

STATESSECURITIES AND EXCHANGE COMMISSIONWashington, D.C. 20549 Form 10-  
K <sup>a</sup>ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934For the fiscal year ended  
September 28, 2024oroTRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934Commission File Number: 001-  
38603 SONOS, INC.(Exact name of Registrant as specified in its charter) Delaware03-  
0479476(State or other jurisdiction of incorporation or organization)(I.R.S. Employer Identification Number.)301 Coronar DriveSanta BarbaraCA93117(Address of principal executive offices)(Zip  
code)805-965-3001Registrantâ™s telephone number, including area code Securities registered pursuant to Section 12(b) of the Act:Title  
of each classTrading SymbolName of each exchange on which registeredCommon Stock, \$0.001 par valueSONOThe Nasdaq Global Select MarketSecurities registered pursuant to Section 12(g)  
of the Act: None Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No  Indicate by check mark if the registrant is  
not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No  Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section  
13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to  
such filing requirements for the past 90 days. Yes  No  Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted  
pursuant to Rule 405 of Regulation S-T (â§ 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 filero<sup>a</sup>Accelerated  
fileroNon-accelerated fileroSmaller reporting companyoEmerging Growth CompanyoIf an emerging growth company, indicate by check mark if the registrant has elected not to use the  
extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. <sup>a</sup> Indicate by check mark whether the  
registrant has filed a report on and attestation to its managementâ™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. <sup>a</sup> 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. <sup>a</sup> 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 registrantâ™s executive officers during the relevant  
recovery period pursuant to â§240.10D-1(b). <sup>a</sup> Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No  The aggregate market value  
of the shares of SONO common stock held by non-affiliates of the registrant as of March 28, 2024, the last business day of the registrant's most recently completed second fiscal quarter, was

\$1,664.6 million based on the closing price of \$19.06 as reported by The Nasdaq Global Select Market System. As of October 26, 2024, the registrant had 121,763,776 shares of common stock outstanding, \$0.001 par value per share. DOCUMENTS INCORPORATED BY REFERENCE Part III incorporates by reference certain information from the registrant's definitive proxy statement (the "2025 Proxy Statement") relating to its 2025 Annual Meeting of Stockholders. The 2025 Proxy Statement will be filed with the United States Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates. Table of contents PART OF CONTENTS Page Part I Item 1 Business 4 Item 1A Risk Factors 10 Item 1B Unresolved Staff Comments 22 Item 1C Cybersecurity 22 Item 2 Properties 23 Item 3 Legal Proceedings 23 Item 4 Mine Safety Disclosures 23 Part III Item 5 Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities 24 Item 6 Reserved 25 Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations 26 Item 7A Quantitative and Qualitative Disclosures About Market Risk 35 Item 8 Financial Statements and Supplementary Data 36 Item 9 Changes in and Disagreements with Accountants on Accounting and Financial Disclosure 66 Item 9A Controls and Procedures 66 Item 9B Other Information 66 Item 9C Disclosure Regarding Foreign Jurisdictions that Prevent Inspections 67 Part III Item 10 Directors, Executive Officers and Corporate Governance 68 Item 11 Executive Compensation 68 Item 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters 68 Item 13 Certain Relationships and Related Transactions, and Director Independence 68 Item 14 Principal Accountant Fees and Services 68 Part IV Item 15 Exhibits, Financial Statement Schedules 69 Item 16 Form 10-K Summary 70 Signatures 71 Table of contents Forward-Looking Statements This Annual Report on Form 10-K contains forward-looking statements. All statements other than statements of historical fact contained in this Annual Report on Form 10-K, including statements regarding future operations, are forward-looking statements. In some cases, forward-looking statements may be identified by words such as "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "could," "would," "expect," "objective," "plan," "potential," "seek," "grow," "target," "if," and similar expressions intended to identify forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations, objectives, restructuring efforts, timing of certain tax impacts, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in the section titled "Risk Factors" set forth in Part I, Item 1A of this Annual Report on Form 10-K and in our other filings with the Securities and Exchange Commission (the "SEC"). Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Annual Report on Form 10-K may not occur, and actual results may differ materially and adversely from those anticipated or implied in the forward-looking statements. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements about: our expectations regarding our results of operations, including gross margin, financial condition and cash flows; our expectations regarding the development and expansion of our business; anticipated trends, challenges and opportunities in our business and in the markets in which we operate; competitors and competition in our markets; our ability to maintain and promote our brand and expand brand awareness; our ability to successfully develop and introduce new products and services, including timing and cadence of launching new products and services; our ability to manage our international operations; the effects of tariffs, trade barriers and retaliatory trade measures; our ability to expand our customer base and expand sales to existing customers; our expectations regarding development of our direct-to-consumer sales channels; expansion of our partner network; the macroeconomic environment and our ability to navigate it; our ability to retain and hire necessary employees and staff our operations appropriately; the timing and amount of certain expenses and our ability to achieve operating leverage over time; and our ability to maintain, protect and enhance our intellectual property. We caution you that the foregoing list may not contain all of the forward-looking statements made in this Annual Report on Form 10-K. You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by law, we do not intend to update any of these forward-looking statements after the date of this Annual Report on Form 10-K or to conform these statements to actual results or revised expectations. You should read this Annual Report on Form 10-K with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect. Table of contents PART I Item 1: Business Overview Sonos is one of the world's leading sound experience brands. We pioneered multi-room, wireless audio products, debuting the world's first multi-room wireless sound system in 2005. In June 2024, we introduced Sonos Ace, marking Sonos' entry into the personal listening category. Today, our product lineup includes wireless, portable, and home theater speakers, headphones, components, and accessories to address consumers' evolving audio needs. We are known for delivering unparalleled sound, thoughtful design aesthetic, simplicity of use, and an open platform. We frequently introduce new services and features across our platform, providing our customers with enhanced functionality, improved sound, and an enriched user experience. Since we launched our first product 19 years ago, we have grown our install base by launching innovative new products, delivering a seamless customer experience, and expanding our global footprint. In fiscal 2024, existing customers accounted for approximately 44% of new product registrations. As of September 28, 2024, we had a total of nearly 50.4 million products registered in approximately 16.3 million households globally, including the addition of approximately 1.0 million new households during fiscal 2024. Our customers have typically purchased additional Sonos products over time. As of September 28, 2024, 39% of our 16.3 million households had registered more than one Sonos product. As of September 28, 2024, our households own 3.1 products on average. Our Products Our portfolio of products encourages customers to uniquely tailor their Sonos sound systems to best meet their sound and design preferences. In fiscal 2024, we introduced Ace, our first-ever headphones and Roam 2, our ultra-portable smart speaker. Sonos Speakers Our Sonos speakers category includes our all-in-one speakers, portables, home theater products, and beginning in June 2024, headphones, as follows: All-in-one speakers: Era 100: Our powerful smart speaker with improved acoustics and design that delivers detailed stereo sound and deep bass. Originally launched as One in October 2017 and completely redesigned in March 2023 as Era 100. (General availability: March 2023) Era 300: Our bold, revolutionary speaker that offers the best out-loud listening experience for your favorite spatial audio content with Dolby Atmos. (General availability: March 2023) Five: Our high-fidelity speaker for superior sound. Originally launched as Play:5 (Gen 1) in November 2009 and completely redesigned in November 2015 as Play:5 (Gen 2). (General availability: June 2020) Portables: Roam 2: Our ultra-portable, durable, portable smart speaker with Bluetooth and WiFi for listening on the go and at home. Originally introduced as Roam in April 2021. (General availability: May 2024) Move 2: Our portable, battery-powered smart speaker that delivers spacious stereo sound, with ultra-durable water resistant design for outdoor and indoor listening. Originally introduced as Move in September 2019. (General availability: September 2023) Home theater: Ray: Our smallest, smart soundbar for TV, music, and more. (General availability: June 2022) Beam (Gen 2): Our smart, compact soundbar for TV, music, and more, with support for Dolby Atmos. Originally introduced as Beam (Gen 1) in June 2018. (General availability: October 2021) Arc: Our premium smart soundbar for TV, movies, music, gaming, and more, with support for Dolby Atmos. Replaced Playbar, our first smart soundbar released in April 2013 and Playbase, our powerful sound base for TVs released in 2017. (General availability: June 2020) Sub Mini: Our wireless subwoofer which delivers powerful, balanced bass, rich, clear low end frequencies, in a compact cylindrical design. (General availability: October 2022) Sub (Gen 3): Our wireless subwoofer for deep bass. Originally introduced as Sub (Gen 1) in June 2012. (General availability: June 2020) Headphones: Ace: Our first-ever Sonos headphones featuring lossless and spatial audio, Active Noise Cancellation, and extended battery life. (General availability: June 2024) Sonos System Products Our Sonos system products category includes our component products which allow customers to convert third-party wired systems, stereo systems, and home theater set-ups into our easy-to-use, wirelessly controlled streaming music system, as follows: Port: Our versatile streaming component for stereos or receivers. Replaced Connect which launched in January 2007. (General availability: September 2019) Amp: Our versatile amplifier powering all our customers' entertainment. Replaced Connect: Amp which launched in September 2012. (General availability: February 2019) Partner Products and Other Revenue Our partner products and other revenue category includes our partnerships, accessories, professional services, licensing, and advertising revenue, as follows: Sonos Pro: Our software-as-a-service subscription offering for commercial audiences. (General availability: April 2023) Audi Partnership: Our first-ever automotive audio partnership delivering Sonos-tuned premium sound experience for the Q4 e-tron and further models including the A1, Q2, and Q3. (General availability: April 2021) Sonos Radio HD: Our subscription service of ad-free, high-definition streaming tier of our streaming radio, Sonos Radio. (General availability: November 2020) Sonos Radio: Our free, ad-supported streaming radio experience bringing together more than 60,000 stations from multiple streaming partners alongside original programming from Sonos. (General availability: April 2020) Sonos Architectural by Sonance: Our collection of installed passive speakers for indoor and outdoor use designed and optimized for Amp in partnership with Sonance, including in-ceiling, in-wall, and outdoor speakers. (General availability: April 2020) Accessories: Accessories allow our customers to integrate our products seamlessly into their homes including our custom-designed stands, mounts, shelves, cables, chargers, and more. Our Software Our proprietary software is the foundation of the Sonos sound system and further differentiates our products and services from those of our competitors. In May 2024, we launched an extensive redesign of our Sonos app. We rebuilt the app from the ground up with the purpose of improving the user experience through a modern user interface and to provide a modular developer platform allowing us to drive more innovation faster in the future. Following our launch, some of our customers and partners experienced missing features and performance issues and since May 2024, we have addressed these issues with software updates improving our app's performance and adding back certain features. We intend to continue to prioritize software update releases to optimize and enhance our app. We are committed to continuous technological innovation as reflected in our growing global patent portfolio. We believe our patents comprise the foundational intellectual property for wireless multi-room and other audio technologies. Our software includes the following key benefits: Multi-room, multi-service experience. Our system enables our speakers to work individually or together in synchronized playback groups, powered by wireless network and Bluetooth capabilities to route and play audio optimally from all the different content services that our customers enjoy. Table of contents Open platform for content partners. Our platform enables customers to easily search and browse for content from a list of more than 100 content partners from around the world including stations, artists, albums, podcasts, audio books, and more. Content partners can connect to Sonos via our platform and find a new and growing audience for their catalogs. Intuitive and flexible control. Our customers can control their experiences through the Sonos app, voice control, from Sonos devices directly, or an expanding number of third-party apps and smart devices. As our customers navigate across different controllers, our technology synchronizes the control experience across the Sonos platform to deliver the music and entertainment experience they desire. Smart audio tuning. Our Trueplay technology uses the microphones on an iOS device to analyze room attributes, speaker placement and other acoustic factors to improve sound quality. We also developed Automatic TruePlay to deliver the same audio tuning experience, directly using the microphones integrated to our speakers and make this available to iOS and Android users. Sonos Voice Control. Designed with privacy at its core, Sonos Voice Control is the simplest way to control your music, offering complete command of your Sonos system using only your voice. Sonos Voice Control works on every voice-capable Sonos speaker, processing requests entirely on the Sonos device. Continuous Improvement. Our software platform and cloud service enables feature enhancements and delivery of new experiences on an ongoing basis. As a result, the Sonos experience improves for customers over time. Our Partner Ecosystem We have built a platform that attracts partners to enable our customers to play content from their preferred services. Our platform has attracted a broad range of more than 100 streaming content providers, such as Apple Music, Spotify, Deezer, and Pandora. These partners find value in our independent platform and access to our millions of desirable and engaged customers. Our partner ecosystem spans across content, control, and third-party applications. Content: We partner with a broad range of content providers, such as streaming music services, internet radio stations, and podcast services, allowing our customers to enjoy their audio content from whichever source they desire. Control: We provide our customers with multiple options to control their home audio experiences, including voice control and direct control from within selected streaming music service apps. Our platform is the first to offer consumers the ability to buy a single smart speaker with more than one voice assistant choice. Our voice-enabled speaker products have Amazon Alexa and Google Assistant functionality, and in June 2022, we introduced Sonos Voice Control. Third-party partnerships: We partner with third-party developers to build new applications and services on top of the Sonos platform, increasing customer engagement and creating new experiences for our customers, such as architectural in-ceiling, in-wall and outdoor speakers in partnership with Sonance, and automotive sound in partnership with Audi. Research and Development Our products and software demand significant technical expertise to develop competitively. Our research and development teams, include software and hardware engineering, user experience, product management, industrial design, and quality assurance, not only create and design new hardware, software, and services but also continually enhance existing products and user experiences to meet customer needs and emerging trends. We believe our research and development capabilities and intellectual property set us apart from competitors. Research and development investments are incurred in advance of any revenue benefits from these activities. We make substantial investments in research and development to bring new products and software to market and expand our platform and capabilities. Sales and Marketing Our products are distributed in more than 60 countries through retailer's traditional physical stores and their websites, online retailers, custom installers who bundle our products with their services, and directly through our website sonos.com. Our marketing investments are focused on increasing brand awareness through advertising, public relations, and brand promotion activities, including digital platforms, sponsorships, collaborations, brand activations, and channel marketing. We also invest in capital expenditures on product displays to support our retail channel partners. While we maintain a base level of investment throughout the year, significant increases in spending have historically been highly correlated with the holiday shopping season, and new product launches. We intend to continue to invest in our marketing and brand development efforts, including investing in capital expenditures on product displays to support our channel marketing through our retail partners. Table of contents Manufacturing, Logistics and Fulfillment We outsource the manufacturing of our speakers and components to contract manufacturers, who produce our products based on our design specifications. Our products are manufactured by contract manufacturers in China and Malaysia, and Vietnam. We have continued to maintain diversified contract manufacturing partnerships with more of our production in Malaysia and Vietnam, resulting in savings including tariff avoidance. In accordance with our agreements with our contract manufacturers, they will enter into purchase orders with their upstream suppliers for component inventory necessary to manufacture our products, based on our demand forecasts. The vast majority of our products are shipped to our third-party warehouses which are then shipped to our distributors, retailers, and directly to our customers. Our third-party warehouses are located in North America, Australia, Europe, and Asia. We use a small number of logistics providers for substantially all of our product delivery to both distributors and retailers. This approach generally allows us to reduce order fulfillment time, reduce shipping costs, and improve inventory flexibility. Our Growth Strategies Key elements of our growth strategy include: Continued introduction of innovative products and services and expansion into new categories. Since 2005, we have released products in multiple audio categories. To address our market opportunity, we have developed a long-term roadmap to deliver innovative products, services and software enhancements, and expand into new categories. For example, in fiscal 2024, we introduced Ace, marking our entry into the personal listening category. We intend to continue to introduce products and services across multiple categories. Expansion of direct-to-consumer efforts and building relationships with existing channel partners and prospective customers. We believe growing our own e-commerce channel will continue to be important to supporting our overall growth and profitability as consumers continue the shift from physical to online sales channels. We are investing in our e-commerce capabilities and in-app experience to drive direct sales. In fiscal 2024 and 2023, sales through our direct-to-consumer channel, primarily through sonos.com, represented 22.9% and 23.8% of our total revenue, respectively. We expect that our partnerships with third-party retailers will continue to be an important part of our ecosystem. We will continue to seek retail partners that can deliver differentiated in-store and e-commerce experiences to support customer demand for product demonstrations. Additionally, we intend to expand and strengthen our partnerships with custom installers who are valuable to our customer base and contribute to our new household growth. In fiscal 2024 and 2023, we generated 21.6% and 20.7%, respectively, of total revenue through our installer solutions channel. Expansion of our partner ecosystem to enhance platform. We believe our partner ecosystem improves customer experience, attracting more customers to Sonos, which in turn attracts more partners to the platform, further enhancing customer experience. We intend to deepen our relationships with our current partners and expand our partner ecosystem by providing our customers access to streaming music services, voice assistants, internet radio, podcasts and audiobook content. Continued cultivation of customer experience with existing customers. Our ability to sell additional products to existing customers is a key part of our business model, as follow-on purchases indicate high customer engagement and satisfaction, decrease the likelihood of competitive substitution, and result in higher customer lifetime value.

