10
Total	\$ 578,520	\$ (150,743)	427,777	
Trademarks and brands, not subject to amortization			55,570	
Total			\$ 483,347	

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

	For the fiscal years ended		
	January 3, 2025	December 29, 2023	December 30, 2022
Amortization of intangibles	\$ 44,528	\$ 26,509	\$ 21,537

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
**January 3, 2025**  
**(in thousands)**

Future amortization expense for finite-lived intangibles as of January 3, 2025 is as follows:

<b>For fiscal year:</b>	<b>Amortization Expense</b>
2025	\$ 42,067
2026	41,433
2027	40,007
2028	37,468
2029	36,244
Thereafter	196,076
Total expected future amortization	<u>\$ 393,295</u>

Goodwill activity attributable to each reporting unit consisted of the following:

	<b>PVG</b>	<b>AAG</b>	<b>SSG</b>	<b>Total</b>
Balance as of December 29, 2023	\$ 90,683	\$ 257,972	\$ 287,910	\$ 636,565
Acquisitions (Refer to <a href="#">Note 18. Acquisitions</a> )	3,504	1,879	—	5,383
Purchase price adjustments (Refer to <a href="#">Note 18. Acquisitions</a> )	—	(1,608)	(670)	(2,278)
Currency translation and other adjustments	(124)	—	(41)	(165)
Balance as of January 3, 2025	<u>\$ 94,063</u>	<u>\$ 258,243</u>	<u>\$ 287,199</u>	<u>\$ 639,505</u>

## 8. Accrued Expenses

Accrued expenses consisted of the following:

	<b>January 3, 2025</b>	<b>December 29, 2023</b>
Payroll and related expenses	\$ 22,504	\$ 17,988
Income tax payable	9,343	21,743
Warranty	21,593	20,001
Current portion of lease liabilities	16,683	14,115
Accrued sales rebate	7,852	11,885
Other accrued expenses	13,452	17,668
Total accrued expenses	<u>\$ 91,427</u>	<u>\$ 103,400</u>

Activity related to warranties is as follows:

	<b>For the fiscal years ended</b>		
	<b>January 3, 2025</b>	<b>December 29, 2023</b>	<b>December 30, 2022</b>
Beginning warranty liability	\$ 20,001	\$ 17,071	\$ 15,510
Charge to cost of sales	18,276	16,114	11,387
Fair value of warranty assumed in acquisition	514	391	—
Costs incurred	(17,198)	(13,575)	(9,826)
Ending warranty liability	<u>\$ 21,593</u>	<u>\$ 20,001</u>	<u>\$ 17,071</u>

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
**January 3, 2025**  
**(in thousands)**

## **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 was an employee of the Company until May 2024. Rent expense under these leases was \$371 and \$600 for the years ended January 3, 2025 and December 29, 2023, respectively.

## **10. Debt**

### **2022 Credit Facility**

On April 5, 2022, the Company entered into a new credit agreement with Wells Fargo Bank, National Association, and other named lenders (the “2022 Credit Facility”), 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 a 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 revolver and amortized on a straight-line basis over the term of the facility. Additionally, the Company had \$4,473 of remaining unamortized debt issuance costs related to the Prior Credit Facility, of which \$2,546 were carried forward 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 2.25%. 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 of the Incremental Term Loans 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 of the Incremental Term Loans 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 Incremental Term A Loan and \$3,354 were allocated to the Delayed Draw Term Loan. Loan fees allocated to the Incremental Term A Loan are amortized using the interest method over the term of the 2022 Credit Facility. Loan fees allocated to the Delayed Draw Term Loan were deferred as an asset until the debt was drawn.

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

On July 31, 2024 and December 20, 2024, the Company entered into the Third and Fourth Amendments to the 2022 Credit Facility, respectively, to secure an improved covenant profile on its capital structure to provide more flexibility given the uncertain macro environment. The Company paid \$3,490 in loan fees for the Third and Fourth Amendments, of which \$3,433 were allocated among the revolver and the Incremental Term Loans to be amortized over the remaining term of the 2022 Credit Facility.

At January 3, 2025, the one-month SOFR and three-month SOFR rates were 4.51% and 4.68%, respectively. At January 3, 2025, our weighted-average interest rate on outstanding borrowing was 6.43%.

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 January 3, 2025.

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

	<b>January 3, 2025</b>	<b>December 29, 2023</b>
Amount outstanding	\$ 153,000	\$ 370,000
Standby letters of credit	\$ 155	\$ —
Available borrowing capacity	\$ 496,845	\$ 280,000
Total borrowing capacity	\$ 650,000	\$ 650,000
Maturity date	April 5, 2027	April 5, 2027

As of January 3, 2025, future principal payments for term loan debt, including the current portion, as summarized as follows:

<b>For fiscal year</b>	<b>January 3, 2025</b>
2025	\$ 24,286
2026	24,286
2027	512,142
Total	\$ 560,714
Debt issuance cost	(8,653)
Long-term debt, net of issuance cost	552,061
Less: current portion	(24,286)
Long-term debt less current portion	\$ 527,775

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## 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. The Company hedges the variability of cash flows in interest payments associated with the first \$500,000 of its variable rate debt through the interest rate swaps.

As of January 3, 2025 and December 29, 2023, the Company had the following interest rate swap contracts:

Effective Date	Termination Date	Notional Amount	January 3, 2025	December 29, 2023
			Unrealized Gain (Loss) in AOCI	Unrealized Gain in AOCI
September 2, 2020	June 11, 2021	\$200,000	\$ 16	\$ 104
July 2, 2021	April 5, 2022	\$200,000	767	5,013
April 5, 2022	April 5, 2027	\$100,000	2,650	3,394
September 20, 2024	December 26, 2025	\$100,000	(87)	—
September 20, 2024	December 25, 2026	\$200,000	903	—
September 20, 2024	September 21, 2029	\$100,000	2,219	—
Total			\$ 6,468	\$ 8,511

On June 11, 2021, the Company terminated its existing swap agreement (the “2020 Swap Agreement”) with an effective date of September 2, 2020 and entered into an interest rate swap agreement (the “2021 Swap Agreement”) with an effective date of July 2, 2021 and 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 with a notional amount of \$100,000 with an effective date of April 5, 2022. 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 remaining unrealized gains from the terminated agreements as of January 3, 2025 will be fully amortized during the first quarter of fiscal year 2025. On August 26, 2024, the Company entered into new interest rate swap agreements with an aggregate notional amount of \$400,000.

The interest rate swaps are indexed to a three-month Term SOFR as defined in the agreements. The interest rate swaps met the criteria as cash flow hedges under ASC 815, Derivatives and Hedging (“ASC 815”), and are recorded to other assets or other liabilities on the condensed consolidated balance sheets. Refer to [Note 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 condensed consolidated statements of income when the forecasted transactions affect earnings. As required under ASC 815, the interest rate swap contracts’ effectiveness will be assessed on a quarterly basis using a quantitative regression analysis.

The unrealized gains and losses deferred to accumulated other comprehensive income resulting from the derivative instruments designated as cash flow hedges for the years ended January 3, 2025, December 29, 2023, and December 30, 2022 were gains of \$6,418, and \$830, and a gain of \$13,775, 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 January 3, 2025, December 29, 2023 and December 30, 2022 were \$8,460, \$6,775 and \$3,177, respectively. The aggregate tax effects on activity in accumulated other comprehensive income associated with the derivative instruments designated as cash flow hedges during the years ended January 3, 2025, December 29, 2023 and December 30, 2022 were losses of \$466, \$1,303, and a gain of \$4,226, respectively.

Over the next 12 months, the Company estimates that \$5,285 will be reclassified as a decrease to interest expense related to the interest rate swap contracts.

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## **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. On August 16, 2024, the plaintiff filed an amended complaint that purports to seek damages on behalf of a putative class of persons who purchased the Company's common stock between May 6, 2021 and November 2, 2023. The amended complaint asserts claims under Sections 10(b) and 20 of the Securities Exchange Act and alleges that the Company and certain current and former officers made material misstatements and omissions to investors regarding demand for the Company's products and its inventory levels. The amended complaint generally seeks monetary damages, interest, attorneys' fees, and other costs. The defendants deny all allegations of wrongdoing, believe the plaintiff's positions are without merit, and intend to vigorously defend themselves. On October 15, 2024, the defendants filed a motion to dismiss the amended complaint. Plaintiff filed his opposition on December 13, 2024, and defendants filed their reply on January 13, 2025. The motion is fully briefed and the parties await the court's ruling.

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

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

At January 3, 2025 and December 29, 2023, the Company utilized \$36,008 and \$9,036 out of a maximum of \$36,100 and \$49,400 of Ford allocation of chassis, respectively, and \$10,857 and \$11,362, respectively, out of a maximum of \$49,500 and \$100,000 GM allocation of chassis. The Company incurred \$1,271 and \$4,760 of interest expense related to chassis on hand during the years ended January 3, 2025 and December 29, 2023, respectively.