Our differentiated customer experience has cultivated a long-term, passionate, and engaged customer base. Coupled with our continuous improvements and enhancements to our products and software, this has driven momentum in our flywheel, prompting existing customers to add more products to their homes while we continually introduce new ones. In fiscal 2024, existing households represented approximately 44% of new product registrations. As we execute on our product roadmap to address evolving consumer preferences, we believe we can expand the number of products in our customers' homes. We will continue to innovate and invest in product development in order to enhance customer experience and drive sales of additional products to existing customers. Expansion into new and existing geographic markets. We intend to increase our household penetration rates in our existing geographic markets by increasing brand awareness, expanding our product offerings and growing our partner ecosystem. Additionally, we are committed to strengthening our brand in global markets and our future success will depend in part on our growth in international markets. Our products are sold in more than 60 countries, and in fiscal 2024, 38.7% of our revenue was generated outside the United States. Geographic expansion represents a growth opportunity in currently underserved countries. We intend to expand into new countries over time by employing country-specific marketing campaigns and distribution channels. Our international growth will depend on our ability to generate sales from the global population of consumers, develop international distribution channels, and diversify our partner ecosystem to appeal to a more global audience. Intellectual PropertyIntellectual property is an important aspect of our business, and we seek protection for our intellectual property as appropriate. To establish and protect our proprietary rights, we rely upon a combination of patent, copyright, trade secret and trademark laws, and contractual restrictions such as confidentiality agreements, licenses and intellectual property assignment agreements. We maintain a policy requiring our employees, contractors, consultants and other third parties to enter into confidentiality and proprietary rights agreements to control access to our proprietary information. These laws, procedures and restrictions provide only limited protection, and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated. There is no guarantee that we will prevail on any patent infringement claims against third parties. Furthermore, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States, and we therefore may be unable to protect our proprietary technology in certain jurisdictions. Sonos is a leading innovator that holds a comprehensive portfolio of intellectual property rights, including patents, trade secrets, copyrights, trademarks, service marks, trade dress and other forms of intellectual property rights in the U.S. and various other countries. Sonos' patent portfolio, in particular, has been recognized as one of the strongest in consumer electronics. Our patents and patent applications relate to hardware, software, networking, accessories, and services, and include technology for the ability to stream content for playback wirelessly to one or more rooms in the home or business. It also includes technology for enabling a wide range of experiences and audio technologies that are important to the Sonos platform and enjoyed by millions of people every day across the globe. Experiences covered by our patents include simple system setup, seamless integration with other platforms and services, balanced sound, voice interactions and control, as well as experiences unique to home theater to name a few. We regularly file patent applications in the U.S. and throughout the world to protect our innovations and technology that come from areas such as research, development, and design. Our patents expire at various times and no single patent or other intellectual property right is solely responsible for protecting Sonos' products and services. Sonos continues to invest in protecting its expanding innovation through ongoing development of its patent portfolio. In addition to its own intellectual property, Sonos also enters into licensing agreements with our third-party partners to provide access to a broad range of technology, services, and content for our customers. In January 2020, the Company filed a complaint with the U.S. International Trade Commission ("ITC") against Alphabet Inc. ("Alphabet") and Google LLC ("Google") and a counterpart lawsuit in the U.S. District Court for the Central District of California against Google alleging infringement of five Sonos patents. In September 2020, the Company filed another lawsuit against Google alleging infringement of an additional four Sonos patents. In December 2020, the Company filed another lawsuit against Google Germany GmbH and Google Ireland Ltd. in the regional court of Hamburg, Germany, alleging infringement of a Sonos patent. The ITC case has concluded with a finding of all five Sonos patents infringed by Google and not invalid. The appeals court has affirmed this finding. The California case has concluded with a jury verdict against Google but the court holding the Sonos patents unenforceable and invalid. The California case is awaiting appeal. The Company has since withdrawn the German case. Starting in 2020, Google has responded by filing patent infringement lawsuits against the Company in the ITC, U.S. District Court for the Northern District of California, Canada, Germany, France, and the Netherlands, and patent infringement lawsuits against the Company's subsidiary, Sonos Europe B.V., in Germany, France, and the Netherlands. One ITC case concluded with a finding of no violation by the Company and was not appealed. The other ITC case is awaiting a ruling by the judge. The cases in Canada, Germany, France, and the Netherlands have been decided against Google. In the California case, all of Google's patent claims have been dismissed or decided against Google. See Note 13, Commitments and Contingencies of the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details. While we believe that our active patents and patent applications are an important aspect of our business, we also rely heavily on the innovative skills, technical competence and marketing abilities of our personnel. CompetitionWe compete against established, audio-focused sellers and developers of smart speakers, headphones and sound systems. In some cases, our competitors are also our partners in our product development and resale and distribution channels. The principal competitive factors in our market include: brand awareness and reputation; breadth of product offering; price; sound quality; Table of contents; multi-room and wireless capabilities; customer support; product quality, reliability and design; ease of setup and use; and network of technology and content partners. We believe we compete favorably with our competitors on the basis of the factors described above. Our leading sound system, proprietary app, open platform, long-term customer base, and intellectual property distinguish us from competitors. We have developed and refined our system for the last 21 years, resulting in significant customer awareness and market share among home audio professionals. Additionally, we own foundational intellectual property in wireless multi-room and other audio technologies and our patent portfolio grows each year. We were included in the Intellectual Property Owners Association's "Top 300 Patent Owners" report for 2023, marking our seventh consecutive year. As of calendar year 2023, we have obtained 1,551 issued patents in the United States. In calendar year 2023 alone, we acquired 229 US patents and are on pace to obtain approximately 200 US patents in calendar year 2024. SeasonalityHistorically, we have typically experienced the highest levels of revenue in the first fiscal quarter of the year coinciding with the holiday shopping season and our promotional activities. Human CapitalSonos is dedicated to creating the ultimate listening experience for our customers, and our employees are critical to achieving this mission. In order to continue to design innovative experiences and products, and compete and succeed in our highly competitive and rapidly evolving market, it is crucial that we continue to attract and retain talented employees. As part of these efforts, we strive to offer a competitive compensation and benefits program, foster a community where everyone feels included and empowered to do their best work, and give employees the opportunity to give back to their communities and make a social impact. As of September 28, 2024, we had 1,708 full-time employees. Additionally, we use independent contractors and temporary personnel to supplement our workforce. Of our full-time employees, 1,235 were in the United States and 473 were in our international locations. Except for our employees in France and the Netherlands, none of our employees are represented by a labor union or covered by a collective bargaining agreement. Compensation and Benefits Program. Our compensation program is designed to attract and reward talented individuals who possess the skills necessary to support our business objectives, assist in the achievement of our strategic goals and create long-term value for our stockholders. We provide employees with compensation packages that include base salary, cash incentive bonuses, and long-term equity awards ("RSUs") tied to the value of our stock price. We believe that a compensation program with both short-term and long-term awards provides fair and competitive compensation and aligns employee and stockholder interests, including by incentivizing business and individual performance (pay for performance), motivating based on long-term company performance and integrating compensation with our business plans. In addition to cash and equity compensation, we also offer employees benefits such as life and health (medical, dental & vision) insurance, paid time off, paid parental leave, and a 401(k) plan with employer matching. Diversity, Equity and Inclusion. At Sonos, we believe that music and sound is universal and connects us as people, and we strive to build products that move everyone. To do this, we are committed to building an equitable and inclusive environment where diverse teams build more creative solutions, drive better results, innovate and bring their authentic selves to work each day. We monitor the representation of women and racially or ethnically diverse team members at different levels throughout the company and disclose the composition of our team in our annual Listen Better Report, which is our corporate social responsibility report available on the Sustainability & Impact section of our website. As an organization, we are committed to annual diversity, equity and inclusion goals to increase representation at all levels and foster greater connection and belonging at Sonos. To accomplish these goals, we are implementing initiatives to help us reach these goals, including: holding management directly accountable in creating a more diverse and inclusive environment by designating 10% of the annual cash incentive plan for management for diversity, equity and inclusion goals; examining our hiring practices to ensure we source the best talent from the widest available pool; intentional listening to our employee resource groups who provide critical insight into the experience of underrepresented groups at Sonos and across our industry; frequent review of our policies and practices to ensure an equitable experience for all; coupling our hiring goals with a focus on retention, employee engagement, and inclusive leadership; implementing mentoring and allyship programs that connect employees to key support systems across Sonos; and deepening our organizational acumen around allyship, unconscious bias, and equity. Community Involvement. We aim to enhance the communities where we live and work, and believe that this commitment helps in our efforts to attract and retain employees. We offer employees the opportunity to give back through our Sonos Soundwaves program, which partners with leading non-profits. Corporate InformationWe incorporated in Delaware in August 2002 as Rincon Audio, Inc. and we changed our name to Sonos, Inc. in May 2004. We completed the initial public offering ("IPO") of our common stock in August 2018 and our common stock is listed on The Nasdaq Global Select Market under the symbol of "SONO." Our principal executive offices are located at 301 Corimar Drive, Santa Barbara, California 93117, and our telephone number is (805) 965-3001. Our website address is [www.sonos.com](http://www.sonos.com). The information on, or that can be accessed through, our website is not incorporated by reference into this Annual Report on Form 10-K. Investors should not rely on any such information in deciding whether to purchase our common stock. Sonos, the Sonos logo, Sonos One, Sonos Five, Sonos Beam, Play:5, Playbase, Playbar, Sonos Arc, Amp, Sub, Sonos Move, Sonos Move 2, Port, Ray, Sonos Ray, Sonos Roam, Sonos Room 2, Sonos Voice Control, Sonos Voice Control logo, Trueplay, Sub Mini, Sonos Sub Mini, Mayht, Era 100, Era 300, Sonos Ace and our other registered or common law trademarks, tradenames or service marks appearing in this Annual Report on Form 10-K are our property. Solely for convenience, our trademarks, tradenames, and service marks referred to in this Annual Report on Form 10-K appear without the ®, ™ and SM symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks, tradenames and service marks. This Annual Report on Form 10-K contains additional trademarks, tradenames and service marks of other companies that are the property of their respective owners. Available InformationWe make available, free of charge through our website, our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and amendments to those reports, filed or furnished pursuant to Sections 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), as amended, as soon as reasonably practicable after they have been electronically filed with, or furnished to, the SEC. The SEC maintains an internet site ([www.sec.gov](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 FactorsInvesting in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, as well as the other information in this Annual Report on Form 10-K, including our consolidated financial statements and the related notes, and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," before making an investment decision. The occurrence of any of the events or developments described below could materially and adversely affect our business, financial condition, results of operations and growth prospects. In such an event, the market price of our common stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not currently known to us or that we currently believe are not material may also impair our business, financial condition, results of operations and growth prospects. Economic, Industry and Strategic Risk To remain competitive and stimulate consumer demand, we must successfully manage the introduction of new products and services. Due to the quickly evolving and highly competitive nature of the home audio and broader consumer electronics industry, we must continually introduce new products and services, enhance existing products and services, and effectively stimulate customer demand for new or upgraded products and services in both mature and developing markets. The successful introduction of new products and services depends on a number of factors, such as the timely and successful completion of development efforts, market and consumer acceptance, our ability to accurately forecast initial consumer demand, the management of purchase commitments and inventory levels, the management of manufacturing and supply costs, the management of any third-party strategic alliances or collaborative partnerships related to development or commercialization, successful launch of complementary products and services, and the risk that new products and services may have quality or other defects in the early stages of introduction. New products and services can also affect the sales and profitability of existing products and services as they may replace sales or shorten the life cycle. Table of contents of existing products and services. Accordingly, if we cannot properly manage the introduction of new products and services, our operating results, financial condition, customer or partner relationships and reputation may be adversely impacted. This risk is heightened with respect to introduction of new products and services planned for release during the holiday shopping season during which we typically see a significant increase in consumer spending patterns. We face risks related to the adoption and operations of our redesigned Sonos app. In May 2024, we launched an extensive redesign of our Sonos app and operating system. We did this to provide our customers with a more modern user interface and a modular developer platform that would allow us to deliver new and innovative customer experiences at a faster pace. Following the launch of our redesigned Sonos app, certain of our customers and partners experienced missing features and performance issues, including trouble with set up and general unreliability. These issues with the app have led to increased customer complaints and dissatisfaction, including complaints expressed publicly on social media and elsewhere, and we believe that the app rollout has led to decreased sales of our existing products and reputational harm. Since May 2024, we addressed these issues with software updates to improve performance and add back certain features. Going forward, we intend to prioritize software update releases to optimize and enhance our app. We cannot guarantee that we will be able to release software updates on a cadence or with results that meet the expectations of our customers and partners. Further, the issues resulting from the launch of the redesigned Sonos app, as well as the need to manage challenges associated with maintaining and improving the operations of the app, may result, and have resulted, in impacts to other areas of our business. For example, we delayed the introduction of two new products originally planned for launch in the fourth fiscal quarter of 2024 until October 2024, negatively impacting fourth quarter sales. Moreover, we expect to incur short-term costs of up to \$30 million as part of our efforts to improve the app experience and address the concerns of our customers and partners, including increasing customer support staff and taking other measures to engage with and support customers and partners. If the quality and user experience of the Sonos app and related services do not meet the expectations of our customers and partners, or if we cannot successfully address the concerns raised by our customers and partners related the redesigned Sonos app, our operating results, financial condition, customer or partner relationships and reputation may be further adversely impacted. We have incurred operating losses in the past, may incur operating losses in the future, and may not achieve a return to profitability in the future. Although we were profitable in fiscal 2021 and fiscal 2022, we had a net loss of \$10.3 million in fiscal 2023 and a net loss of \$38.1 million in fiscal 2024. As of September 28, 2024, we had an accumulated deficit of \$50.9 million. In order to grow our business, we need to successfully execute on our product roadmap and strategy, which requires that we make ongoing investments, including in research and development efforts to continue to introduce new or enhanced products and services, in our proprietary software, app and operating system, and in sales and marketing efforts to expand our global brand awareness, promote new products, increase our customer base and expand sales within our existing customer base. While we have taken and intend to continue to take actions to moderate operating expenses, these potential efforts and future investments may be more costly than we expect, and we cannot guarantee that we will be able to increase our revenue to offset our operating expenses. Our revenue may decline for a number of reasons, including reduced demand for our products and services, increased competition, and macroeconomic conditions. If our revenue does not grow at a greater rate than our operating expenses, we will not be able to achieve and maintain profitability. If we are unable to accurately anticipate market demand for our products, we may have difficulty managing our production and inventory and our operating results could be harmed. We must forecast production and inventory needs in advance with our suppliers and manufacturers, and our ability to do so accurately could be affected by many factors, including changes in consumer demand and spending patterns, new product introductions, sales promotions, channel inventory levels, and general economic and political conditions. If we fail to accurately forecast consumer demand, we may experience manufacturing delays or inefficiencies, increased costs, excess inventory levels or a shortage of products available for sale, all of which could adversely impact our operating results and financial condition. We have in recent periods experienced, and may continue to experience, a decrease in consumer demand. As a result, we have had to, and may continue to, write-down or write-off inventory or sell the

excess inventory at discounted prices, which has, and could in the future, cause our gross margin to suffer. In addition, excess inventory has, and may in the future, result in reduced working capital, which could adversely affect our ability to invest in other important areas of our business such as marketing and product development. If our channel partners have excess inventory of our products, they may decrease their purchases of our products in subsequent periods. In addition, in the event of excess inventory, including excess component inventory, we may be unable to renegotiate our agreements with existing suppliers on mutually acceptable terms. Although in certain instances our agreements with certain suppliers allow us the option to cancel, reschedule, and adjust our requirements based on our business needs, our loss contingencies may include liabilities for contracts that we cannot cancel, reschedule or adjust with suppliers or partners. We may also deem it necessary or advisable to renegotiate agreements with our supply partners in order to scale our inventory with demand. 11Table of contentsGlobal economic conditions and any associated impact on consumer discretionary spending could have a material adverse effect on our business, results of operations and financial condition. Our products and services may be considered consumer discretionary items. Factors affecting the level of consumer spending for consumer discretionary items include general economic conditions, including the potential for an extended global recession, global economic and political uncertainty, continued inflationary pressures, high interest rates, consumer confidence and, in certain markets, foreign currency exchange rate fluctuations. As global economic conditions continue to be volatile or economic uncertainty remains, trends in consumer discretionary spending also remain unpredictable. Unfavorable economic conditions may lead consumers to delay or reduce purchases of our products and services and consumer demand for our products and services may not grow as we expect. Any reduction in sales of our products and services resulting from reductions in consumer discretionary spending could have an adverse effect on our business, financial condition, and operating results. The success of our business depends in significant part on the sale of our smart speakers and our ability to establish and maintain market share. We generate a substantial majority of our revenue from the sale of our smart speakers, particularly wireless speakers and home theater soundbars. As a result, the success of our business and our operating results depend in significant part on the demand for smart speakers and our success in further penetrating the smart speaker market. To succeed in this market, we will need to develop and introduce innovative new products, enhance existing products, anticipate consumer preferences and engage in effective sales and marketing efforts, which may require significant financial investment in advance of anticipated sales. Even if we are successful in these efforts, demand for smart speakers may be affected by external factors such as macroeconomic conditions and changes in consumer spending habits. The home audio and consumer electronics industries are highly competitive. The markets in which we operate are extremely competitive and rapidly evolving, and we expect that competition will intensify in the future. Our competition includes established, well-known sellers of audio products such as Bose, Samsung (and its subsidiaries Harman International and JBL), Sony, Bang & Olufsen, Sennheiser, Apple, Google, Amazon, and Masimo (and its subsidiary Sound United that owns, among others, the Denon, Polk Audio and Bowers and Wilkins brands). We could also face competition from new market entrants, some of whom might be current partners of ours. Many of our competitors have greater financial, technical and marketing resources than we do, which may allow them to more frequently introduce new products and services, invest more in research and development, incorporate technological advances into their products and services on a faster basis including artificial intelligence ("AI") technology, improve the performance of their products and services more frequently, implement and sustain aggressive pricing policies, have access to broader sales and distribution channels and the ability to exert more influence over these channels, and expend more on sales and marketing efforts. In particular, we have seen our competitors sell their products at a significant discount to ours from time to time. In addition, many of our competitors may subsidize the prices of speaker products and seek to monetize their customers through the sale of additional services rather than the speakers themselves. Our ability to compete successfully depends on our ability to introduce and deliver products and services that appeal to consumers, including by developing superior and innovative technology, offering a differentiated customer experience, including through our app, anticipating increasingly diverse consumer tastes and rapidly developing attractive products and services with competitive selling prices. Even if we are able to efficiently develop and offer innovative products and services at competitive selling prices, our operating results and financial condition may be adversely impacted if we are unable to effectively anticipate and counter the ongoing price erosion that frequently affects the highly competitive consumer electronics industry or if the average selling prices of our products and services decrease faster than we are able to reduce our manufacturing costs. We must also overcome the fact that a relatively high percentage of consumers may already own or use products that they perceive to be similar to those that we offer. Certain of our competitors have established, or may establish, cooperative relationships among themselves or with third parties to increase the abilities of their products to address the needs of our prospective customers, and other companies may enter our markets by entering into strategic relationships with our competitors. A failure to effectively anticipate and respond to these established and new competitors may adversely impact our business and operating results. Further, our current and prospective competitors may consolidate with each other or make acquisitions that would intensify the competition that we face, including by acquiring companies that will allow them to develop products that better compete with our products, or that would disrupt our business, including by acquiring one of our distribution, technology or content partners. For example, if one of our competitors were to acquire one of our content partners, the consolidated company may decide to disable the streaming functionality of its service with our products. If we are unable to compete with these consolidated companies or if consolidation in the market disrupts our partnerships or reduces the number of companies we partner with, our business would be adversely affected. Our investments in research and development may not yield the results expected. 12Table of contentsOur business operates in intensely competitive markets characterized by changing consumer preferences and rapid technological innovation. Due to advanced technological innovation and the relative ease of technology imitation, new products and services tend to become standardized more rapidly, leading to more intense competition and ongoing price erosion. In order to strengthen the competitiveness of our products in this environment, we continue to invest heavily in research and development, including to develop new products and services and enhance existing products and services. We must also continue to invest significant resources into maintaining and enhancing our software and platform. However, these investments may not yield the innovation or the results expected on a timely basis, or our competitors may surpass us in technological innovation, hindering our ability to timely commercialize new and competitive products that meet the needs and demands of the market, which consequently may adversely impact our operating results as well as our reputation. If we are not successful in continuing to expand our direct-to-consumer sales channel by driving consumer traffic and consumer purchases through our website, our business and results of operations could be harmed. We have invested significant resources in our direct-to-consumer sales channel, primarily through our website and our app, and our future growth relies, in part, on our continued ability to attract consumers to this channel, which has and will continue to require significant expenditures in marketing, software development and infrastructure. If we are unable to continue to drive traffic to, and increase sales through, our website and our app, our business and results of operations could be harmed. The continued success of direct-to-consumer sales through our website is subject to risks associated with e-commerce, many of which are outside of our control. Our inability to adequately respond to these risks and uncertainties or to successfully maintain and expand our direct-to-consumer business via our website and our app may have an adverse impact on our results of operations. We experience seasonal demand for our products, and if our sales in high-demand periods are below our forecasts, our overall financial condition and operating results could be adversely affected. Our business is seasonal, and we have historically experienced significantly higher revenue in our first fiscal quarter due to increased consumer spending patterns during the holiday season. Given the seasonal nature of our sales, accurate forecasting is critical to our business. Any shortfalls in expected first fiscal quarter revenue could cause our annual operating results to suffer significantly. In addition, if we fail to accurately forecast customer demand for the holiday season, we may experience excess inventory levels or a shortage of products available for sale, which could further harm our financial condition and operating results. Our efforts to expand beyond our core offerings and offer products and services with wider applications may not succeed and could adversely impact our business. We have, and may in the future continue to, seek to expand beyond our core offerings and develop products and services that have wider applications outside of home sound. For example, in April 2023, we introduced Sonos Pro, our new audio subscription service for businesses and, in June 2024, we introduced Sonos Ace, our new headphones product and entry into the personal listening category. Developing these products and services has and would require us to make significant financial and resource investments, and our ability to successfully establish meaningful market share for these products and services is unproven. It is likely that we would need to hire additional personnel, partner with new third parties and incur considerable research and development expenses to pursue such an expansion successfully. We could encounter difficulties in gaining market acceptance for these products and services due to lower levels of brand recognition and potentially less familiarity by us with consumers preferences in these markets. As a result, we may not be successful in future efforts to achieve profitability from new markets, services or new types of products, and our ability to generate revenue from our existing products and services may suffer. If any such expansion does not enhance our ability to maintain or grow our revenue or recover any associated development costs, our operating results could be adversely affected. If market demand for streaming music does not grow as anticipated or the availability and quality of streaming services does not continue to increase, our business could be adversely affected. A large portion of our customer base uses our products to listen to content via subscription-based streaming music services. Accordingly, we believe our future revenue growth will depend in part on the continued expansion of the market for streaming music. The success of the streaming music market depends on the quality, reliability and adoption of streaming technology and on the continued success of streaming music services such as Apple Music, Spotify, Deezer, and Pandora. If the streaming music market in general fails to expand or if the streaming services that we partner with are not successful, demand for our products may suffer and our operating results may be adversely affected. If we are unable to protect our intellectual property, the value of our brand and other intangible assets may be diminished, and our business may be adversely affected. Our success depends in part on our ability to protect our intellectual property and other proprietary rights. We currently protect, and expect to continue to protect, our intellectual property and other proprietary rights through combination of confidentiality and license agreements with our employees, consultants and third-party partners and patent, trademark, copyright and trade secret protection laws. In the United States and certain other countries, we have filed various applications for certain aspects of our intellectual property, most notably patents. However, third parties may knowingly or unknowingly infringe our proprietary rights or challenge our proprietary rights, and pending and future patent and trademark applications may not be approved. We may not be 13Table of contentsable to prevent infringement of our proprietary rights without incurring substantial expense. Such infringement could have a material adverse effect on our brand, business, financial condition and results of operations. We have initiated legal proceedings to protect our intellectual property rights, and we may file additional actions in the future. For example, in January 2020 we filed a complaint with the ITC against Alphabet and Google and a counterpart lawsuit in the U.S. District Court for the Central District of California against Google alleging infringement of five Sonos patents, and in September 2020 we filed another lawsuit against Google alleging infringement of an additional four Sonos patents. See Note 13. Commitments and Contingencies of the notes to our consolidated financial statements included elsewhere in this Form 10-K for further details. The cost and effort of defending our intellectual property have been and may in the future be substantial, and there is no assurance we will be successful. Our business could be adversely affected as a result of any such actions, or a finding that any patents-in-suit are invalid or unenforceable. These actions have led and may in the future lead to additional counterclaims or actions against us, which are expensive to defend against and for which there can be no assurance of a favorable outcome. For example, Google has responded to our legal proceedings by filing multiple patent infringement lawsuits against us in the U.S. District Court for the Northern District of California, cases against us in the ITC, and patent infringement lawsuits against us and our subsidiary Sonos Europe B.V. in various foreign jurisdictions. See Note 13. Commitments and Contingencies of the notes to our consolidated financial statements included elsewhere in this Form 10-K for further details. Further, parties we bring legal action against could retaliate through non-litigious means, which could harm our ability to compete against such parties or to enter new markets. In addition, the regulations of certain foreign countries do not protect our intellectual property rights to the same extent as the laws of the United States. We have and may in the future discover unauthorized products in the marketplace that are counterfeit reproductions of our products. If we are unsuccessful in pursuing producers or sellers of counterfeit products, continued sales of these products could adversely impact our brand, business, financial condition and results of operations. We currently are, and may continue to be, subject to intellectual property rights claims and other litigation which are expensive to support, and if resolved adversely, could have a significant impact on us and our stockholders. Companies in the consumer electronics industry own large numbers of patents, copyrights, trademarks, domain names and trade secrets, and frequently enter into litigation based on allegations of infringement, misappropriation or other violations of intellectual property or other rights. Given our high profile and as we face more intense competition in our markets and introduce more products and services, including through acquisitions and through partners, the possibility of intellectual property rights claims against us grows. Our technologies may not be able to withstand any third-party claims or rights against their use, and we may be subject to litigation and disputes. The costs of supporting such litigation and disputes are considerable, and there can be no assurance that a favorable outcome would be obtained. We may be required to settle such litigation and disputes, or we may be subject to an unfavorable judgment in a trial, and the terms of a settlement or judgment against us may be unfavorable and require us to cease some or all our operations, limit our ability to use certain technologies, pay substantial amounts to the other party or issue additional shares of our capital stock to the other party, which would dilute our existing stockholders. Further, if we are found to have engaged in practices that are in violation of a third party's rights, we may have to negotiate a license to continue such practices, which may not be available on reasonable or favorable terms, or may have to develop alternative, non-infringing technology or discontinue the practices altogether. In the event that these practices relate to an acquisition or a partner, we may not be successful in exercising any indemnification rights available to us under our agreements or in recovering damages in the event that we are successful. Each of these efforts could require significant effort and expense and ultimately may not be successful. If we are not able to maintain and enhance the value and reputation of our brand, or if our reputation is otherwise harmed, our business and operating results could be adversely affected. Our continued success depends on our reputation for providing high-quality products and consumer experiences, and the "Sonos" name is critical to preserving and expanding our business. Our brand and reputation are dependent on a number of factors, including our marketing efforts, product and platform quality, and trademark protection efforts, each of which requires significant expenditures. The value of our brand could also be severely damaged by isolated incidents, which may be outside of our control. For example, in the United States, we rely on custom installers of home audio systems for a significant portion of our sales but maintain no control over the quality of their work and thus could suffer damage to our brand or business to the extent such installations are unsatisfactory or defective. In addition, certain of our customers and partners experienced performance issues with our redesigned Sonos app launched in May 2024, which has negatively affected, and could further negatively affect, our brand and reputation. See "We face risks related to the adoption and operations of our redesigned Sonos app" above for further details. Any damage to our brand or reputation may adversely affect our business, financial condition and operating results. We sell our products through a limited number of key channel partners, and the loss of any such channel partner would adversely impact our business. We are dependent on our channel partners for a vast majority of our product sales. Best Buy, one of our key channel partners, accounted for 16% of our revenue in fiscal 2024. We compete with other consumer products for placement and promotion of our products, and such contracts do not contain any long-term volume commitments. If one or more of our channel partners do not effectively market and sell our products, discontinue or reduce the inventory of our products, promote competing products over ours, the volume of our products sold to customers could decrease, and our business and results of operations would therefore be significantly harmed. Revenue from our channel partners also depends on a number of factors outside our control and may vary from period to period. One or more of our channel partners may experience serious financial difficulty, may consolidate with other channel partners or may close or reduce operations in their retail stores. Our business and results of operations have been in the past, and may continue to be, significantly harmed by retail store closures by many of our key channel partners. Loss of a key channel partner would require us to identify alternative channel partners or increase our reliance on our e-commerce channel, which may be time-consuming and expensive or we may be unsuccessful in our efforts to do so. Conflicts with our channel and distribution partners could harm our business and operating results. Conflicts with our channel and distribution partners could harm our business and operating results. Several of our existing products compete, and future products could compete, with the product offerings of certain of our channel and distribution partners. To the extent products offered by our partners compete with our products, they may choose to market and promote their own products over ours or could end our partnerships and cease selling or promoting our products entirely, which may require us to increase our marketing expenditures or seek other distribution channels. If we are unable to effectively sell our products due to conflicts with our distribution partners or the inability to find alternative distribution channels, our business would be harmed. The expansion of our direct-to-consumer channel could alienate some of our channel partners. If our channel partners perceive themselves to be at a disadvantage based on the direct-to-consumer sales offered through our website and app, they may divert resources away from the promotion and sale of our products

which could cause a reduction in product sales from these partners, adversely impact our business and results of operations. Conflicts with our technology partners could harm our business and operating results. Certain of our products incorporate the technologies of our partners. One or more of these technology partners may cease doing business with us, look to renegotiate the terms of their agreement with us or disable the technology they provide our products for a variety of reasons, and may be able to do so under the terms of our agreements with them with limited notice. In addition, certain of our technology partners have developed or may develop products competitive with ours. For example, our voice-enabled speakers feature Amazon's Alexa or Google's Google Assistant technology. In the event of a conflict with one of our technology partners, we cannot assure you that we will be successful in establishing partnerships with other companies or developing our own technology to replace such partner in a cost-effective manner or at all. Competition with our content partners could cause these partners to cease allowing their content to be streamed on our products, which could lower product demand. Demand for our products depends in large part on the availability of streaming third-party content that appeals to our existing and prospective customers. Compatibility with streaming music services, internet radio stations, podcast platforms and other content provided by our content partners is a key feature of our products. Some of these content partners compete with us already, and others may in the future produce and sell speakers along with their streaming services. Additionally, other content partners may form stronger alliances with our competitors in the home audio market. Any of our content partners may cease allowing their content to be streamed on our products for a variety of reasons, including as a result of our offering competing services, such as Sonos Radio HD, or to promote other partnerships or their own products over our products. In addition, to date, all of our arrangements have been entered into on a royalty-free basis, and one or more of our partners may seek to charge us for this streaming in the future. If any of the foregoing were to happen, demand for our products could decrease, our costs could increase and our operating results could be harmed. Operational Risks We are dependent on a limited number of contract manufacturers to manufacture our products and our efforts to diversify manufacturers may not be successful. We depend on a limited number of contract manufacturers to manufacture our products, with our key manufacturer, Inventec Appliances Corporation, manufacturing a majority of our products. If these companies experience an interruption in their operations, fail to perform their obligations in a timely manner, or terminate their agreement with us, we may be unable to maintain our production capacity without incurring material additional costs and substantial delays or we may be fully prevented from selling our products. In the event that we need to replace a contract manufacturer or transfer volume to another contract manufacturer, we cannot assure you that we would be able to do so on acceptable terms or in a timely manner and such efforts may be costly and time-consuming. Any material disruption in our relationship with our manufacturers would harm our ability to compete effectively and satisfy demand for our products and could adversely impact our revenue, gross margin and operating results. Table of contents Beginning in fiscal 2020, we have engaged in efforts to diversify our supply chain through the addition of new contract manufacturers and geographic diversification. There is no guarantee that our efforts to diversify manufacturers will continue to be successful and such efforts require a significant amount of time and resources. In addition, if we are not successful in our efforts to onboard new contract manufacturers, we may have an insufficient supply of products to meet customer demand, and our financial performance and reporting may be adversely affected. We depend on a limited number of third-party components suppliers and logistics providers, and many of our components have long lead times, and our business and operating results could be adversely affected by shortages, disruptions and related challenges. We are dependent on a limited number of suppliers for various key components used in our products, and we may from time to time have sole source suppliers. The cost, quality and availability of these components are essential to the successful production and sale of our products. We are subject to the risk of industry-wide shortages, price fluctuations and long lead times in the supply of these components and other materials. If the supply of these components is delayed or constrained, or if one or more of our main suppliers were to go out of business, alternative sources of suppliers may not be available on acceptable terms or at all. In the event that any of our suppliers were to discontinue production of our key product components, developing alternate sources of supply for these components would be time consuming, difficult and costly. In the event we are unable to obtain components in sufficient quantities on a timely basis and on commercially reasonable terms, our ability to sell our products in order to meet market demand would be affected and could materially and adversely affect our brand, image, business prospects and operating results. In addition, the longer lead time for many of our components presents challenges in our efforts to manage component inventory, as we procure such components based on our then current forecast of demand for our products. In the past, we have had to increase our purchase commitments and investments during industry-wide shortages. In the event that actual demand for our products differs from our forecast, we may end up with excess component inventory, as we saw in fiscal 2024, negatively impacting our working capital. We also use a small number of logistics providers for substantially all our product delivery to both distributors and retailers. If one of these providers