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**Notes to Consolidated Financial Statements - Continued**  
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The following table sets forth a rollforward of GM and Ford chassis utilization for the year ended January 3, 2025:

	<b>January 3, 2025</b>
Beginning balance: Supplier financed chassis	\$ 20,398
Add: New supplier financed chassis	298,156
Less: Supplier financed chassis sold	(271,689)
Ending balance: Supplier financed chassis	<u>\$ 46,865</u>

**Other Commitments** - On November 30, 2017, the Company through FF US Holding Corp., acquired the assets of Flagship, Inc. d/b/a Tuscany (“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 30, 2022. The stock portion of 136 shares were released from escrow on a quarterly basis starting January 2021 through July 2022. The Company released 58 shares during the years ended December 30, 2022. The Company had no remaining shares to be released as of December 30, 2022. The exercise of the Call Option effectively canceled the put option held by Flagship, Inc.

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### 13. Stockholders' Equity

#### Share Repurchase Plan

During the fiscal years ended January 3, 2025 and December 29, 2023, the Company repurchased approximately 378 and 428 shares for \$25,000 and \$25,000, at an average price of \$66.03 and \$58.44, respectively. 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.

#### 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. As of January 3, 2025, there were no outstanding options remaining. 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 January 3, 2025, there were 2,872 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 January 3, 2025, December 29, 2023, and December 30, 2022 was \$9,606, \$16,465, and \$16,351, 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 January 3, 2025, December 29, 2023, and December 30, 2022.

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

	For the fiscal years ended		
	January 3, 2025	December 29, 2023	December 30, 2022
Cost of sales	\$ 1,124	\$ 1,179	\$ 957
Sales and marketing	1,303	1,501	924
Research and development	1,198	1,175	946
General and administrative	5,981	12,610	13,524
Total	<u>\$ 9,606</u>	<u>\$ 16,465</u>	<u>\$ 16,351</u>

Stock-based compensation expense capitalized to inventory was not material for the years ended January 3, 2025, December 29, 2023 and December 30, 2022.

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**Notes to Consolidated Financial Statements - Continued**  
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**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.

The following table summarizes RSU activity:

	<b>Unvested RSUs</b>	
	<b>Number of shares outstanding</b>	<b>Weighted-average grant date fair value</b>
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
Granted	333	\$ 45.82
Canceled	(43)	\$ 71.30
Vested	(137)	\$ 94.76
Unvested at January 3, 2025	400	\$ 59.88

The fair value of vested RSUs was \$5,837, \$15,516 and \$15,140 for the years ended January 3, 2025, December 29, 2023 and December 30, 2022, respectively. As of January 3, 2025, the Company had approximately \$15,377 of unrecognized stock-based compensation expense related to RSUs, which will be recognized over the remaining weighted-average vesting period of approximately 1.86 years.

**Performance Stock Units**

During the year ended January 3, 2025, 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 three-year performance period, on certain measures including EBITDA margin. 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.

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The following table summarizes the activity for the Company's unvested PSUs for the year ended January 3, 2025:

	<b>Unvested PSUs</b>	
	<b>Number of shares outstanding</b>	<b>Weighted-average grant date fair value</b>
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
Granted	232	\$ 46.38
Canceled	(26)	\$ 52.30
Vested	(30)	\$ 118.09
Unvested at January 3, 2025	246	\$ 57.00

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 \$19,024 assuming achievement at the maximum level. The unrecognized stock-based compensation expense is expected to be recognized over a weighted average period of 2.24 years.

**Stock Options**

The following table summarizes stock option activity:

	<b>Number of shares outstanding</b>	<b>Weighted-average exercise price</b>	<b>Weighted-average remaining contractual life (years)</b>	<b>Aggregate intrinsic value</b>
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 exercised	—	\$ —		\$ —
Balance at January 3, 2025	—	\$ —	0	\$ —
Options vested and expected to vest - January 3, 2025	—	\$ —	0	\$ —
Options exercisable - January 3, 2025	—	\$ —	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 year ended December 30, 2022, 33 shares of common stock, were issued due to the exercise of stock options, resulting in proceeds to the Company of approximately \$169.

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**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		
	January 3, 2025	December 29, 2023	December 30, 2022
Net income attributable to FOX stockholders	\$ 6,550	\$ 120,846	\$ 205,278
Weighted average shares used to compute basic earnings per share	41,681	42,305	42,232
Dilutive effect of employee stock plans	36	127	152
Weighted average shares used to compute diluted earnings per share	41,717	42,432	42,384
Earnings per share:			
Basic	\$ 0.16	\$ 2.86	\$ 4.86
Diluted	\$ 0.16	\$ 2.85	\$ 4.84

The Company excluded 127, 12, and 20 shares from the calculation of diluted earnings per share for the years ended January 3, 2025, December 29, 2023, and December 30, 2022, respectively, as these shares would have been antidilutive.

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**15. Income Taxes**

**Provision for Income Taxes**

The components of income tax expense are as follows:

	For the fiscal years ended		
	January 3, 2025	December 29, 2023	December 30, 2022
<b>Current:</b>			
Federal	\$ 9,464	\$ 14,427	\$ 33,622
State	3,568	5,404	4,372
Foreign	4,646	5,850	11,964
Total current	17,678	25,681	49,958
<b>Deferred:</b>			
Federal	(21,107)	(4,782)	(17,447)
State	(2,041)	(2,693)	(2,837)
Foreign	(30)	(389)	(1,188)
Total deferred	(23,178)	(7,864)	(21,472)
(Benefit) provision for income taxes	\$ (5,500)	\$ 17,817	\$ 28,486

The Company's income (loss) before provision for income taxes was subject to taxes in the following jurisdictions for the following periods:

	For the fiscal years ended		
	January 3, 2025	December 29, 2023	December 30, 2022
United States	\$ (13,351)	\$ 114,128	\$ 197,640
Foreign	14,363	24,535	36,124
Total income before provision for income taxes	\$ 1,012	\$ 138,663	\$ 233,764

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**Notes to Consolidated Financial Statements - Continued**  
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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		
	January 3, 2025	December 29, 2023	December 30, 2022
Tax at federal statutory rate	21.0 %	21.0 %	21.0 %
Research and development tax credit	(645.2)	(3.8)	(2.9)
Foreign derived income benefit	(263.8)	(4.4)	(6.6)
Adjustments with respect to prior periods	(243.5)	—	—
Stock-based compensation	182.1	(0.2)	(0.5)
GILTI	126.2	0.7	0.4
State taxes, net of federal benefit	120.6	0.8	0.6
Valuation allowance on DTAs	111.5	0.3	(3.8)
Executive compensation deduction limitation	20.2	0.6	0.8
Federal return to provision	15.8	(2.2)	1.0
Change in liability for unrecognized tax benefits	(1.4)	0.7	—
Foreign withholding taxes, net of foreign tax credits	—	—	1.1
Other	13.0	(0.7)	1.1
Effective tax rate	<u>(543.5)%</u>	<u>12.8 %</u>	<u>12.2 %</u>

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
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**Deferred Income Taxes**

	January 3, 2025	December 29, 2023
<b>Deferred tax assets:</b>		
Foreign tax credits, including amounts associated with accrued charges	\$ 47,394	\$ 51,232
Capitalized research & development	44,967	23,778
Lease liability	21,368	16,597
Inventory	9,555	9,673
Accrued liabilities	7,519	7,299
Interest Carryforward	5,868	—
Net operating losses	2,071	3,226
Research and development tax credits	4,946	2,402
Interest rate swap	1,544	2,010
Other	2,441	3,014
Total deferred tax asset	147,673	119,231
Valuation allowance	(1,785)	(693)
Net deferred tax asset	145,888	118,538
<b>Deferred tax liabilities:</b>		
Intangible assets	(63,016)	(65,090)
Lease right-of-use-asset	(21,389)	(17,117)
Depreciation	(12,554)	(12,192)
Other	(4,565)	(2,842)
Total deferred tax liability	(101,524)	(97,241)
Net deferred tax asset	\$ 44,364	\$ 21,297

As of January 3, 2025, the Company had foreign tax credits of \$47,394 that begin to expire in 2027, unless previously utilized.

As of January 3, 2025, 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 January 3, 2025, the valuation allowance increased by \$1,092 due to a taxable loss at the Company's UK Thailand and Sweden subsidiaries. It is reasonably possible that the company could record a material adjustment to the valuation allowance in the next twelve months related to the carrying value of foreign tax credits.

**Unrecognized Tax Benefits**

	For the fiscal years ended		
	January 3, 2025	December 29, 2023	December 30, 2022
Balance - beginning of period	\$ 1,274	\$ 119	\$ 228
Increase related to current year tax positions	686	1,274	—
Decrease related to prior year tax positions	(1,931)	(119)	(109)
Balance - end of period	\$ 29	\$ 1,274	\$ 119

As of January 3, 2025, the Company had \$29 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 2020 and forward federal tax returns, state tax returns from 2018 and forward, and foreign tax returns from 2020 and forward are subject to examination by tax authorities. In 2024, the IRS commenced an examination of our 2021 income tax return, which is ongoing.