were to experience financial difficulties or disruptions in its business, or be subject to closures or other disruptions, our own operations could be adversely affected. Because substantially all of our products are distributed from and into a small number of locations and by a small number of companies, we are susceptible to both isolated and system-wide interruptions caused by events out of our control. Any disruption to the operations of our distribution facilities could delay product delivery, harm our reputation among our customers and adversely affect our operating results and financial condition. We have limited control over the third-party suppliers and logistics providers on which our business depends. If any of these parties fails to perform its obligations to us, we may be unable to deliver our products to customers in a timely manner. Further, we do not have long-term contracts with all of these parties, and there can be no assurance that we will be able to renew our contracts with them on favorable terms or at all. We may be unable to replace an existing supplier or logistics provider or supplement a provider in the event we experience significantly increased demand. Accordingly, a loss or interruption in the service of any key party could adversely impact our revenue, gross margin and operating results. We have and may in the future discontinue support for older versions of our products, resulting in customer dissatisfaction that could negatively affect our business and operating results. We have historically maintained, and we believe our customers may expect, extensive backward compatibility for our older products and the software that supports them, allowing older products to continue to benefit from new software updates. We expect that as we continue to improve and enhance our software platform, this backward compatibility will no longer be practical or cost-effective, and we may decrease or discontinue service for our older products. For example, certain of our legacy products continue to work but no longer receive software updates (other than bug fixes and patches). To the extent we no longer provide extensive backward capability for our products, we may damage our relationship with our existing customers, as well as our reputation, brand loyalty and ability to attract new customers. For these reasons, any decision to decrease or discontinue backward capability may decrease sales, generate legal claims and adversely affect our business, operating results and financial condition. Product quality issues and a higher-than-expected number of warranty claims or returns could harm our business and operating results. The products that we sell could contain defects in design or manufacture. Defects could also occur in the products or components that are supplied to us. There can be no assurance we will be able to detect and remedy all defects in the hardware and software we sell, which could result in product recalls, product redesign efforts, loss of revenue, reputational damage and significant warranty and other remediation expenses. Similar to other consumer electronics, our products have a risk of overheating and fire in the course of usage or upon malfunction. Any such defect could result in harm to property or in personal injury. If we determine that a product does not meet product quality standards or may contain a defect, the launch of such product could be delayed until we remedy the quality issue or defect. The costs associated with any protracted delay necessary to remedy a quality issue or defect in a new product could be substantial. We generally provide a one-year warranty on all our products, except in the European Union ("EU") and select other countries where we provide a minimum two-year warranty, depending on the region, on all our products. In addition, as part of our commitments to our customers following the release of our redesigned Sonos app, in October 2024 we extended the warranty by one year for all home theater and plug-in speaker products then under warranty. The occurrence of any material defects in our products could expose us to liability for warranty claims in excess of our current reserves, and we could incur significant costs to correct any defects, warranty claims or other problems. In addition, our failure to comply with past, present and future laws regulating extended warranties and accidental damage coverage could result in reduced sales of our products, reputational damage, penalties and other sanctions, which could harm our business and financial condition. Our international operations are subject to increased business and economic risks that could impact our financial results. We have operations outside the United States and generate a significant portion of our revenue from international sales. Our products are sold in more than 60 countries and, in fiscal 2024, 38.7% of our revenue was generated outside the United States. This subjects us to a variety of risks inherent in doing business internationally, including: fluctuations in currency exchange rates and costs of imposing currency exchange controls; political, social and/or economic instability; tariffs, trade barriers and duties; protectionist laws and business practices that favor local businesses in some countries; higher levels of credit risk and payment fraud and longer payment cycles associated with, and increased difficulty of payment collections from certain international customers; burdens and risks of complying with a number and variety of foreign laws and regulations, including the Foreign Corrupt Practices Act; laws and regulations may change from time to time unexpectedly and may be unpredictably enforced; potential negative consequences from changes in or interpretations of U.S. and foreign tax laws; the cost of developing connected products for countries where Wi-Fi technology has been passed over in favor of more advanced cellular data networks; reduced protection for intellectual property rights in some countries; difficulties and associated costs in managing and staffing multiple international locations; and delays from customs brokers or government agencies. If we are unable to manage the complexity of our global operations successfully, or if the risks above become substantial for us, our financial performance and operating results could suffer. Further, any measures that we may implement to reduce risks of our international operations may not be effective, may increase our expenses and may require significant management time and effort. Our future success will depend in part on our ability to penetrate new international markets where we have limited experience and that require considerable time and financial resources before any significant revenue is generated. There can be no assurance that we will achieve success in these markets. Further, there can be no assurance that the markets we serve and target based on our business strategy will grow in the future, that we will be able to develop any necessary international distribution channels or that our existing and new products will achieve customer acceptance in these markets. Our failure to successfully manage these risks could harm our international operations and our plans for expansion into international markets, and have an adverse effect on our business, financial condition, and operating results. We use AI in our business, and challenges with properly managing its use could result in reputational harm, competitive harm, and legal liability, and adversely affect our results of operations. We have in the past and may in the future incorporate AI, including generative AI, into our products, services and business. These technologies are complex and rapidly evolving and building them requires significant investment in infrastructure and personnel with no assurance that we will realize the desired or anticipated benefits. Our competitors, many of whom have greater technological and financial resources than we do, may more successfully incorporate AI into their products and achieve higher market acceptance of their AI solutions, which could impair our ability to compete effectively and adversely affect our results of operations. Also, if we fail to keep pace with rapidly evolving technological developments in artificial intelligence, our competitive position and business results may suffer. Table of contents As with many innovations, the use of AI may lead to challenges, concerns and risks that are significant or that we may not be able to predict, especially if our use of these technologies in our products and services becomes more important to our operations over time. For example, our AI-related efforts, particularly those related to generative AI, subject us to risks related to accuracy, intellectual property infringement or misappropriation, data privacy, and cybersecurity, among others. Developing, testing and deploying AI systems in a responsible and ethical manner may also increase the cost profile of our products due to the nature of the computing costs and costs to develop or license proprietary datasets and machine learning models involved in such systems. Our business may be disrupted if any of the third-party AI services we use become unavailable due to extended outages or interruptions or because they are no longer available on commercially reasonable terms or prices. Changes to existing regulations, their interpretation or implementation or new regulations could impede our use of AI and also may make it more difficult to operate our business or to protect our intellectual property and may vary jurisdiction from jurisdiction. AI also presents emerging ethical issues, and if our use of AI becomes controversial, we may experience brand or reputational harm, competitive harm, or legal liability. The rapid evolution of AI, including the regulation of AI by government or other regulatory agencies, will require significant resources to develop, test and maintain our platforms, products, and services to implement AI ethically and minimize any unintended harmful impacts. A significant disruption in our websites, servers or information technology systems, or those of our third-party partners, could impair our customers' listening experience or otherwise adversely affect our customers, damage our reputation or harm our business. As a consumer electronics company, our website and mobile app are important presentations of our business, identity and brand and an important means of interacting with, and providing information to, consumers of our products. We depend on our servers and centralized information technology systems, and those of third parties, for product functionality, to manage operations and to store critical information and intellectual property. Accordingly, we allocate significant resources to maintaining our information technology systems and deploying network security, data encryption, training and other measures to protect against unauthorized access or misuse. Nevertheless, our website and information technology systems, and those of the third parties we rely on, are susceptible to damage, viruses, disruptions or shutdowns due to foreseeable and unforeseeable events. System failures and disruptions could impede the manufacturing and shipping of products, functionality of our products, transactions processing and financial reporting, and result in the loss of intellectual property or data, require substantial repair costs and damage our reputation, competitive position, financial condition and results of operations. For example, we use Amazon Web Services ("AWS") to maintain the interconnectivity of our mobile app to our servers and those of the streaming services that our customers access to enjoy our products. Because AWS runs its own platform that we access, we are vulnerable to both system-wide and Sonos-specific service outages at AWS. Our access to AWS' infrastructure could be limited by a number of potential causes, including technical failures, natural disasters, fraud or security attacks that we cannot predict or prevent. Additionally, our products may contain flaws that make them susceptible to unauthorized access or use. For example, we previously discovered a vulnerability in our products that could be exploited when a customer visited a website with malicious content, allowing the customer's local network to be accessed by third parties who could then gain unauthorized access to the customer's playlists and other data and limited control of the customer's devices. While we devote significant resources to address and eliminate flaws and other vulnerabilities in our products, there can be no assurance that our products will not be compromised in the future. Any such flaws or vulnerabilities, whether actual or merely potential, could harm our reputation, competitive position, financial condition and results of operations. Any cybersecurity breaches or our actual or perceived failure to comply with such legal obligations by us, or by our third-party service providers or partners, could harm our business. We collect, store, process and use our customers' personally identifiable information and other data, and we rely on third parties that are not directly under our control to do so as well. While we take measures intended to protect the security, integrity and confidentiality of the personal information and other sensitive information we collect, store or transmit, we cannot guarantee that inadvertent or unauthorized use or disclosure will not occur, or that third parties will not gain unauthorized access to this information. There have been a number of recent reported incidents where third parties have used software to access the personal data of their customers for marketing and other purposes. If we or our third-party service providers were to experience a breach, disruption or failure of systems compromising our customers' data, or if one of our third-party service providers or partners were to access our customers' personal data without our authorization, our brand and reputation could be adversely affected, use of our products could decrease and we could be exposed to a risk of loss, litigation and regulatory proceedings. In addition, a breach could require expending significant additional resources related to the security of information systems and disrupt our operations. The use of data by our business and our business associates is highly regulated in all our operating countries. Privacy and information security laws and regulations change, and compliance with them may result in cost increases due to, among other things, systems changes and the development of new processes. If we or those with whom we share information fail to comply with laws and regulations, such as the General Data Protection Regulation ("GDPR") and California Consumer Privacy Act ("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. Complying with such laws may also require us to modify our data processing practices and policies and incur substantial expenditures. Our use of open source software could negatively affect our ability to sell our products and subject us to possible litigation. We incorporate open source software into our products, and we may continue to incorporate open source software into our products in the future. Open source software is generally licensed by its authors or other third parties under open source licenses. Some of these licenses contain requirements that we make available source code for modifications or derivative works we create based upon the open source software and that we license such modifications or derivative works under the terms of a particular open source license or other license granting third parties certain rights of further use. Additionally, if a third-party software provider has incorporated open source software into software that we license from such provider, we could be required to disclose any of our source code that incorporates or is a modification of our licensed software. If an author or other third party that distributes open source software that we use or license were to allege that we had not complied with the conditions of the

applicable license, we could be required to incur significant legal expenses defending against those allegations and could be subject to significant damages, enjoined from offering or selling our products that contained the open source software and required to comply with the above conditions. Any of the foregoing could disrupt and harm our business and financial condition. We track certain operational and business metrics with internal methods that are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business. We calculate certain of our key metrics, including households and registrations, using internal company data that has not been independently verified. While these numbers are based on what we believe to be reasonable calculations for the applicable period of measurement, there are inherent challenges in measuring our key metrics. Our process for tracking these metrics may change over time, including to improve their accuracy, which could result in unexpected changes to the data reported. As our business develops, we may revise or cease reporting certain metrics if we determine that such metrics are no longer accurate or appropriate measures of our performance. If we discover material inaccuracies in our key metrics, or if the metrics we rely on to track our performance do not provide an accurate measurement of our business, or if investors, analysts, or customers do not believe that they do, our reputation may be harmed, and our operating and financial results could be adversely affected. Legal and Regulatory Risks Changes in international trade policies, including the imposition of tariffs have had, and may continue to have, an adverse effect on our business, financial condition and results of operations. In the past, the U.S. government imposed significant tariffs on China related to the importation of certain product categories, including those under the August 2019 Section 301 Tariff Action (List 4A) ("Section 301 tariffs"). These Section 301 tariffs increased our cost of revenue and adversely impacted our results of operations. We were able to obtain an exemption from the Section 301 tariffs for certain of our products, including our core speaker products, for certain periods since fiscal 2020, with the exemption for our core speaker product having expired in June 2024. To date, we have recovered virtually all refunds to which we are entitled on tariffs paid through fiscal 2022. In addition, we have relocated a substantial portion of our contract manufacturing from China to Malaysia and Vietnam, mitigating the effects of the Section 301 tariffs on a going forward basis. It remains unclear what the U.S. or foreign governments will do with respect to tariffs, international trade agreements and policies on a short-term or long-term basis. In the event of expansion of trade restrictions, the imposition of future tariffs on imports of our products or other government actions related to tariffs or trade agreements, our business may be impacted and we may be required to raise prices or make changes to our operations, any of which could materially harm our revenue or operating results. We must comply with extensive regulatory requirements, and the cost of such compliance, and any failure to comply or perceived failure to comply, may adversely affect our business, financial condition and results of operations. In our current business and as we expand into new markets and product categories, we must comply with a wide variety of laws, regulations, standards and other requirements governing, among other things, electrical safety, wireless emissions, health and safety, e-commerce, consumer protection, export and import requirements, hazardous materials usage, product related energy consumption, packaging, recycling and environmental matters. Compliance with these laws, regulations, standards and other requirements may be onerous and expensive, and they may be inconsistent from jurisdiction to jurisdiction or change from time to time, further increasing the cost of compliance and doing business. Our products may require regulatory approvals or satisfaction of other regulatory concerns in the various jurisdictions in which they are manufactured, sold or both. These requirements create procurement and design challenges that require us to incur additional costs identifying suppliers and manufacturers who can obtain and produce compliant materials, parts and products. Failure to comply with such requirements can subject us to liability, additional costs and reputational harm and, in extreme cases, force us to recall products or prevent us from selling our products in certain jurisdictions. Table of contents We may incur costs in complying with changing tax laws in the United States and abroad, which could adversely impact our cash flow, financial condition and results of operations. We are a U.S.-based company subject to taxes in multiple U.S. and foreign tax jurisdictions. Our effective tax rate, as well as our business, operating results and financial condition, could be adversely affected by changes in the tax rules and regulations in the jurisdictions in which we do business, unanticipated changes in statutory tax rates and changes to our global mix of earnings. As we expand our operations, any changes in the U.S. or foreign taxation of such operations may increase our worldwide effective tax rate. We are also subject to examination by the Internal Revenue Service ("IRS") and other tax authorities, including state revenue agencies and foreign governments. If any tax authority disagrees with any position we have taken, our tax liabilities and operating results may be adversely affected. While we regularly assess the likelihood of favorable or unfavorable outcomes resulting from examinations by the IRS and other tax authorities to determine the adequacy of our provision for income taxes, there can be no assurance that the actual outcome resulting from these examinations will not materially adversely affect our financial condition and results of operations. In addition, the distribution of our products subjects us to numerous complex and often-changing customs regulations. Failure to comply with these systems and regulations could result in the assessment of additional taxes, duties, interest and penalties. There is no assurance that tax and customs authorities agree with our reporting positions and upon audit may assess us additional taxes, duties, interest and penalties. If this occurs and we cannot successfully defend our position, our profitability will be reduced. Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited. As of September 28, 2024, we had gross state net operating loss carryforwards of \$33.4 million, which expire beginning in 2032, as well as \$39.9 million in foreign net operating loss carryforwards with an indefinite life. As of September 28, 2024, we also had U.S. federal research and development tax credit carryforwards as filed of \$37.6 million, and state research and development tax credit carryforwards as filed of \$48.0 million, which will expire beginning in 2041 and 2026, respectively. Because of the change of ownership provisions of Sections 382 and 383 of the Code, use of a portion of the Company's domestic net operating losses and tax credit carryforwards may be limited in future periods depending upon future changes in ownership. Further, a portion of the carryforwards may expire before being applied to reduce future income tax liabilities if sufficient taxable income is not generated in future periods. Risks Related to Ownership of Our Common Stock The stock price of our common stock has been and may continue to be volatile or may decline regardless of our operating performance. The stock price of our common stock has been and may continue to be volatile. The stock price of our common stock may fluctuate significantly in response to numerous factors in addition to the ones described in the preceding Risk Factors, many of which are beyond our control, including: (a) overall performance of the equity markets and the economy as a whole; (b) changes in the financial projections we or third parties may provide to the public or our failure to meet these projections; (c) actual or anticipated changes in our growth rate relative to that of our competitors; (d) announcements of new products, or of acquisitions, strategic partnerships, joint ventures or capital-raising activities or commitments, by us or by our competitors; (e) additions or departures of key personnel; (f) failure of securities analysts to maintain coverage of us, changes in financial estimates by any securities analysts who follow our company or our failure to meet these estimates or the expectations of investors; (g) rumors and market speculation involving us or other companies in our industry; (h) sales of shares of our common stock by us or our stockholders, particularly sales by our directors, executive officers and significant stockholders, or the perception that these sales could occur; and (i) additional stock issuances that result in significant dilution to shareholders. In addition, the stock market with respect to companies in the technology industry has experienced significant price and volume fluctuations that have affected and continue to affect the stock prices of these companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and adversely affect our business. We do not intend to pay dividends for the foreseeable future. Table of contents We have never declared or paid any cash dividends on our common stock, and we do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of the Board. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments. In addition, the terms of our credit facilities contain restrictions on our ability to declare and pay cash dividends on our capital stock. Certain provisions in our corporate charter documents and under Delaware law may prevent or hinder attempts by our stockholders to change our management or to acquire a controlling interest in us. There are provisions in our restated certificate of incorporation and restated bylaws that may make it difficult for a third party to acquire, or attempt to acquire, control of our company, even if a change in control were considered favorable by our stockholders. These anti-takeover provisions include: (a) a classified Board so that not all members of the Board are elected at one time; (b) the ability of the Board to determine the number of directors and fill any vacancies and newly created directorships; (c) a requirement that our directors may only be removed for cause; (d) a prohibition on cumulative voting for directors; (e) the requirement of a super-majority to amend some provisions in our restated certificate of incorporation and restated bylaws; (f) authorization of the issuance of "blank check" preferred stock that the Board could use to implement a stockholder rights plan; (g) an inability of our stockholders to call special meetings of stockholders; and (h) a prohibition on stockholder actions by written consent, thereby requiring that all stockholder actions be taken at a meeting of our stockholders. In addition, our restated certificate of incorporation provides that the Delaware Court of Chancery is the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law (the "DGCL"), our restated certificate of incorporation or our restated bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. Our restated certificate of incorporation also provides that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act of 1933, as amended. Further, Section 203 of the DGCL may discourage, delay or prevent a change in control of our company. Section 203 imposes certain restrictions on mergers, business combinations, and other transactions between us and holders of 15% or more of our common stock. General Risk Factors The loss of one or more of our key personnel, or our failure to attract, assimilate and retain other highly qualified personnel in the future, could harm our business. We depend on the continued services and performance of our key personnel. The loss of key personnel, including key members of management as well as our product development, marketing, sales and technology personnel, could disrupt our operations and have an adverse effect on our ability to grow our business. In addition, the loss of key personnel in our finance and accounting departments could harm our internal controls, financial reporting capability and capacity to forecast and plan for future growth. Further, the market for highly skilled workers and leaders in our industry is extremely competitive. If we do not succeed in attracting, hiring and then integrating high-quality personnel or in retaining and motivating existing personnel, we may be unable to grow effectively, and our financial condition may be harmed. Natural disasters, geopolitical unrest, war, terrorism, pandemics, public health issues or other catastrophic events could disrupt the supply, delivery or demand of products, which could negatively affect our operations and performance. We are subject to the risk of disruption by earthquakes, floods and other natural disasters, fire, power shortages, geopolitical unrest, war, terrorist attacks and other hostile acts, public health issues, epidemics or pandemics, including COVID-19, and other events beyond our control and the control of the third parties on which we depend. Any of these catastrophic events, whether in the United States or abroad, may have a strong negative impact on the global economy, us, our contract manufacturers, our suppliers or 21 Table of contents customers, and could decrease demand for our products, create delays and inefficiencies in our supply chain and make it difficult or impossible for us to deliver products to our customers. Further, our headquarters are located in Santa Barbara County, California, in a seismically active region that is also prone to forest fires. Any catastrophic event that occurred near our headquarters, or near our manufacturing facilities in China, Malaysia or Vietnam, could impose significant damage to our ability to conduct our business and could require substantial recovery time, which could have an adverse effect on our business, operating results and financial condition. We may need additional capital, and we cannot be certain that additional financing will be available. In October 2021, we entered into a credit agreement with JPMorgan Chase Bank, N.A., Bank of America N.A., Morgan Stanley Senior Funding, Inc., and Goldman Sachs Bank USA (the "Revolving Credit Agreement"), which allows us to borrow up to \$100.0 million, with a maturity date of October 2026. We may require additional equity or debt financing to fund our operations and capital expenditures. Our ability to obtain financing will depend, among other things, on our development efforts, business plans, operating performance and the condition of the capital markets at the time we seek financing. We cannot assure you that additional financing will be available to us on favorable terms if and when required, or at all. We have and may in the future acquire other businesses or receive offers to be acquired, which could require significant management attention, disrupt our business, dilute stockholder value and adversely affect our operating results. As part of our business strategy, we have and may in the future make investments in complementary businesses, products, services or technologies. These acquisitions and other transactions and arrangements involve significant challenges and risks, including not advancing our business strategy, receiving an unsatisfactory return on our investment, difficulty integrating and retaining new employees, business systems, and technology, or distracting management from our other business initiatives. If an arrangement fails to adequately anticipate changing circumstances and interests of a party, it may result in early termination or renegotiation of the arrangement. The success of these transactions and arrangements will depend in part on our ability to leverage them to enhance our existing products or develop compelling new ones. It may take longer than expected to realize the full benefits from these transactions and arrangements such as increased revenue or enhanced efficiencies, or the benefits may ultimately be smaller than we expected. These events could adversely affect our consolidated financial statements. If we fail to maintain an effective system of internal controls in the future, we may experience a loss of investor confidence and an adverse impact to our stock price. Pursuant to the Sarbanes-Oxley Act of 2002, we are required to document and test our internal control procedures and to provide a report by management on internal control over financial reporting, including management's assessment of the effectiveness of such control. If we are unable to maintain effective internal control over financial reporting or disclosure controls and procedures, our ability to record, process, and report financial information accurately, and to prepare consolidated financial statements within required time periods could be adversely affected, which could subject us to litigation or investigations requiring management resources and payment of legal and other expenses, negatively affect investor confidence in our consolidated financial statements and adversely impact our stock price. Item 1B. Unresolved Staff Comments None. Item 1C. Cybersecurity Cybersecurity risk management and strategy We have developed and implemented an enterprise-wide cybersecurity program, which is part of our overall risk management system and is designed to provide cybersecurity risk management and governance. Our cybersecurity program prioritizes, among other things, proactive detection and mitigation of threats; protection of customer and internal confidential information; minimization of the impact of incidents; and identification, assessment, and management of material risks from cybersecurity threats. We use a variety of strategies and techniques designed to identify cybersecurity risks and reduce the risk of unauthorized access to internal and customer confidential information and critical business systems and platforms. This approach utilizes both internal and external resources and includes regular risk assessments (for example, penetration testing and annual self-assessments), ongoing employee training, proactive monitoring of our IT systems, encryption of certain types of information, and certain controls governing access to our facilities and systems. We maintain a detailed incident response plan to manage cybersecurity incidents when detected. The response plan includes procedures for identifying, containing, and responding to cybersecurity incidents. Our ability to respond to cybersecurity incidents is tested on a recurring basis. We use third-party service providers to assist us from time to time to identify, assess, and manage material risks from cybersecurity threats, including professional services firms, cybersecurity software providers, and certain testing firms. 22 Table of contents We have processes in place designed to identify and mitigate risks from third-party vendors, including, as appropriate, pre-contractual security assessments and review of contractual terms addressing cybersecurity and data protection. To date, we are not aware of cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations or financial condition. Despite our security measures, however, there can be no assurance that we, or third parties with which we interact, will not experience a cybersecurity incident in the future that will materially affect us. For a discussion regarding risks related to cybersecurity threats, refer to Item 1A. Risk Factors of this Form 10-K. Cybersecurity governance Our Board of Directors oversees the management of risks inherent in the operation of our business, with a focus on the most significant risks that we face, including those related to cybersecurity. The Board of Directors has delegated oversight of our cybersecurity program to the Audit Committee. In connection with that oversight responsibility, senior members of our information security team meet with the Audit Committee on a regular basis (but no less than semi-annually) and provide information and updates on our cybersecurity program and related topics. This includes existing and new cybersecurity risks, status on how management is identifying, assessing, managing and/or mitigating those risks, cybersecurity and data privacy incidents (if any), status on key information security initiatives, and developments in the cybersecurity space and evolving standards. Our enterprise-wide cybersecurity program is managed by a dedicated information security team, led by our Head of Cybersecurity, Risk & Trust (the "Head of Cybersecurity"). Our Head of Cybersecurity has almost 25 years of cybersecurity, information governance, and IT experience in the technology industry. Item 2. Properties We are a global company with our corporate headquarters located in Santa Barbara County, California. In July 2023, we entered into a lease agreement in the city of Goleta located in Santa Barbara County, California and relocated our headquarters to this space in fiscal 2024. We also lease office space in various locations in the U.S. and around the world. We believe our existing facilities are adequate to meet our current requirements. Item 3. Legal

ProceedingsFrom time to time, we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. Other than the matters described in Note 13. Commitments and Contingencies of the notes to our consolidated financial statements included in Part II, Item 8 of this Annual Report, we were not a party to any legal proceedings that in the opinion of our management, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, financial condition or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors. Item 4. Mine Safety DisclosuresNone.23Table of contentsPART IIItem 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity SecuritiesMarket Information for Our Common StockShares of our common stock trade on The Nasdaq Global Select Market under the symbol "SONO." Holders of RecordAs of October 31, 2024, there were 4 holders of record of our common stock. This figure does not include a substantially greater number of beneficial holders of our common stock whose shares are held of record by banks, brokers and other financial institutions. Dividend PolicyWe have never declared or paid any cash dividends on our capital stock, and we do not currently intend to pay any cash dividends for the foreseeable future. We expect to retain future earnings, if any, to fund the development and growth of our business. Any future determination to pay dividends on our common stock will be made at the discretion of the Board and will depend upon, among other factors, our financial condition, operating results, current and anticipated cash needs, plans for expansion and other factors that the Board may deem relevant. In addition, the terms of our credit facilities contain restrictions on our ability to declare and pay cash dividends on our capital stock. Recent Sales of Unregistered SecuritiesNone.Issuer Purchases of Equity SecuritiesThe following table presents information with respect to our repurchase of common stock during the quarter ended September 28, 2024. PeriodTotal Number of SharesPurchased (1)Average Price Paid per ShareTotal Number of Shares Purchased as Part of Publicly Announced Plans or ProgramsApproximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs(in thousands)(2)Jun 30 Jul 2718,912\$14.76A 18,912\$171,069A Jul 28 - Aug 24\$71,069A Aug 25 - Sep 28\$71,069A Total18,91218,912(1)In November 2023, the Board authorized a common stock repurchase program of up to \$200 million. During the twelve months ended September 28, 2024, the Company repurchased 7,796,120 shares for an aggregate purchase price of \$129.8 million at an average price of \$16.54 per share under the repurchase program. Aggregate purchase price and average price per share exclude commission and excise tax. See Note 9. Stockholders' Equity of the Company's consolidated financial statements for further information. The Company withholds shares of common stock from certain employees in connection with the vesting of stock awards issued to such employees to satisfy applicable tax withholding requirements. Although these withheld shares are not issued or considered common stock repurchases under the Company's stock repurchase program and therefore are not included in the preceding table, they are treated as common stock repurchases in the Company's financial statements as they reduce the number of shares that would have been issued upon vesting. (2)Approximate dollar value of shares that may yet be purchased under the plans or programs does not include the impact of direct costs incurred to acquire shares.24Table of contentsStock Performance GraphItem 6. [Reserved]25Table of contentsItem 7. Management's Discussion and Analysis of Financial Condition and Results of OperationsThe following discussion of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and the notes thereto included elsewhere in this Annual Report on Form 10-K. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Annual Report on Form 10-K, particularly in the section titled "Risk Factors." We operate on a 52-week or 53-week fiscal year ending on the Saturday nearest September 30 each year. Our fiscal year is divided into four quarters of 13 weeks, each beginning on a Sunday and containing two 4-week periods followed by a 5-week period. An additional week is included in the fourth fiscal quarter approximately every five years to realign fiscal quarters with calendar quarters. References to fiscal 2024 are to our 52-week fiscal year ended September 28, 2024, references to fiscal 2023 are to our 52-week fiscal year ended September 30, 2023, references to fiscal 2022 are to our 52-week fiscal year ended October 1, 2022 and references to fiscal 2021 are to our 52-week fiscal year ended October 2, 2021. Key MetricsIn addition to the measures presented in our consolidated financial statements, we use the following key metrics to evaluate our business, measure our performance, identify trends affecting our business and assist us in making operational and strategic decisions. Our key metrics are total revenue, products sold, Adjusted EBITDA and Adjusted EBITDA margin. The most directly comparable financial measure calculated under U.S. GAAP for Adjusted EBITDA and Adjusted EBITDA margin are net income (loss) and net income (loss) margin, respectively. Fiscal Year Ended September 28, 2024September 30, 2023October 1, 2022(In thousands, except percentages)Revenue\$1,518,056A \$1,655,255A \$1,752,336A Products sold5,000A 5,725A 6,281A Net income (loss)(\$38,146)(10,274)67,383A Net income (loss) margin(1)(2.5%)(0.6%)3.8%Adjusted EBITDA(\$2)107,862A \$153,878A \$226,549A Adjusted EBITDA margin(2)7.1A %9.3A %12.9A %1)Net income (loss) margin is calculated by dividing net income (loss) by revenue.(2)For additional information regarding Adjusted EBITDA and Adjusted EBITDA margin (which are non-GAAP financial measures), including reconciliations of net income (loss), to Adjusted EBITDA, see the sections titled "Adjusted EBITDA and Adjusted EBITDA Margin" and "Non-GAAP Financial Measures" below. RevenueWe generate substantially all of our revenue from the sale of Sonos speakers and Sonos system products. We also generate a portion of revenue from Partner products and other revenue sources, such as architectural speakers from our Sonance partnership, accessories such as speaker stands and wall mounts, professional services, licensing, and advertising revenue. For a description of our revenue recognition policies, see the section titled "Critical accounting policies and estimates." Products Sold Products sold represents the number of products that are sold during a period, net of returns and includes the sale of products in the Sonos speakers and Sonos system products categories, as well as module units sold through our Partner products and other revenue category. Growth rates between products sold and revenue are not perfectly correlated because our revenue is affected by other variables, such as the mix of products sold during the period, promotional discount activity, the introduction of new products that may have higher or lower than average selling prices, as well as the impact of recognition of previously deferred revenue. Adjusted EBITDA and Adjusted EBITDA Margin We define Adjusted EBITDA as net income (loss) adjusted to exclude the impact of stock-based compensation expense, depreciation and amortization, interest, other income (expense), taxes, and other items that we do not consider representative of our underlying operating performance.26Table of contentsWe define Adjusted EBITDA margin as Adjusted EBITDA divided by revenue. See the section titled "Results of Operations at Non-GAAP Financial Measures" for information regarding our use of Adjusted EBITDA and Adjusted EBITDA margin, and a reconciliation of net income (loss) to Adjusted EBITDA and net income (loss) margin to Adjusted EBITDA margin. Non-GAAP Financial MeasuresTo supplement our consolidated financial statements presented in accordance with U.S. GAAP, we monitor and consider Adjusted EBITDA, Adjusted EBITDA margin, and constant currency which are non-GAAP financial measures. These non-GAAP financial measures are not based on any standardized methodology prescribed by U.S. GAAP and are not necessarily comparable to similarly titled measures presented by other companies. We define Adjusted EBITDA as net income (loss) adjusted to exclude the impact of depreciation and amortization, stock-based compensation expense, interest income, interest expense, other income (expense), income taxes, legal and transaction related costs, restructuring and abandonment costs, and other items that we do not consider representative of underlying operating performance. We define Adjusted EBITDA margin as Adjusted EBITDA divided by revenue. We also present percentage sales growth in constant currency to show performance unaffected by fluctuations in currency exchange rates. We calculate constant currency growth percentages by translating our current period financial results using the prior period average currency exchange rates and comparing these amounts to our prior period reported results. We use these non-GAAP financial measures to evaluate our operating performance and trends and make planning decisions. We believe that these non-GAAP financial measures help identify underlying trends in our business that could otherwise be masked by the effect of the expenses and other items that we exclude in these non-GAAP financial measures. Accordingly, we believe that these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects, and allowing for greater transparency with respect to a key financial metric used by our management in its financial and operational decision-making. Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures, and should not be considered in isolation of, or as an alternative to, measures prepared in accordance with U.S. GAAP. There are a number of limitations related to the use of Adjusted EBITDA rather than net income (loss), which is the nearest U.S. GAAP equivalent of Adjusted EBITDA, and the use of Adjusted EBITDA margin rather than net income (loss) margin, which is the nearest U.S. GAAP equivalent of Adjusted EBITDA margin. These limitations include that the non-GAAP financial measures: *do not* exclude depreciation and amortization, and although these are non-cash expenses, the assets being depreciated may be replaced in the future; *do not* exclude stock-based compensation expense, which has been, and will continue to be, a significant recurring expense for our business and an important part of our compensation strategy; *do not* reflect interest income, primarily resulting from interest income earned on our cash and cash equivalent balances; *do not* reflect interest expense, or the cash requirements necessary to service interest or principal payments on our debt, which reduces cash available to us; *do not* reflect the effect of foreign currency exchange gains or losses, which is included in other income (expense), net; *do not* reflect the provision for or benefit from income tax that may result in payments that reduce cash available to us; *do not* reflect items that are not considered representative of our underlying operating performance which reduce cash available to us; and *may not be comparable to* similar non-GAAP financial measures used by other companies, because the expenses and other items that we exclude in our calculation of these non-GAAP financial measures may differ from the expenses and other items, if any, that other companies may exclude from these non-GAAP financial measures when they report their operating results. Because of these limitations, these non-GAAP financial measures should be considered along with other operating and financial performance measures presented in accordance with U.S. GAAP. 27Table of contentsThe following table presents a reconciliation of net income (loss) to adjusted EBITDA: Fiscal Year Ended September 28, 2024September 30, 2023October 1, 2022(In thousands, except percentages)Net income (loss)(\$38,146)(\$10,274)67,383A Add (deduct): Depreciation and amortization52,378A 48,969A 38,504A Stock-based compensation expense84,294A 76,857A 75,640A Interest income(11,965)(10,201)(1,655)Interest expense441A 733A 552A Other (income) expense, net(9,371)(15,473)21,905A Provision for income taxes10,995A 14,668A 1,347A Legal and transaction related costs(1)7,383A 32,950A 22,873A Restructuring, abandonment, and related expenses(2)11,853A 15,649A *do not* Adjusted EBITDA\$107,862A \$153,878A \$226,549A Revenue1,518,056A 1,655,255A 1,752,336A Net income (loss) margin(2.5%)(0.6%)3.8%Adjusted EBITDA margin7.1A %9.3A %12.9A %1)Legal and transaction-related costs consist of expenses related to our intellectual property ("IP") litigation against Alphabet and Google as well as legal and transaction costs associated with our acquisition activities, which we do not consider representative of our underlying operating performance.