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
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**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:

	January 3, 2025				December 29, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets:</b>								
Interest Rate Swaps	\$ —	\$ 5,685	\$ —	\$ 5,685	\$ —	\$ 3,394	\$ —	\$ 3,394
Deferred Compensation Plan Investments	4,394	—	—	4,394	3,794	—	—	3,794
Total assets measured at fair value	<u>\$ 4,394</u>	<u>\$ 5,685</u>	<u>\$ —</u>	<u>\$ 10,079</u>	<u>\$ 3,794</u>	<u>\$ 3,394</u>	<u>\$ —</u>	<u>\$ 7,188</u>
<b>Liabilities:</b>								
Incremental Term Loans	—	552,061	—	552,061	—	373,528	—	373,528
Revolver	—	153,000	—	153,000	—	370,000	—	370,000
Total liabilities measured at fair value	<u>\$ —</u>	<u>\$ 705,061</u>	<u>\$ —</u>	<u>\$ 705,061</u>	<u>\$ —</u>	<u>\$ 743,528</u>	<u>\$ —</u>	<u>\$ 743,528</u>

There were no transfers of assets or liabilities between Level 1, Level 2 and Level 3 categories of the fair value hierarchy during the years ended January 3, 2025, and December 29, 2023.

As of January 3, 2025, the carrying amount of the principal under the Company's 2022 Credit Facility - Incremental Term Loans and Revolver approximated fair value because they had variable interest rates that reflected market changes in interest rates and changes in the Company's net leverage ratio.

The Company mitigate the cash flow risk associated with changes in interest rates on its variable rate debt through interest rate swap agreements. Refer to [Note 11. Derivatives and Hedging](#) for additional details of the agreements. In accordance with ASC 815, interest rate swap contracts are recognized as assets or liabilities on the condensed consolidated balance sheets and are measured at fair values. The fair values were estimated based on expected cash flows over the life of the swaps. These expected cash flows were determined using a pricing model that incorporated reasonable assumptions and available market data.

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

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
**January 3, 2025**  
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**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 \$3,687, \$3,873, and \$3,649 for each of the years ended January 3, 2025, December 29, 2023 and December 30, 2022, respectively.

**18. Acquisitions**

**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.

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. During the year ended January 3, 2025, the Company recorded an increase of \$1,608 to net assets and a decrease of the same amount 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.

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

<b>Fair market values</b>		
Tangible assets acquired	\$	34,622
Liabilities assumed		(19,593)
Intangible assets		48,753
Goodwill		66,002
Total	\$	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 income for the year ended January 3, 2025 amounted to \$75,769 and \$8,163, respectively. The total revenue and pre-tax loss for the year ended December 29, 2023 amounted to \$65,558 and \$1,630, respectively.

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
**January 3, 2025**  
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***Acquisition of Marucci Sports LLC***

On November 14, 2023, the Company, through Fox Factory, Inc., acquired 100% of the issued and outstanding stock of Wheelhouse Holdings Inc. ("Wheelhouse") from Compass Group Diversified Holdings LLC for \$567,236, net of cash acquired. Wheelhouse is the parent company of Marucci, 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 is allocated to the assets acquired and liabilities assumed based on their estimated respective fair values as of November 14, 2023 with the excess purchase price allocated to goodwill. During the year ended January 3, 2025, the Company updated the purchase price allocation and recorded adjustments to net assets of \$713 and goodwill of \$670. The following table summarizes the 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		144
Total consideration at closing	\$	567,236

**Fair market values**

Accounts receivable	\$	31,268
Inventory		52,672
Prepaid and other current assets		1,256
Property, plant and equipment		19,257
Lease right-of-use assets		9,423
Trademarks and brands		174,700
Customer and distributor relationships		83,800
Core technologies		20,600
Goodwill		244,120
Other assets		583
Total assets acquired	\$	637,679

Accounts payable	\$	13,626
Accrued expenses		10,512
Other current liabilities		1,854
Deferred Taxes		37,462
Other liabilities		6,989
Total liabilities assumed	\$	70,443

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

The Company incurred \$3,798 of acquisition costs in conjunction with the Marucci acquisition, of which \$672 were incurred during the year ended January 3, 2025. 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 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 \$244,120 reflects the strategic fit of Marucci with the

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
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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 income for the year ended January 3, 2025 amounted to \$192,372 and \$9,989, respectively. The total revenue and pre-tax loss for the year ended December 29, 2023 amounted to \$16,791 and \$3,150, respectively.

***Acquisition of Marzocchi Suspension S.r.l.***

On December 19, 2024, the Company, through Marzocchi Suspension Holding S.r.l., acquired all of the outstanding equity of Marzocchi from VRM S.P.A. for \$20,501, net of cash acquired. Marzocchi is a leader in motorbike suspension manufacturing. The Company believes that this acquisition will be complementary to its powered vehicle businesses and will help to expand its product offerings. This transaction was accounted for as a business combination.

The purchase price of Marzocchi is preliminary allocated to the assets acquired and liabilities assumed based on their estimated respective fair values as of December 19, 2024 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	\$	20,501
Total consideration at closing	\$	20,501

**Fair market value**

Accounts receivable	\$	6,706
Inventory		12,097
Prepays and other current assets		1,527
Property, plant, and equipment		5,888
Trademarks and brands		1,491
Customer and distributor relationships		2,000
Core technologies		12
Goodwill		3,475
Other assets		4,854
Total assets acquired	\$	38,050
Accounts payable	\$	12,175
Accrued expenses		2,176
Deferred tax liability		840
Other liabilities		2,358
Total liabilities assumed	\$	17,549
<b>Purchase price allocation</b>	<b>\$</b>	<b>20,501</b>

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
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The amounts above represent the Company's provisional fair value estimates related to the acquisition as of December 19, 2024, 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 \$1,476 of acquisition costs in conjunction with the Marzocchi acquisition, of which \$999 were incurred during the year ended January 3, 2025. These costs are classified as general and administrative expenses in the accompanying consolidated statements of income.

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 \$3,475 reflects the strategic fit of Marzocchi with the Company's operations. The weighted average amortization periods of the customer and distributor relationships and trade names and trademarks were 15 years. Goodwill is expected to have an indefinite life and will be subject to impairment testing. In the acquisition of Marzocchi, the Company stepped up the intangibles by \$3,503, which is not deductible for Italian income tax purposes.

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
**January 3, 2025**  
**(in thousands)**

**19. Accumulated Other Comprehensive Income (Loss)**

The following table summarizes the changes in accumulated other comprehensive income (loss):

	<b>Interest Rate Swaps</b>	<b>Foreign Currency Translation</b>	<b>Total</b>
Balance as of December 30, 2022	17,770	(2,988)	14,782
Change in interest rate swaps fair value	830	—	830
Net gain reclassified to interest expense	(6,775)	—	(6,775)
Income tax provision on interest rate swaps	(1,303)	—	(1,303)
Foreign currency translation adjustments	—	1,507	1,507
Balance as of December 29, 2023	10,522	(1,481)	9,041
Change in interest rate swaps fair value	6,418	—	6,418
Net gain reclassified to interest expense	(8,460)	—	(8,460)
Income tax provision on interest rate swaps	(466)	—	(466)
Foreign currency translation adjustments	—	(6,309)	(6,309)
Balance as of January 3, 2025	\$ 8,014	\$ (7,790)	\$ 224

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
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**20. Segment Information**

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

The following is a description of our operating segments.

**Powered Vehicles Group:** This segment operates 2 plants in the United States and 1 plant in Italy. Our premium products sold under the FOX brand are for off-road vehicles and trucks, side-by-sides, on-road vehicles with and without off-road capabilities, ATVs, snowmobiles, specialty vehicles and applications, motorcycles, and commercial trucks. These products are sold through both OEM and aftermarket channels.

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

**Specialty Sports Group:** This segment operates 10 plants and 13 distribution facilities (12 in the United States, 4 in Taiwan, and one facility each in Australia, Canada, Germany, Japan, Sweden, Switzerland, and United Kingdom). Our bike product offerings are used on a wide range of performance mountain bikes, e-bikes and gravel bikes under the FOX, Race Face, Easton Cycling and Marzocchi brands. These products are sold through both OEM and aftermarket channels. Our products for diamond sports include premium baseball and softball equipment under the Marucci, Victus, Lizard Skins, and Baum Bat brands and are sold through dealers and distributors and through direct-to-customer channels.

Net sales and expenses are measured in accordance with the policies and procedures described in [Note 1 – Business and Summary of Significant Accounting Policies](#).

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

Segment asset information is not presented because it is not evaluated by the CODM at the segment level. All transactions between reportable segments are eliminated in consolidation.

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

**FOX FACTORY HOLDING CORP.**  
**Notes to Consolidated Financial Statements - Continued**  
**January 3, 2025**  
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	For the fiscal years ended		
	January 3, 2025	December 29, 2023	December 30, 2022
<b>Net sales</b>			
Powered Vehicles Group	\$ 461,403	\$ 523,862	\$ 432,388
Aftermarket Applications Group	421,453	551,143	489,132
Specialty Sports Group	511,065	389,173	680,971
Net sales	<u>\$ 1,393,921</u>	<u>\$ 1,464,178</u>	<u>\$ 1,602,491</u>
Net income	6,512	120,846	205,278
(Benefit) provision for income taxes	(5,500)	17,817	28,486
Depreciation and amortization	83,566	58,603	49,241
Non-cash stock-based compensation	9,606	16,465	16,351
Litigation and settlement-related expenses	4,329	2,724	4,222
Other acquisition and integration-related expenses (1)	8,054	19,214	1,710
Organizational restructuring expenses	3,218	3,952	—
Loss on fixed asset disposals related to organizational restructure	—	1,027	—
Strategic transformation costs	1,689	—	2,769
Non-recurring property tax assessment	—	—	841
Interest and other expense, net	55,539	20,400	12,933
<b>Adjusted EBITDA</b>	<u>\$ 167,013</u>	<u>\$ 261,048</u>	<u>\$ 321,831</u>
Powered Vehicles Group	53,819	79,159	(6,163)
Aftermarket Applications Group	51,745	126,784	130,947
Specialty Sports Group	117,811	117,766	260,101
Unallocated corporate expenses	(56,362)	(62,661)	(63,054)
<b>Adjusted EBITDA</b>	<u>\$ 167,013</u>	<u>\$ 261,048</u>	<u>\$ 321,831</u>