(2)See Note 14. Restructuring Plan of the notes to our consolidated financial statement for further discussion related to our 2024 restructuring plan. Comparison of Fiscal Years 2024 and 2023Revenue Fiscal Year Ended Change from Prior Fiscal Year September 28, 2024September 30, 2023\$ % (Dollars in thousands)\$%Sonos speakers\$1,169,604A 77.0A %\$1,293,440A 78.1A %\$123,836(9.6%)Sonos system products267,744A 17.6A 285,064A 17.2A (17,320)(6.1)Partner products and other revenue80,708A 5.3A 76,751A 4.6A 3,957A 5.2A Total revenue\$1,518,056A 100.0A %\$1,655,255A 100.0A %\$137,199(8.3)%Volume data (products sold in thousands)Units %Total products sold5,000,572(75)(12.7)%Total revenue decreased \$137.2 million, or 8.3% for fiscal 2024 compared to fiscal 2023, primarily due to softer demand across all regions due to market conditions and challenges resulting from our recent app rollout, partially offset by the introduction of Ace in June 2024, and the impact of favorable foreign exchange rates. Sonos speakers represented 77.0% of total revenue for fiscal 2024 and decreased 9.6% compared to fiscal 2023, primarily driven by expected declines in Sonos One and softer demand across the category, particularly in our home theater products. These declines were partially offset by sales of Era 100 and Era 300 which were introduced in March 2023, and by the introduction of Ace in June 2024. Sonos system products represented 17.6% of total revenue for fiscal 2024 and decreased 6.1% compared to fiscal 2023. Partner products and other revenue represented 5.3% of total revenue for fiscal 2024, and increased 5.2% compared to the twelve months ended September 30, 2023. The volume of products sold decreased 12.7% for fiscal 2024, compared to fiscal 2023, primarily driven by expected declines in units of Sonos One, and softer demand, particularly in our home theater products. These declines were partially offset by sales of Era 100 and Era 300, as well as the introduction of Ace in June 2024. The decrease in volume of products sold outpaced that of revenue due to the impact of product mix.28Table of contentsRevenue by RegionFiscal Year Ended Change from Prior Fiscal Year September 28, 2024September 30, 2023\$ % Constant Currency Change (1) (Dollars in thousands) Americas\$1,004,770A \$1,048,245A (\$43,475)(4.1A %)(4.2%) Europe, Middle East and Africa430,428A 518,179A (87,751)(16.9)(19.2) Asia Pacific82,858A 88,831A (5,973)(6.7)(5.5) Total revenue\$1,518,056A \$1,655,255A \$137,199(8.3)(9.0)(1) Constant currency is a financial measure that is not calculated in accordance with U.S. GAAP. For additional information, see the section titled "Non-GAAP Financial Measures" above. Cost of Revenue and Gross ProfitFiscal Year Ended Change from Prior Fiscal YearSeptember 28, 2024September 30, 2023\$ % (Dollars in thousands)Cost of revenue\$828,683A \$938,765A (\$110,082)(11.7)%Gross profit\$689,373A \$716,490A (\$27,117)(3.8)%Gross margin45.4A %43.3A %Cost of revenue consists of product costs, including costs of our contract manufacturers for production, components, shipping and handling, tariffs, duty costs, warranty replacement costs, packaging, fulfillment costs, manufacturing and tooling equipment depreciation, warehousing costs, hosting costs, and excess and obsolete inventory write-downs. It also includes licensing costs, such as royalties to third parties, and attributable amortization of acquired developed technology. In addition, we allocate certain costs related to management and facilities, personnel-related expenses, and supply chain logistic costs. Personnel-related expenses consist of salaries, bonuses, benefits, and stock-based compensation expenses. Our gross margin has fluctuated and may, in the future, fluctuate from period to period based on a number of factors, including the mix of products we sell, the mix of channels through which we sell our products, fluctuations of our product and material cost saving initiatives, fluctuations in our product and material markets, promotional activity, the foreign currency in which our products are sold, and tariffs and duty costs implemented by governmental authorities. Cost of revenue and gross profit decreased for fiscal 2024 compared to fiscal 2023, primarily due to a decrease in products sold. Gross margin increased 210 basis points for fiscal 2024 compared to fiscal 2023. The increase was primarily due to a decrease in product and material costs, decreased inventory-related write-downs, and favorability from product mix, partially offset by higher promotional activity.29Table of contentsOperating ExpensesFiscal Year Ended Change from Prior Fiscal Year September 28, 2024September 30, 2023\$ % (Dollars in thousands)Research and development\$298,815A \$294,445A \$4,370A 1.5A %Restructuring and abandonment costs(1)15,743A 6,556A (813)(12.4)Total research and development\$304,558A \$301,001A \$3,557A 1.2A %Percentage of revenue20.1A %18.2A %Sales and marketing\$287,839A \$261,883A \$25,956A 9.9A %Restructuring and abandonment costs(1)2,770A 5,635A (2,865)(50.8)Total sales and marketing\$290,609A \$267,518A \$23,091A 8.6A %Percentage of revenue19.1A %16.2A %General and administrative\$138,912A \$165,060A \$26,148(15.8)%Restructuring and abandonment costs(1)3,340A 3,458A (118)(3.4)Total general and administrative\$142,252A \$168,518A (\$26,266)(15.6)%Percentage of revenue9.4A %10.2A %Operating expenses\$725,566A \$721,388A \$4,178A 0.6A %Restructuring and abandonment costs(1)11,853A 15,649A (3,796)(24.3)Total operating expenses\$737,419A \$737,037A \$382A 0.1A %Percentage of revenue48.6A %44.5A % (1) On August 14, 2024, we initiated a restructuring plan to reduce our cost base (the "2024 restructuring plan"), including a reduction in force involving approximately 6% of our employees. Restructuring and abandonment costs also include nominal remaining costs incurred related to the restructuring plan incurred on June 14, 2023. See Note 14. Restructuring Plan of the notes to our consolidated financial statements for further discussion related to our 2024 restructuring plan. Research and DevelopmentResearch and development expenses consist primarily of personnel-related expenses, consulting and contractor expenses, tooling, test equipment, prototype materials, and related overhead costs. To date, software development costs have been expensed as incurred because the period between achieving technological feasibility and the release of the software has been short and development costs qualifying for capitalization have been insignificant. Research and development expenses increased \$3.6 million, or 1.2%, for fiscal 2024 compared to fiscal 2023. This increase was primarily driven by product development program spend. Sales and MarketingSales and marketing expenses consist primarily of advertising and marketing activity for our products and personnel-related expenses, as well as trade show and event costs, sponsorship costs, consulting and contractor expenses, travel costs, depreciation for product displays, as well as related maintenance and repair expenses, customer experience and technology support tool expenses, revenue related sales fees from our direct-to-consumer business, and overhead costs. Sales and marketing expenses increased \$23.1 million, or 8.6%, for fiscal 2024 compared to fiscal 2023. This was primarily driven by an increase in our advertising and marketing activity, and an increase in depreciation mainly for our product displays. General and AdministrativeGeneral and administrative expenses consist of administrative personnel-related expenses for our finance, legal, human resources and similar personnel, as well as the costs of professional services, information technology, litigation, patents, related overhead, and other administrative expenses. General and administrative expenses decreased \$26.3 million, or 15.6%, for fiscal 2024 compared to the fiscal 2023. This was primarily driven by a decrease in legal fees related to our IP litigation. 30Table of contentsInterest Income, Interest Expense, and Other Income, NetFiscal Year Ended Change from Prior Fiscal Year September 28,

2024September 30, 2023\$ % (Dollars in thousands)Interest income\$11,965\$ 10,201\$ 1,764 17.3%Interest expense(441)(733)292(39.8)Other income, net9,371 15,473(6,102)(39.4)Total other income, net\$20,895\$ 24,941\$ 4,046(16.2%)Interest income consists primarily of interest income earned on our cash, cash equivalents, and marketable securities balances. Interest expense consists primarily of interest expense associated with our debt financing arrangements and amortization of debt issuance costs. Other income, net consists primarily of our foreign currency exchange gains and losses relating to transactions and remeasurement of asset and liability balances denominated in currencies other than the U.S. dollar. We expect our foreign currency gains and losses to continue to fluctuate in the future due to changes in foreign currency exchange rates. Interest income for fiscal 2024, compared to fiscal 2023, increased primarily due to the allocation of some excess cash into marketable securities and higher yields on our cash and cash equivalents. Interest expense for fiscal 2024, compared to fiscal 2023, decreased primarily due to reduced expenses associated with our Revolving Credit Agreement. The decrease in other income, net for fiscal 2024, compared to fiscal 2023, was primarily due to foreign currency exchange fluctuations. Provision for Income Taxes Fiscal Year EndedChange from Prior Fiscal YearSeptember 28, 2024September 30, 2023\$(Dollars in thousands)Provision for income taxes\$10,995\$ 14,668\$ (3,673)(25.0%)Provision for income taxes for fiscal 2024, compared to fiscal 2023, decreased due to a favorable tax ruling on a Dutch Innovation Box application resulting in a revaluation of certain Dutch deferred tax liabilities, a reduction in the amount of net expense subject to capitalization under Section 174 of the U.S. Internal Revenue Code, and a reduction in operating income, partially offset by income tax expense in the Netherlands related to an intercompany sale of intellectual property to the U.S. Comparison of Fiscal Years 2023 and 2022 For the comparison of fiscal years 2023 and 2022, refer to Part II, Item 7 "Management's discussion and analysis of financial condition and results of operations" on Form 10-K for our fiscal year ended September 30, 2023, filed with the SEC on November 20, 2023, under the subheading "Comparison of fiscal years 2023 and 2022."Liquidity and Capital ResourcesOur operations are financed primarily through cash flows from operating activities. As of September 28, 2024, our principal sources of liquidity consisted of cash flows from operating activities, cash and cash equivalents of \$169.7 million, including \$36.4 million held by our foreign subsidiaries, marketable securities of \$51.4 million, proceeds from the exercise of stock options, and borrowing capacity under the Credit Facility. In accordance with our policy, the undistributed earnings of our non-U.S. subsidiaries remain indefinitely reinvested outside of the United States as of September 28, 2024, as they are required to fund needs outside of the United States. In the event funds from foreign operations are needed to fund operations in the United States and if U.S. tax has not already been previously provided, we may be required to accrue and pay additional U.S. taxes to repatriate these funds. We believe our existing cash and cash equivalent balances, cash flows from operations, and committed credit lines will be sufficient to meet our long-term working capital and capital expenditure needs for at least the next 12 months. We hold our cash with a diverse group of major financial institutions and have processes and safeguards in place to manage our cash balances and mitigate the risk of loss. In October 2021, we entered into the Revolving Credit Agreement, which allows us to borrow up to \$100 million, with a maturity date of October 2026. Our future capital requirements may vary materially from those currently planned and will depend on many factors, including our rate of revenue growth, the timing and extent of spending on research and development efforts and other business initiatives, our planned sales and marketing activities, the timing of new product introductions, our potential merger and acquisition activity, market acceptance of our products, and overall economic conditions. To the extent that current and anticipated sources of liquidity are insufficient to fund our future business activities and requirements, we may be required to seek additional equity or debt financing. The sale of additional equity would result in increased dilution to our stockholders. If we were to incur 31Table of contentsadditional debt financing it would result in increased debt service obligations and the instruments governing such debt could require additional operating and financing covenants that would restrict our operations. Debt ObligationsOn October 13, 2021, we entered into the Revolving Credit Agreement. The Revolving Credit Agreement provides for (i) a five year senior secured revolving credit facility in the amount of up to \$100 million and (ii) an uncommitted incremental facility subject to certain conditions. Proceeds are to be used for working capital and general corporate purposes. In June 2023, we amended our Revolving Credit Agreement to change the reference rate from LIBOR to the Secured Overnight Financing Rate (SOFR), effective July 1, 2023. The facility may be drawn as an Alternative Base Rate Loan (at 1.00% plus an applicable margin) or Term Benchmark Loan (SOFR plus an applicable margin). We must also pay (i) an unused commitment fee ranging from 0.200% to 0.275% per annum of the average daily unused portion of the aggregate revolving credit commitment under the agreement and (ii) a per annum fee equal to the applicable margin over SOFR multiplied by the aggregate face amount of outstanding letters of credit. As of September 28, 2024, we did not have any outstanding borrowings and \$1.8 million in undrawn letters of credit that reduce the availability under the Revolving Credit Agreement. Our obligations under the Revolving Credit Agreement are secured by substantially all of our assets. The Revolving Credit Agreement contains customary representations and warranties, customary affirmative and negative covenants, a financial covenant that is tested quarterly and requires us to maintain a certain consolidated leverage ratio, and customary events of default. As of September 28, 2024, we were in compliance with all financial covenants under the Revolving Credit Agreement. Cash FlowsFiscal 2024 Changes in Cash FlowsThe following table summarizes our cash flows for the periods indicated: Fiscal Year Ended (In thousands)September 28, 2024September 30, 2023Net cash provided by (used in):Operating activities\$189,906\$ 100,406Investing activities(105,242)(50,286)Financing activities(137,309)(108,592)Effect of exchange rate changes2,146A 3,848Net decrease in cash, cash equivalents and restricted cash\$(50,499)\$ (54,624)Cash Flows from Operating Activities Net cash provided by operating activities of \$189.9 million for fiscal 2024 consisted of a net loss of \$38.1 million, a favorable impact of non-cash adjustments of \$125.3 million, and a favorable impact of net changes in operating assets and liabilities of \$102.8 million. Non-cash adjustments primarily consisted of stock-based compensation expense and depreciation and amortization, partially offset by deferred income taxes as a result of a benefit from income taxes from the reversal of a deferred tax liability related to an intercompany sale of intellectual property. The net increase in cash from the change in operating assets and liabilities was primarily due to a decrease in inventories of \$106.1 million as the result of measures taken to more efficiently manage inventory and the implementation of new payment terms with suppliers, and a decrease in accounts receivable of \$23.0 million. The net increase in cash from the change in operating assets and liabilities was partially offset by an increase in other assets of \$28.8 million due to timing of prepaid contracts. Cash Flows from Investing Activities Cash used in investing activities of \$105.2 million for fiscal 2024, primarily consisted of the purchases of marketable securities of \$90.5 million, and purchases of property and equipment of \$55.2 million mainly related to point-of-sale product displays, manufacturing-related tooling and test equipment to support the launch of new products, and leasehold improvements, partially offset by cash provided by maturities of marketable securities of \$40.5 million. Cash Flows from Financing Activities Cash used in financing activities of \$137.3 million for fiscal 2024, primarily consisted of payments for repurchase of common stock of \$129.0 million and payments for repurchase of common stock related to shares withheld for tax in connection with vesting of stock awards of \$25.3 million, partially offset by proceeds from the exercise of options of \$17.1 million. 32Table of contentsFiscal 2023 Changes in Cash FlowsFor the comparison of fiscal 2023 to fiscal 2022, refer to Part II, Item 7 "Management's discussion and analysis of financial condition and results of operations" of our Form 10-K for our fiscal year ended September 30, 2023, filed with the SEC on November 20, 2023, under the subheading "Liquidity and capital resources."Contractual obligations See Note 7. Leases and Note 13. Commitments and Contingencies of the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details. Critical Accounting Policies and Estimates Our consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ materially from those estimates. Our critical accounting policies requiring estimates, assumptions and judgments that we believe have the most significant impact on our consolidated financial statements are described below. RevenueNature of Products and Services We generate substantially all of our revenue from the sale of Sonos speakers and Sonos system products. We also generate a portion of revenue from partner products and other revenue sources, such as architectural speakers from our Sonance partnership, and accessories such as speaker stands and wall mounts, as well as professional services, advertising revenue, licensing and subscription revenue such as Sonos Radio HD and Sonos Pro (software-as-a-service). Our contracts generally include a combination of products and related software, and services. Products and related software primarily constitute Sonos speakers and Sonos system products and include software that enables our products to operate over a customer's wireless network as well as connect to various third-party services, including music and voice. Additionally, module revenue includes hardware and embedded software that is integrated into final products that are manufactured and sold by our partners. Service revenue includes revenue allocated to (i) unspecified software upgrades and (ii) cloud-based services that enable products to access third-party music and voice assistant platforms. Unspecified software upgrades have historically included updates and enhancements such as bug fixes, feature enhancements and updates to the ability to connect to third-party music or voice assistant platforms. Performance ObligationsDetermining whether products and services are considered distinct performance obligations that should be accounted for separately requires significant judgment. We have determined that products and related software represent a single performance obligation. The basis of our determination is these products are highly dependent on, and interrelated with, the embedded software and cannot function as they are intended without the software. We determined that unspecified software upgrades represent a separate performance obligation as they occur subsequent to the time of purchase, fulfillment of these promises can be made separately, there are no resulting significant modification or customization to our products, and these services are provided to customers at no additional charge. We have also determined cloud-based services to be a separate performance obligation based as they are additive to our products rather than transformative. Transaction priceRevenue is recognized at transaction price which is the amount that we expect to receive in exchange for our products and services. Transaction price is calculated as the stated consideration net of variable consideration such as allowances for returns, discounts, sales incentives, and any tax collected from customers. The transaction price is allocated to the separate performance obligations in the contract based on relative standalone selling prices ("SSPs"). We estimate SSP for items that are not sold separately, which include the products and related software, unspecified software upgrades and cloud services, using information that may include competitive pricing information, where available, as well as analysis of the cost of providing the products or services plus a reasonable margin. In developing SSP estimates, we also consider the nature of the products and services and the expected level of future services. We offer sales incentives through various programs, consisting primarily of discounts, cooperative advertising and market development fund programs. Reductions in revenue related to discounts are allocated to products and services on a relative basis based on their respective SSP. Estimates for sales incentives are developed using the most likely amount based on our past experience with 33Table of contentssimilar contracts and are included in the transaction price to the extent that a significant reversal of revenue would not result once the uncertainty is resolved. We accept returns from direct customers and from certain resellers. To establish an estimate for returns, we use the expected value method by considering a portfolio of contracts with similar characteristics to calculate the historical returns rate. A change in contract, future business initiatives, or customer behavior due to macroeconomic conditions could require us to change the above estimates, or if actual results differ significantly from the estimates, we would be required to increase or reduce revenue to reflect the impact. Revenue Recognition Revenue is allocated to products and related software, and to unspecified software upgrades and cloud-based services. Revenue allocated to the products and related software is the substantial portion of the total sale price. Revenue for products and related software is recognized at the point in time when control is transferred to the customer, which is either upon shipment or upon delivery to the customer, depending on delivery terms. Revenue allocated to unspecified software upgrades and cloud-based services is deferred and recognized ratably over our best estimate of the period that the customer is expected to receive the services. Determining the revenue recognition period for unspecified software upgrades and cloud services requires judgment. In developing the estimated period of providing future services, we consider our past history, our plans to continue to provide services, including plans to continue to support updates and enhancements to prior versions of our products, expected technological developments, obsolescence, competition and other factors. The estimated service period may change in the future in response to competition, technology developments and our business strategy. For fiscal 2024, there has not been any event that would require us to materially change the underlying assumptions of revenue estimates. A hypothetical 10% change to our SSP estimates and/or the estimated recognition period for unspecified software upgrades and cloud-based services, would not result in a material change to our fiscal 2024 revenue. InventoriesInventory consists of finished goods and component parts, which we purchase from contract manufacturers and component suppliers. We record and value our inventory at the lower-of-cost and net realizable value. We determine cost using a standard costing method, which approximates first-in first-out. On a quarterly basis, we assess the value of our inventory on hand and non-cancelable purchase commitments for potential excess and/or obsolete inventory and will periodically write down the value to account for estimated excess and/or obsolete inventory. We determine excess or obsolete inventory based on market conditions, age/condition of inventory, an estimate of the future demand for our products within a specified time horizon, generally the shorter of 24 months or remaining life of the product, and product life cycle status. Inventory write-downs and losses on purchase commitments are recorded as a component of cost of revenue in our consolidated statement of operations and comprehensive income (loss). If actual demand is lower than our forecasted demand, we could be required to write down the value of additional inventory, which would have a negative effect on our gross profit. A hypothetical 10% change to our inventory reserves percentages would not result in a material change to our fiscal 2024 cost of revenue. Income TaxesOur income tax expense, deferred tax assets and liabilities, and liabilities for unrecognized tax benefits reflect our best estimate of current and future taxes to be paid. Significant judgments and estimates are required in the determination of the consolidated income tax expense. We prepare and file income tax returns based on our interpretation of each jurisdiction's tax laws and regulations. In preparing our consolidated financial statements, we estimate our income tax liability in each of the jurisdictions in which we operate by estimating our actual current tax expense together with assessing temporary differences resulting from differing treatment of items for tax and financial reporting purposes. These differences result in deferred tax assets and liabilities, which are included in our consolidated balance sheets. Significant management judgment is required in assessing the realizability of our deferred tax assets. In performing this assessment, we consider whether it is "more-likely-than-not" that some portion or all the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. In making this determination, we consider the scheduled reversal of deferred tax liabilities, projected future taxable income and the effects of tax planning strategies. We recorded a valuation allowance against all our U.S. deferred tax assets as of September 28, 2024. We intend to continue maintaining a full valuation allowance on our U.S. deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances. We account for uncertain tax positions using a "more-likely-than-not" threshold for recognizing and resolving uncertain tax positions. We evaluate uncertain tax positions on a quarterly basis and consider various factors, that include, but are not limited to, changes in tax law, the measurement of tax positions taken or expected to be taken in tax returns, the effective settlement of matters subject to audit, information obtained during in process audit activities and changes in facts or circumstances related to a tax position. We accrue for potential interest and penalties related to unrecognized tax benefits in income tax expense. Changes in the recognition 34Table of contentsm measurement of uncertain tax positions could result in material increases or decreases in our income tax expense in the period in which we make the change, which could have a material impact on our effective tax rate and operating results. Our policy with respect to the undistributed earnings of our non-U.S. subsidiaries is to maintain an indefinite reinvestment assertion as they are required to fund needs outside of the United States. This assertion is made on a jurisdiction by jurisdiction basis and takes into account the liquidity requirements in both the United States and of our foreign subsidiaries. Item 7A. Quantitative and Qualitative Disclosures About Market RiskWe are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate and foreign currency risks as follows: Interest Rate Risk As of September 28, 2024, we had cash and cash equivalents of \$169.7 million, which consisted primarily of cash on hand, money market fund investments, and bank deposits. Additionally, we held \$51.4 million in marketable securities, consisting of U.S. Treasury securities. Such interest-earning instruments carry a degree of interest rate risk due to floating interest rates. To date, we have not been exposed, nor do we anticipate being exposed, to material risks due to changes in interest rates. A hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on our consolidated financial statements. Foreign Currency Risk Our inventory purchases are primarily denominated in U.S. dollars. Our international sales are primarily denominated in foreign currencies and any movement in the exchange rate between the U.S. dollar and the currencies in which we conduct sales in foreign countries could have an impact on our revenue, principally for sales denominated in the euro and the British pound. A portion of our operating expenses are incurred outside the United States and are denominated in foreign currencies, which are also subject to foreign currency exchange rate fluctuations. In certain countries where we may invoice customers in the local currency our revenues benefit from a weaker dollar and are adversely affected by a stronger dollar. The opposite impact occurs in countries where we record expenses in local currencies. In those cases, our

costs and expenses benefit from a stronger dollar and are adversely affected by a weaker dollar. We have not entered into any material foreign exchange contracts or derivatives to hedge any foreign currency exposures. The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy. Our continued international expansion increases our exposure to exchange rate fluctuations and, as a result, such fluctuations could have a significant impact on our future results of operations. We recognized net gains from foreign currency of \$9.1 million, and \$13.7 million, in fiscal 2024 and 2023, respectively, and a net loss from foreign currency of \$21.9 million in fiscal 2022. Based on transactions denominated in currencies other than respective functional currencies as of September 28, 2024, a hypothetical adverse change of 10% would have resulted in an adverse impact on loss before provision for income taxes of approximately \$19.5 million for the fiscal year ended 2024. Recent Accounting Pronouncements See Note 2. Summary of Significant Accounting Policies of the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for a discussion of recent accounting pronouncements. 35Table of contentsItem 8. Financial Statements and Supplementary DataIndex to Consolidated Financial StatementsPageReport of Independent Registered Public Accounting Firm (PCAOB ID: 238)37Consolidated Balance Sheets39Consolidated Statements of Operations and Comprehensive Income (Loss)40Consolidated Statements of Stockholders' Equity41Consolidated Statements of Cash Flows42Notes to Consolidated Financial Statements4336Table of contentsReport of Independent Registered Public Accounting Firm To the Board of Directors and Stockholders of Sonos, Inc. Opinions on the Financial Statements and Internal Control over Financial ReportingWe have audited the accompanying consolidated balance sheets of Sonos, Inc. and its subsidiaries (the "Company") as of September 28, 2024 and September 30, 2023, and the related consolidated statements of operations and comprehensive income (loss), of stockholders' equity and of cash flows for each of the three years in the period ended September 28, 2024, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of September 28, 2024, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 28, 2024 and September 30, 2023, and the results of its operations and its cash flows for each of the three years in the period ended September 28, 2024 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 28, 2024, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO. Basis for OpinionsThe Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions. Definition and Limitations of Internal Control over Financial ReportingA 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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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. Critical Audit MattersThe critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The 37Table of contentscommunication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates. Revenue Recognition<sup>46</sup> Estimates of Standalone Selling Price and Service Period for Unspecified Software Upgrades and Cloud-Based ServicesAs described in Notes 2 and 6 to the consolidated financial statements, the Company's contracts with customers generally contain promises to transfer products and services which are not sold separately. Service revenue includes revenue allocated to (i) unspecified software upgrades and (ii) cloud-based services, which are each distinct performance obligations, based on relative standalone selling price. Management's estimation of standalone selling price requires judgment. Management has disclosed factors considered in estimating standalone selling price including competitive pricing information, where available, analyses of the cost of providing the products or services plus a reasonable gross margin, the nature of the products and services and the expected level of future services. Determining the revenue recognition period for unspecified software upgrades and cloud-based services also requires judgment. Management recognizes revenue attributable to these performance obligations ratably over the estimated service period. In developing the estimated service period over which to recognize service revenue, management considers past history, plans to continue to provide services, including plans to continue to support updates and enhancements to prior versions of the Company's products, expected technological developments, obsolescence, competition and other factors. Deferred revenue primarily relates to unspecified software upgrades and cloud-based services and was \$81.5 million as of September 28, 2024. The principal considerations for our determination that performing procedures relating to revenue recognition, specifically estimates of standalone selling price and service period for unspecified software upgrades and cloud-based services, is a critical audit matter are the significant judgment by management in estimating the standalone selling price and the service period, which in turn led to significant auditor judgment, subjectivity, and audit effort in performing procedures and evaluating audit evidence relating to (i) management's estimates of standalone selling price by considering estimates of the cost of providing the services plus a reasonable gross margin, and (ii) management's estimates of service period by considering management's plans to continue to support updates and enhancements to prior versions of the Company's products. Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including over the estimation of the standalone selling prices and service period for unspecified software upgrades and cloud-based services. The procedures also included, among others, testing management's process for estimating the standalone selling price and service period. Procedures to test management's process for estimating standalone selling price included (i) evaluating the appropriateness of management's cost plus gross margin method of estimating standalone selling price; (ii) comparing the estimate of standalone selling price to competitive pricing information for comparable services using publicly disclosed information; (iii) evaluating the reasonableness of estimates of the cost of providing the services; and (iv) evaluating the reasonableness of gross margins. Evaluating the reasonableness of estimates of the cost of providing the services involved (i) testing the allocation of engineering costs, which is driven by time spent on software upgrades and cloud-based services and (ii) testing the completeness, accuracy, relevance, and classification of the engineering costs. Evaluating the reasonableness of gross margins involved comparing management's gross margin to the gross margin earned for similar services by third party peer companies within the same industry. Procedures performed to test management's process for estimating the service period for these services included (i) testing the completeness and accuracy of underlying data and (ii) evaluating the reasonableness of management's plans to continue to support updates and enhancements to prior versions of the Company's products through a look-back analysis performed using historical software updates, as well as considering currently active products receiving software updates./s/ PricewaterhouseCoopers LLP Los Angeles, California November 15, 2024 We have served as the Company's auditor since 2011, which includes periods before the Company became subject to SEC reporting requirements. 38Table of contentsSONOS, INC. Consolidated Balance Sheets (in thousands, except share and par values) As of September 28, 2024 September 30, 2023 Assets Current assets: Cash and cash equivalents \$169,732<sup>47</sup> \$220,231<sup>48</sup> Marketable securities 51,426<sup>49</sup> Accounts receivable, net of allowances of \$51,741 and \$31,786 as of September 28, 2024, and September 30, 2023, respectively 44,513<sup>50</sup> 67,583<sup>51</sup> Inventories 231,505<sup>52</sup> 346,521<sup>53</sup> Prepaid and other current assets 53,910<sup>54</sup> 25,296<sup>55</sup> Total current assets 551,086<sup>56</sup> 659,631<sup>57</sup> Property and equipment, net 102,148<sup>58</sup> 87,075<sup>59</sup> Operating lease right-of-use assets 50,175<sup>60</sup> 48,918<sup>61</sup> Goodwill 82,854<sup>62</sup> 80,420<sup>63</sup> Intangible assets, net: In-process research and development 73,770<sup>64</sup> 69,791<sup>65</sup> Other intangible assets 14,266<sup>66</sup> 20,218<sup>67</sup> Deferred tax assets 10,314<sup>68</sup> 1,659<sup>69</sup> Other noncurrent assets 31,699<sup>70</sup> 34,529<sup>71</sup> Total assets \$916,312<sup>72</sup> \$1,002,241<sup>73</sup> Liabilities and stockholders' equity Current liabilities: Accounts payable \$194,590<sup>74</sup> \$187,981<sup>75</sup> Accrued expenses 87,783<sup>76</sup> 89,717<sup>77</sup> Accrued compensation 15,701<sup>78</sup> 22,079<sup>79</sup> Deferred revenue, current 21,802<sup>80</sup> 20,188<sup>81</sup> Other current liabilities 46,277<sup>82</sup> 34,253<sup>83</sup> Total current liabilities 366,153<sup>84</sup> 354,218<sup>85</sup> Operating lease liabilities, noncurrent 56,588<sup>86</sup> 54,956<sup>87</sup> Deferred revenue, noncurrent 61,075<sup>88</sup> 60,650<sup>89</sup> Deferred tax liabilities 60<sup>90</sup> 9,846<sup>91</sup> Other noncurrent liabilities 3,816<sup>92</sup> 3,914<sup>93</sup> Total liabilities 56,588<sup>94</sup> 54,956<sup>95</sup> Deferred revenue, noncurrent 61,075<sup>96</sup> 60,650<sup>97</sup> Deferred tax liabilities 60<sup>98</sup> 9,846<sup>99</sup> Other noncurrent liabilities 3,816<sup>100</sup> 3,914<sup>101</sup> Total liabilities and stockholders' equity: Common stock, \$0.001 par value; 500,000,000 shares authorized, 123,046,510 and 130,399,940 shares issued, 121,763,776 and 125,113,916 shares outstanding as of September 28, 2024, and September 30, 2023, respectively 123<sup>102</sup> 130<sup>103</sup> Treasury stock, 1,282,734 and 5,286,024 shares at cost as of September 28, 2024 and September 30, 2023, respectively (17,096)<sup>104</sup> (72,586)<sup>105</sup> Additional paid-in capital 498,245<sup>106</sup> 607,345<sup>107</sup> Accumulated deficit (50,934)<sup>108</sup> (12,788)<sup>109</sup> Accumulated other comprehensive loss (1,718)<sup>110</sup> (3,444)<sup>111</sup> Total stockholders' equity 428,620<sup>112</sup> 518,657<sup>113</sup> Total liabilities and stockholders' equity \$916,312<sup>114</sup> \$1,002,241<sup>115</sup> The accompanying notes are an integral part of these consolidated financial statements. 39Table of contentsSONOS, INC. Consolidated Statements of Operations and Comprehensive Income (Loss) (in thousands, except share and per share data) Year Ended September 28, 2024 September 30, 2023 October 1, 2022 Revenue \$1,518,095<sup>116</sup> \$1,655,255<sup>117</sup> \$1,752,336<sup>118</sup> Cost of revenue 828,683<sup>119</sup> 938,765<sup>120</sup> 955,969<sup>121</sup> Gross profit 689,373<sup>121</sup> 716,490<sup>122</sup> 796,367<sup>123</sup> Operating expenses: Research and development 304,558<sup>124</sup> 301,001<sup>125</sup> 256,073<sup>126</sup> Sales and marketing 290,609<sup>127</sup> 267,518<sup>128</sup> 280,333<sup>129</sup> General and administrative 142,252<sup>130</sup> 168,518<sup>131</sup> 170,429<sup>132</sup> Total operating expenses 737,419<sup>133</sup> 737,037<sup>134</sup> 706,835<sup>135</sup> Operating income (loss) (48,046)<sup>136</sup> (20,547)<sup>137</sup> 89,532<sup>138</sup> Other income (expense), net 10,955<sup>139</sup> 16,473<sup>140</sup> (21,905)<sup>141</sup> Total other income (expense), net 20,895<sup>142</sup> 24,941<sup>143</sup> (20,802)<sup>144</sup> Income (loss) before provision for income taxes (27,151)<sup>145</sup> 394<sup>146</sup> 68,730<sup>147</sup> Provision for income taxes 10,995<sup>148</sup> 14,668<sup>149</sup> 1,347<sup>150</sup> Net income (loss) \$(38,146)<sup>151</sup> \$(10,274)<sup>152</sup> \$67,383<sup>153</sup> Net income (loss) attributable to common stockholders: Basic and diluted \$(38,146)<sup>154</sup> \$(10,274)<sup>155</sup> \$67,383<sup>156</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>157</sup> \$(0.08)<sup>158</sup> \$0.53<sup>159</sup> Diluted \$(0.31)<sup>160</sup> \$(0.08)<sup>161</sup> \$0.49<sup>162</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>163</sup> \$(0.08)<sup>164</sup> \$0.53<sup>165</sup> Diluted \$(0.31)<sup>166</sup> \$(0.08)<sup>167</sup> \$0.49<sup>168</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>169</sup> \$(0.08)<sup>170</sup> \$0.53<sup>171</sup> Diluted \$(0.31)<sup>172</sup> \$(0.08)<sup>173</sup> \$0.49<sup>174</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>175</sup> \$(0.08)<sup>176</sup> \$0.53<sup>177</sup> Diluted \$(0.31)<sup>178</sup> \$(0.08)<sup>179</sup> \$0.49<sup>180</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>181</sup> \$(0.08)<sup>182</sup> \$0.53<sup>183</sup> Diluted \$(0.31)<sup>184</sup> \$(0.08)<sup>185</sup> \$0.49<sup>186</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>187</sup> \$(0.08)<sup>188</sup> \$0.53<sup>189</sup> Diluted \$(0.31)<sup>190</sup> \$(0.08)<sup>191</sup> \$0.49<sup>192</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>193</sup> \$(0.08)<sup>194</sup> \$0.53<sup>195</sup> Diluted \$(0.31)<sup>196</sup> \$(0.08)<sup>197</sup> \$0.49<sup>198</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>199</sup> \$(0.08)<sup>200</sup> \$0.53<sup>201</sup> Diluted \$(0.31)<sup>202</sup> \$(0.08)<sup>203</sup> \$0.49<sup>204</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>205</sup> \$(0.08)<sup>206</sup> \$0.53<sup>207</sup> Diluted \$(0.31)<sup>208</sup> \$(0.08)<sup>209</sup> \$0.49<sup>210</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>211</sup> \$(0.08)<sup>212</sup> \$0.53<sup>213</sup> Diluted \$(0.31)<sup>214</sup> \$(0.08)<sup>215</sup> \$0.49<sup>216</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>217</sup> \$(0.08)<sup>218</sup> \$0.53<sup>219</sup> Diluted \$(0.31)<sup>220</sup> \$(0.08)<sup>221</sup> \$0.49<sup>222</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>223</sup> \$(0.08)<sup>224</sup> \$0.53<sup>225</sup> Diluted \$(0.31)<sup>226</sup> \$(0.08)<sup>227</sup> \$0.49<sup>228</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>229</sup> \$(0.08)<sup>230</sup> \$0.53<sup>231</sup> Diluted \$(0.31)<sup>232</sup> \$(0.08)<sup>233</sup> \$0.49<sup>234</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>235</sup> \$(0.08)<sup>236</sup> \$0.53<sup>237</sup> Diluted \$(0.31)<sup>238</sup> \$(0.08)<sup>239</sup> \$0.49<sup>240</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>241</sup> \$(0.08)<sup>242</sup> \$0.53<sup>243</sup> Diluted \$(0.31)<sup>244</sup> \$(0.08)<sup>245</sup> \$0.49<sup>246</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>247</sup> \$(0.08)<sup>248</sup> \$0.53<sup>249</sup> Diluted \$(0.31)<sup>250</sup> \$(0.08)<sup>251</sup> \$0.49<sup>252</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>253</sup> \$(0.08)<sup>254</sup> \$0.53<sup>255</sup> Diluted \$(0.31)<sup>256</sup> \$(0.08)<sup>257</sup> \$0.49<sup>258</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>259</sup> \$(0.08)<sup>260</sup> \$0.53<sup>261</sup> Diluted \$(0.31)<sup>262</sup> \$(0.08)<sup>263</sup> \$0.49<sup>264</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>265</sup> \$(0.08)<sup>266</sup> \$0.53<sup>267</sup> Diluted \$(0.31)<sup>268</sup> \$(0.08)<sup>269</sup> \$0.49<sup>270</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>271</sup> \$(0.08)<sup>272</sup> \$0.53<sup>273</sup> Diluted \$(0.31)<sup>274</sup> \$(0.08)<sup>275</sup> \$0.49<sup>276</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>277</sup> \$(0.08)<sup>278</sup> \$0.53<sup>279</sup> Diluted \$(0.31)<sup>280</sup> \$(0.08)<sup>281</sup> \$0.49<sup>282</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>283</sup> \$(0.08)<sup>284</sup> \$0.53<sup>285</sup> Diluted \$(0.31)<sup>286</sup> \$(0.08)<sup>287</sup> \$0.49<sup>288</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>289</sup> \$(0.08)<sup>290</sup> \$0.53<sup>291</sup> Diluted \$(0.31)<sup>292</sup> \$(0.08)<sup>293</sup> \$0.49<sup>294</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>295</sup> \$(0.08)<sup>296</sup> \$0.53<sup>297</sup> Diluted \$(0.31)<sup>298</sup> \$(0.08)<sup>299</sup> \$0.49<sup>300</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>301</sup> \$(0.08)<sup>302</sup> \$0.53<sup>303</sup> Diluted \$(0.31)<sup>304</sup> \$(0.08)<sup>305</sup> \$0.49<sup>306</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>307</sup> \$(0.08)<sup>308</sup> \$0.53<sup>309</sup> Diluted \$(0.31)<sup>310</sup> \$(0.08)<sup>311</sup> \$0.49<sup>312</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>313</sup> \$(0.08)<sup>314</sup> \$0.53<sup>315</sup> Diluted \$(0.31)<sup>316</sup> \$(0.08)<sup>317</sup> \$0.49<sup>318</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>319</sup> \$(0.08)<sup>320</sup> \$0.53<sup>321</sup> Diluted \$(0.31)<sup>322</sup> \$(0.08)<sup>323</sup> \$0.49<sup>324</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>325</sup> \$(0.08)<sup>326</sup> \$0.53<sup>327</sup> Diluted \$(0.31)<sup>328</sup> \$(0.08)<sup>329</sup> \$0.49<sup>330</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>331</sup> \$(0.08)<sup>332</sup> \$0.53<sup>333</sup> Diluted \$(0.31)<sup>334</sup> \$(0.08)<sup>335</sup> \$0.49<sup>336</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>337</sup> \$(0.08)<sup>338</sup> \$0.53<sup>339</sup> Diluted \$(0.31)<sup>340</sup> \$(0.08)<sup>341</sup> \$0.49<sup>342</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>343</sup> \$(0.08)<sup>344</sup> \$0.53<sup>345</sup> Diluted \$(0.31)<sup>346</sup> \$(0.08)<sup>347</sup> \$0.49<sup>348</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>349</sup> \$(0.08)<sup>350</sup> \$0.53<sup>351</sup> Diluted \$(0.31)<sup>352</sup> \$(0.08)<sup>353</sup> \$0.49<sup>354</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>355</sup> \$(0.08)<sup>356</sup> \$0.53<sup>357</sup> Diluted \$(0.31)<sup>358</sup> \$(0.08)<sup>359</sup> \$0.49<sup>360</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>361</sup> \$(0.08)<sup>362</sup> \$0.53<sup>363</sup> Diluted \$(0.31)<sup>364</sup> \$(0.08)<sup>365</sup> \$0.49<sup>366</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>367</sup> \$(0.08)<sup>368</sup> \$0.53<sup>369</sup> Diluted \$(0.31)<sup>370</sup> \$(0.08)<sup>371</sup> \$0.49<sup>372</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>373</sup> \$(0.08)<sup>374</sup> \$0.53<sup>375</sup> Diluted \$(0.31)<sup>376</sup> \$(0.08)<sup>377</sup> \$0.49<sup>378</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>379</sup> \$(0.08)<sup>380</sup> \$0.53<sup>381</sup> Diluted \$(0.31)<sup>382</sup> \$(0.08)<sup>383</sup> \$0.49<sup>384</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>385</sup> \$(0.08)<sup>386</sup> \$0.53<sup>387</sup> Diluted \$(0.31)<sup>388</sup> \$(0.08)<sup>389</sup> \$0.49<sup>390</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>391</sup> \$(0.08)<sup>392</sup> \$0.53<sup>393</sup> Diluted \$(0.31)<sup>394</sup> \$(0.08)<sup>395</sup> \$0.49<sup>396</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>397</sup> \$(0.08)<sup>398</sup> \$0.53<sup>399</sup> Diluted \$(0.31)<sup>390</sup> \$(0.08)<sup>391</sup> \$0.49<sup>392</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>393</sup> \$(0.08)<sup>394</sup> \$0.53<sup>395</sup> Diluted \$(0.31)<sup>396</sup> \$(0.08)<sup>397</sup> \$0.49<sup>398</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>399</sup> \$(0.08)<sup>400</sup> \$0.53<sup>401</sup> Diluted \$(0.31)<sup>402</sup> \$(0.08)<sup>403</sup> \$0.49<sup>404</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>405</sup> \$(0.08)<sup>406</sup> \$0.53<sup>407</sup> Diluted \$(0.31)<sup>408</sup> \$(0.08)<sup>409</sup> \$0.49<sup>410</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>411</sup> \$(0.08)<sup>412</sup> \$0.53<sup>413</sup> Diluted \$(0.31)<sup>414</sup> \$(0.08)<sup>415</sup> \$0.49<sup>416</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>417</sup> \$(0.08)<sup>418</sup> \$0.53<sup>419</sup> Diluted \$(0.31)<sup>420</sup> \$(0.08)<sup>421</sup> \$0.49<sup>422</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>423</sup> \$(0.08)<sup>424</sup> \$0.53<sup>425</sup> Diluted \$(0.31)<sup>426</sup> \$(0.08)<sup>427</sup> \$0.49<sup>428</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>429</sup> \$(0.08)<sup>430</sup> \$0.53<sup>431</sup> Diluted \$(0.31)<sup>432</sup> \$(0.08)<sup>433</sup> \$0.49<sup>434</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>435</sup> \$(0.08)<sup>436</sup> \$0.53<sup>437</sup> Diluted \$(0.31)<sup>438</sup> \$(0.08)<sup>439</sup> \$0.49<sup>440</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>441</sup> \$(0.08)<sup>442</sup> \$0.53<sup>443</sup> Diluted \$(0.31)<sup>444</sup> \$(0.08)<sup>445</sup> \$0.49<sup>446</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>447</sup> \$(0.08)<sup>448</sup> \$0.53<sup>449</sup> Diluted \$(0.31)<sup>450</sup> \$(0.08)<sup>451</sup> \$0.49<sup>452</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>453</sup> \$(0.08)<sup>454</sup> \$0.53<sup>455</sup> Diluted \$(0.31)<sup>456</sup> \$(0.08)<sup>457</sup> \$0.49<sup>458</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>459</sup> \$(0.08)<sup>460</sup> \$0.53<sup>461</sup> Diluted \$(0.31)<sup>462</sup> \$(0.08)<sup>463</sup> \$0.49<sup>464</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>465</sup> \$(0.08)<sup>466</sup> \$0.53<sup>467</sup> Diluted \$(0.31)<sup>468</sup> \$(0.08)<sup>469</sup> \$0.49<sup>470</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>471</sup> \$(0.08)<sup>472</sup> \$0.53<sup>473</sup> Diluted \$(0.31)<sup>474</sup> \$(0.08)<sup>475</sup> \$0.49<sup>476</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>477</sup> \$(0.08)<sup>478</sup> \$0.53<sup>479</sup> Diluted \$(0.31)<sup>480</sup> \$(0.08)<sup>481</sup> \$0.49<sup>482</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>483</sup> \$(0.08)<sup>484</sup> \$0.53<sup>485</sup> Diluted \$(0.31)<sup>486</sup> \$(0.08)<sup>487</sup> \$0.49<sup>488</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>489</sup> \$(0.08)<sup>490</sup> \$0.53<sup>491</sup> Diluted \$(0.31)<sup>492</sup> \$(0.08)<sup>493</sup> \$0.49<sup>494</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>495</sup> \$(0.08)<sup>496</sup> \$0.53<sup>497</sup> Diluted \$(0.31)<sup>498</sup> \$(0.08)<sup>499</sup> \$0.49<sup>500</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>501</sup> \$(0.08)<sup>502</sup> \$0.53<sup>503</sup> Diluted \$(0.31)<sup>504</sup> \$(0.08)<sup>505</sup> \$0.49<sup>506</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>507</sup> \$(0.08)<sup>508</sup> \$0.53<sup>509</sup> Diluted \$(0.31)<sup>510</sup> \$(0.08)<sup>511</sup> \$0.49<sup>512</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>513</sup> \$(0.08)<sup>514</sup> \$0.53<sup>515</sup> Diluted \$(0.31)<sup>516</sup> \$(0.08)<sup>517</sup> \$0.49<sup>518</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>519</sup> \$(0.08)<sup>520</sup> \$0.53<sup>521</sup> Diluted \$(0.31)<sup>522</sup> \$(0.08)<sup>523</sup> \$0.49<sup>524</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>525</sup> \$(0.08)<sup>526</sup> \$0.53<sup>527</sup> Diluted \$(0.31)<sup>528</sup> \$(0.08)<sup>529</sup> \$0.49<sup>530</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>531</sup> \$(0.08)<sup>532</sup> \$0.53<sup>533</sup> Diluted \$(0.31)<sup>534</sup> \$(0.08)<sup>535</sup> \$0.49<sup>536</sup> Weighted-average shares used in computing net income (loss) per share attributable to common stockholders: Basic \$0.31<sup>537</sup> \$(0.08)<sup>53</sup>