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

	For the fiscal years ended		
	January 3, 2025	December 29, 2023	December 30, 2022
Acquisition related costs and expenses	\$ 3,569	\$ 6,206	\$ 1,710
Purchase accounting inventory fair value adjustment amortization	4,485	13,008	—
<b>Other acquisition and integration-related expenses</b>	<u>\$ 8,054</u>	<u>\$ 19,214</u>	<u>\$ 1,710</u>

**FOX FACTORY HOLDING CORP.**  
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Individual expenses are not a primary focus in segment-level decision-making as the CODM relies on adjusted EBITDA as the key financial metric for assessing performance and allocating resources across segments. The following table presents the Company's other segment items that consist of costs of sales and operating expenses excluding depreciation and amortization, non-cash stock-based compensation, litigation and settlement-related expenses, other acquisition and integration-related expenses, organizational restructuring-related expenses, strategic transformation costs, and non-recurring property tax assessment.

	For the fiscal years ended		
	January 3, 2025	December 29, 2023	December 30, 2022
Powered Vehicles Group	\$ 407,584	\$ 444,703	\$ 438,551
Aftermarket Applications Group	369,708	424,359	358,185
Specialty Sports Group	393,254	271,407	420,870
Unallocated corporate expenses	56,362	62,661	63,054
	<u>\$ 1,226,908</u>	<u>\$ 1,203,130</u>	<u>\$ 1,280,660</u>

**FOX FACTORY HOLDING CORP.**  
**2022 Omnibus Plan**

**EBITDA PERFORMANCE SHARE UNIT AWARD AGREEMENT**

Pursuant to this EBITDA 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 this Award of performance based Restricted Stock Units (“**Performance Share Units**” or “**PSUs**”) to the following identified Grantee with the following specified terms. Capitalized terms used in this Award Agreement, unless otherwise defined, shall have the meanings set forth in an employment or other agreement between the Company or any of its Affiliates and the Grantee then in effect, and if not defined in the foregoing, the Plan.

**Summary of Award Terms:**

**Name of Grantee:** \_\_\_\_\_ (the “**Grantee**”)

**Date of Grant:** \_\_\_\_\_, 2025 (the “**Grant Date**”)

**Target Number of Performance Share Units:** \_\_\_\_\_ (the “**Target PSUs**”)

**Performance Period:** January 3, 2025 – January 2, 2026 (“**Performance Period**”)

**Service Period:** January 3, 2025 – January 1, 2027 (“**Service Period**”)

**PSUs to be Earned:** The number of PSUs to be earned by the Grantee upon the achievement of the Performance Goal (as defined below) for the Performance Period shall be between 0% and 200% of the number of Target PSUs.

**Performance Goal:** The number of PSUs earned by the Grantee, 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 the performance goal identified in **Exhibit A** to this Award Agreement (the “**Performance Goal**”).

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

**Settlement Date of Award:** The settlement date of this Award shall be as soon as practicable following the end of the Service Period, but no later than March 15, 2028 (the “**Settlement Date**”).

1. **Grant of Award.** The Company hereby grants this Award to the Grantee subject to the terms and conditions of this Award Agreement, the Plan and the achievement of the Performance Goal.

2. **Performance Goal Not Achieved.** If the Performance Goal is not achieved, this Award shall automatically be cancelled and terminated and be of no further force and effect.

3. **Forfeiture; Adjustment.**

(a) *Termination of Continuous Service during Performance Period.* If the Grantee has a termination of Continuous Service prior to the end of the Performance Period for any reason this Award shall automatically be cancelled and terminated and be of no further force and effect, with immediate effect as of the termination of Continuous Service date.

(b) *Termination of Continuous after Performance Period.* If the Grantee has a termination of Continuous Service after the Performance Period but prior to the end of the Service Period for any reason, including for Cause, then except as provided in this Section 3(b), this Award shall automatically be cancelled and terminated and be of no further force and effect, with immediate effect as of the termination of Continuous Service date. Notwithstanding the foregoing, if the Grantee's Continuous Service is terminated by the Company without Cause or due to the Grantee's death or Disability or Qualified Retirement after the Performance Period, the Grantee will receive a full Award on the Settlement Date, provided the Performance Goal was achieved during the Performance Period. As used herein, "**Qualified Retirement**" means the Grantee's separation from service with the Company and/or its Affiliates, other than for Cause, after the Grantee 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).

(c) *Adjustment.* This Award, and the Committee's determination of the satisfaction of the Performances Goal, 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, this 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 this Award, pay to the Grantee the amount owed, as determined by the Committee based upon the Committee's determination of achievement of the Performance Goal, in whole Shares, rounded down to the nearest whole Share, calculated by multiplying the number of PSUs earned by one (1) Share, subject to withholding for taxes as provided in Section 6 hereof.

(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 this Award on the Settlement Date, this Award shall not confer to the Grantee any rights or status as a stockholder of the Company.

6. **Withholding**. The Grantee shall surrender to the Company, for no consideration, the portion of any Shares issued in settlement of this Award whose aggregate Fair Market Value is sufficient to satisfy federal, state, and local withholding tax requirements.

7. **No Assignment or Transfer**. This Award 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 this 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. **Grantee Representations**. By accepting this 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 this Award.

(b) The Grantee has had the opportunity to consult with a tax advisor concerning the tax consequences of accepting this Award and understands that the Company makes no representation regarding the tax treatment as to any aspect of this Award, including the grant, vesting, settlement, or conversion of this 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 this 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 this 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 this 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) this 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 this Award will not under any circumstances be considered as an integral part of the Grantee's compensation, (v) the value of this 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 this 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 this Award, including discretionary authority to interpret and construe any and all provisions relating to this 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 this Award, agrees to the representations made in this Award, and indicates his/her intention to be bound by this Award Agreement and the terms of the Plan.

Grantee: \_\_\_\_\_

**EXHIBIT A**  
**TO**  
**EBITDA PERFORMANCE SHARE UNIT AWARD AGREEMENT**

**Company's EBITDA for Performance Period**  
**January 3, 2025- January 2, 2026 Fiscal Year ("Performance Goal")**

\$ Amount of EBITDA Achieved	% of Target PSUs Earned
<	0%
	50%
	75%
	100%
	185%
	200%

Linear interpolation shall be used by the Committee to determine the percentages of achievement of the Performance Goal not specifically listed in the chart above.

As used in this **Exhibit A**, "EBITDA" means, for the Performance Period, the Company's earnings before interest, taxes, depreciation and amortization as determined by the Committee.

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.

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**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.”

**INSIDER TRADING POLICY**

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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 (a) other companies with which the Companies do business, such as the Companies' distributors, vendors, customers and suppliers, and (b) other companies that are involved in a potential transaction or business relationship with the Companies (such other companies described in the foregoing clauses (a) and (b) are collectively referred to herein as "Other Companies"), in each case, 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.**

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## 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. It is also the policy of the Companies that the Companies will not engage in transactions in Covered Securities while aware of Material Non-Public Information relating to the Companies or Covered Securities, other than in compliance with applicable law.

### **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 Section F 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

## INSIDER TRADING POLICY

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(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 “Full Trading Session” 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 14<sup>th</sup> day prior to each fiscal quarter end, and

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- 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 14<sup>th</sup> 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.

## INSIDER TRADING POLICY

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## **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.

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**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 (or any Other Company or its 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 (or such other securities), (2) the fact is likely to have a significant effect on the market price of Covered Securities (or such other securities) or (3) the disclosure of the fact is required to make other material facts regarding Covered Securities (or such other 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.

### **INSIDER TRADING POLICY**

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**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

#### **INSIDER TRADING POLICY**

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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.

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## **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.

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## **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.

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## **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)**

### **INSIDER TRADING POLICY**

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**Exhibit 21.1**

**Fox Factory Holding Corp.**  
**List of Subsidiaries as of January 3, 2025**

<b>Company Name</b>	<b>State or Other Jurisdiction of Incorporation or Organization</b>	<b>Name under which Business is Conducted</b>
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
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.
Marzocchi Suspension Holding S.r.l.	Italy	Marzocchi Suspension Holding S.r.l.
Marzocchi Suspension S.r.l.	Italy	Marzocchi Suspension S.r.l.
Upfit UTV, Inc.	Delaware	Upfit UTV, Inc. / Geiser Performance

**Exhibit 23.1**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We have issued our reports dated February 27, 2025, 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 January 3, 2025. 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 Jose, California

February 27, 2025

**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

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Michael C. Dennison  
Chief Executive Officer  
February 27, 2025

**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  
February 27, 2025

**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 January 3, 2025 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 27, 2025

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 January 3, 2025 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  
(Principal Financial Officer)  
February 27, 2025

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.