statements.42Table of contentsSONOS, INC.Notes to Consolidated Financial Statements 1. Business OverviewDescription of Business Sonos, Inc. and its wholly owned subsidiaries (collectively, "Sonos, the Company," "we," "us" or "our") designs, develops, manufactures, and sells audio products and services. The Sonos sound system provides customers with an immersive listening experience created by the design of its speakers and components, a proprietary software platform, and the ability to stream content from a variety of sources over the customer's wireless network or over Bluetooth. The Company's products are sold through third-party physical retailers, including custom installers of home audio systems, e-commerce retailers, and its website [sonos.com](http://sonos.com). The Company's products are distributed in over 60 countries through its wholly owned subsidiaries: Sonos Europe B.V. in the Netherlands, Beijing Sonos Technology Co. Ltd. in China, Sonos Japan GK in Japan, and Sonos Australia Pty Ltd. in Australia.2. Summary of Significant Accounting PoliciesBasis of Presentation and PreparationThe consolidated financial statements, which include the accounts of Sonos, Inc. and its wholly owned subsidiaries, have been prepared in conformity with accounting principles generally accepted in the United States ("U.S. GAAP"). All intercompany accounts and transactions have been eliminated in consolidation. Certain prior period amounts have been reclassified to conform to the current period presentation. The Company operates on a 52-week or 53-week fiscal year ending on the Saturday nearest September 30 each year. The Company's fiscal year is divided into four quarters of 13 weeks, each beginning on a Sunday and containing two 4-week periods followed by a 5-week period. An additional week is included in the fourth fiscal quarter approximately every five years to realign fiscal quarters with calendar quarters. This last occurred in the Company's fiscal year ended October 3, 2020, and will reoccur in the fiscal year ending October 3, 2026. As used in the Annual Report on Form 10-K, "fiscal 2024" refers to the 52-week fiscal year ending September 28, 2024, "fiscal 2023" refers to the 52-week fiscal year ending September 30, 2023, and "fiscal 2022" refers to the 52-week fiscal year ending October 1, 2022. Use of Estimates and JudgmentsThe preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the amounts reported and disclosed in the consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates. For revenue recognition, examples of estimates and judgments include: determining the nature and timing of satisfaction of performance obligations, determining the standalone selling price ("SSP") of performance obligations and estimating variable consideration such as sales incentives and product returns. Additionally, estimates and judgments are made by management for allowances for credit losses, excess and obsolete inventory, loss on purchase commitments, useful lives associated with property and equipment, incremental borrowing rates associated with leases, the recording of and release of valuation allowances with respect to deferred tax assets and uncertain tax positions, impairment of long-lived assets, impairment of goodwill and indefinite-lived intangible assets, warranty, contingencies and valuation and assumptions underlying stock-based compensation and other equity instruments. On an ongoing basis, the Company evaluates its estimates and judgments compared to historical experience and trends that form the basis for making estimates and judgments about the carrying value of assets and liabilities. Comprehensive Income (Loss)Comprehensive income (loss) consists of two components: net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) refers to net gains and losses that are recorded as an element of stockholders' equity but are excluded from net income (loss). The Company's other comprehensive income (loss) consists of net unrealized gains and losses on foreign currency translation adjustments from those subsidiaries not using the U.S. dollar as their functional currency and unrealized gains and losses on marketable securities. Cash and Cash Equivalents Cash equivalents consist of short-term, highly liquid financial instruments with insignificant interest rate risk that are readily convertible to cash and have maturities of three months or less from the date of purchase. As of September 28, 2024, and September 30, 2023, cash equivalents consisted of money market funds, which are recorded at fair value. Marketable SecuritiesThe Company's marketable securities consist of U.S. Treasury securities. Management determines the appropriate classification of its marketable securities at the time of purchase and reevaluates such determination at each balance sheet date. The Company classifies its marketable securities as available-for-sale and reports them at fair value in the consolidated balance sheets. 43Table of contentsSONOS, INC.Notes to Consolidated Financial Statements with unrealized gains and losses recorded in accumulated other comprehensive loss. If securities are sold prior to maturity, the cost of securities sold is based on the specific identification method. Realized gains and losses on the sale of securities are recorded in other income (expense), net in the consolidated statements of operations and comprehensive income (loss). Classification of the Company's marketable securities in the consolidated balance sheets is based on each instrument's underlying contractual maturity date. Securities with an original maturity of three months or less at time of purchase are recorded in cash and cash equivalents. Securities with an original maturity of greater than three months but less than one year are recorded in marketable securities. For securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more-likely-than-not that it will be required to sell, the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through earnings. For securities that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, the Company considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security is compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in accumulated other comprehensive loss in the consolidated balance sheets. The Company has elected the practical expedient to exclude the applicable accrued interest from both the fair value and the amortized cost basis of its marketable securities for the purpose of identifying and measuring impairment. The Company presents accrued interest receivable related to its marketable securities in prepaid and other current assets, separate from marketable securities, on its consolidated balance sheets. The Company's accounting policy is to not measure an allowance for credit losses for accrued interest receivable and to write-off any uncollectible accrued interest receivable as a reversal of interest income in a timely manner, which it considers to be in the period in which it determines the accrued interest will not be collected. Accounts ReceivableAccounts receivable are recorded at the invoiced amount less allowances for credit losses and sales incentives, do not require collateral and do not bear interest. The allowance for credit losses is established through a provision for net bad debt expense which is recorded in general and administrative expense in the consolidated statements of operations and comprehensive income (loss). The Company determines the adequacy of the allowance for credit losses by evaluating the collectability of accounts, including consideration of the age of invoices, each customer's expected ability to pay and collection history, customer-specific information, and current economic conditions that may impact the customer's ability to pay. This estimate is periodically adjusted as a result of the aforementioned process, or when the Company becomes aware of a specific customer's inability to meet its financial obligations. Concentration of Credit Risk Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents, marketable securities, and accounts receivable. The Company maintains cash and cash equivalents and marketable securities in several high-quality financial institutions. Cash and cash equivalents held at these banks, including those held in foreign branches of global banks, may exceed the amount of insurance provided on such deposits. These deposits may be redeemed upon demand, and management believes that the financial institutions that hold the Company's cash and cash equivalents are financially sound and, accordingly, minimal credit risk exists with respect to cash. The Company has not experienced any losses in such accounts. As of September 28, 2024, and September 30, 2023, the Company's customers that accounted for 10% or more of total accounts receivable, net, were as follows: September 28, 2024September 30, 2023Customer A31A %32A %Customer B20A \*\*\*Accounts receivable was less than 10%44Table of contentsSONOS, INC.Notes to Consolidated Financial StatementsThe Company's customer that accounted for 10% or more of total revenue were as follows: Year Ended September 28, 2024September 30, 2023October 1, 2022Customer A16A %17A %15A %InventoriesInventories primarily consist of finished goods and component parts, which are purchased from contract manufacturers and component suppliers. Inventories are stated at the lower of cost and net realizable value. Cost is determined using a standard costing method, which approximates first-in first-out. Inventory costs primarily consist of materials, inbound freight, import duties, tariffs, direct labor and manufacturing overhead, logistics, and other handling fees. The Company assesses the valuation of inventory balances including an analysis of determine potential excess and/or obsolete inventory. The Company may be required to write down the value of inventory if estimates of future demand and market conditions indicate excess and/or obsolete inventory. Inventory write-downs and losses on purchase commitments are recorded as a component of cost of revenue in the consolidated statements of operations and comprehensive income (loss). Losses related to purchase commitments for the fiscal year ended September 28, 2024, were not material, and were \$14.7 million, for the fiscal year ended September 30, 2023. Ownership of inventory transfers to the Company based on contractual terms with its contract manufacturers. Property and Equipment, NetProperty and equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets as follows: Computer hardware, equipment, and software 3 yearsFurniture and fixtures 5 yearsTooling and production line test equipment 2-4 yearsLeasehold improvements 2-15 yearsProduct displays 1-4 yearsCosts incurred to improve leased office space are capitalized. Leasehold improvements are amortized on a straight-line basis over the shorter of the term of the lease or the estimated useful life of the improvement. Expenditures for major renewals and improvements that extend the useful lives of property and equipment are capitalized. Maintenance, repair costs and gains or losses associated with disposals are charged to expense as incurred. Product displays are deployed at retail locations. Because the product displays facilitate marketing of the Company's products within the retail stores, depreciation for product displays is recorded in sales and marketing expenses in the consolidated statements of operations and comprehensive income (loss).Cloud Computing Arrangements The Company incurs costs to implement cloud computing arrangements that are hosted by a third-party vendor. For cloud computing arrangements that do not include a software license, implementation costs incurred during the application development stage are capitalized until the software is ready for its intended use. The costs are then amortized on a straight-line basis over the term of the associated hosting arrangement and are recognized as an operating expense within the consolidated statements of operations and comprehensive income (loss). Capitalized costs related to cloud computing arrangements, net of accumulated amortization, are reported as a component of other noncurrent assets on the Company's consolidated balance sheets. Impairment of Goodwill and Indefinite-lived Intangible AssetsGoodwill and indefinite-lived intangible assets are not amortized and are tested for impairment on an annual basis during the third quarter of each fiscal year or between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit or asset below its carrying value. In connection with the Company's evaluation of goodwill impairment, the Company performs a qualitative assessment to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the qualitative assessment is not conclusive, the Company tests goodwill for impairment, including comparing the fair value of the reporting unit to its carrying value (including attributable goodwill). The Company determines fair value of its reporting unit using an income or market approach incorporating market participant considerations and management's assumptions on revenue growth rates, operating margins, discount rates and expected capital expenditures. Fair value determinations may include both internal and third-party valuations. 45Table of contentsSONOS, INC.Notes to Consolidated Financial StatementsIn connection with the Company's evaluation of indefinite-lived intangible asset impairment, the Company performs a qualitative assessment to determine if it is more likely than not that the fair value of the asset is less than its carrying amount. If the qualitative assessment is not conclusive, the Company proceeds to test for impairment by comparing the fair value of the asset to the carrying value. Fair value is determined based on estimated discounted future cash flow analyses that include significant management assumptions such as revenue growth rates, weighted-average costs of capital and assumed royalty rates. If the carrying value exceeds fair value, an impairment charge will be recorded to reduce the asset to fair value. For fiscal years 2024, 2023, and 2022, the Company's qualitative assessments identified no factors indicating it was more likely than not that the fair value of the Company's reporting unit and indefinite-lived intangible assets were less than their respective carrying amounts. Therefore, the Company incurred no impairment charges. Impairment of Long-Lived AssetsThe Company evaluates the recoverability of its long-lived assets, which primarily comprises property and equipment and operating lease right-of-use assets, for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Company performs impairment testing at the level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Recoverability is measured by comparing the carrying amounts to the expected future undiscounted cash flows attributable to the assets. If it is determined that an asset may not be recoverable, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded. Fair value is determined based on estimated discounted future cash flows analyses. There were no impairment charges identified on the Company's long-lived assets during fiscal 2024, 2023, and 2022. Product WarrantiesThe Company's products are covered by warranty to be free from defects in material and workmanship for a period of one year, except in the EU and select other countries where the Company provides a minimum two-year warranty, depending on the region. In September 2024, the Company extended the length of warranty by one year, worldwide, for certain products purchased during a specified time period, depending on the country. At the time of sale, an estimate of future warranty costs is recorded as a component of cost of revenue and a warranty liability is recorded for estimated costs to satisfy the warranty obligation. The Company's estimate of costs to fulfill its warranty obligations is based on historical experience and expectations of future costs to repair or replace. Legal ContingenciesIf a potential loss from any claim or legal proceeding is considered probable, and the amount can be reasonably estimated, the Company records a liability for an estimated loss. Legal fees are expensed as incurred and included in general and administrative expenses in the consolidated statements of operations and comprehensive income (loss). See Note 13. Commitments and Contingencies for additional information regarding legal contingencies. Treasury StockThe Company accounts for treasury stock acquisitions using the cost method. The Company accounts for the retirement of treasury stock by deducting its par value from common stock and reflecting any excess of cost over par value as a deduction from additional paid-in capital on the consolidated balance sheets. Fair Value Accounting Assets and liabilities recorded at fair value on the consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:Level 1Input DefinitionLevel 1Quoted prices for identical assets or liabilities in active markets at the measurement date. Level 2Inputs, other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities, in active markets or other inputs that are observable or can be corroborated with market data at the measurement date. Level 3Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. 46Table of contentsSONOS, INC.Notes to Consolidated Financial StatementsForeign CurrencyCertain of the Company's wholly owned subsidiaries have non-U.S. dollar functional currencies. The Company translates assets and liabilities of non-U.S. dollar functional currency subsidiaries into U.S. dollars using exchange rates in effect at the end of each period and stockholders' equity at historical rates. Revenue and expenses for these subsidiaries are translated using rates that approximate those in effect during the period. Gains and losses from translation are recognized in foreign currency translation included in accumulated other comprehensive loss. The Company remeasures monetary assets or liabilities denominated in currencies other than the functional currency using exchange rates prevailing on the balance sheet date, and non-monetary assets and liabilities at historical rates. Foreign currency remeasurement and transaction gains and losses are included in other income (expense), net. Foreign currency remeasurement and transaction gains (losses) are recorded in other income (expense), net as follows: September 28, 2024September 30, 2023October 1, 2022 (In thousands)Foreign currency remeasurement and transaction gains (losses)\$9,062A \$13,674A \$(21,877)Revenue RecognitionRevenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. Revenue is recognized net of allowances for returns, discounts, sales incentives, and any taxes collected from customers. The Company defers a portion of revenue that is allocated to unspecified software upgrades and cloud-based services, as well as for newly launched products sold to resellers not recognized until the date of general availability is reached. The Company's contracts generally include a combination of products and services. Revenue is allocated to distinct performance obligations and is recognized net of allowances for returns, discounts, sales incentives and any taxes collected from customers, which are subsequently remitted to governmental authorities. Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are not considered a separate performance obligation and are accounted for as a fulfillment cost and are included in cost of revenue. Nature of Products and Services Product revenue primarily includes sales of Sonos speakers and Sonos system products, which include software that enables the Company's products to operate over customer's wireless network, as well as connect to various third-party services, including music and voice. The Company also generates a small portion of revenue from Partner products and other revenue sources in connection with partnerships, accessories, professional services, licensing, advertising, and subscription revenue. Revenue for module units is related to hardware and

embedded software that is integrated into final products that are manufactured and sold by the Company's partners. Software primarily consists of firmware embedded in the products and the Sonos app, which is software that can be downloaded to consumer devices at no charge, with or without the purchase of one of the Company's products. Products and related software are accounted for as a single performance obligation and all intended functionality is available to the customer upon purchase. The revenue allocated to the products and related software is the substantial portion of the total sale price. Product revenue is recognized at the point in time when control is transferred, which is either upon shipment or upon delivery to the customer, depending on delivery terms. Service revenue includes revenue allocated to (i) unspecified software upgrades and (ii) cloud-based services that enable products to access third-party music and voice assistant platforms, based on relative standalone selling price, which are each distinct performance obligations and are provided to customers at no additional charge. Unspecified software upgrades are provided on a when-and-if-available basis and have historically included updates and enhancements such as bug fixes, feature enhancements and updates to the ability to connect to third-party music or voice assistant platforms. Service revenue is recognized ratably over the estimated service period. Significant Judgments The Company's contracts with customers generally contain promises to transfer products and services as described above. Determining whether products and services are considered distinct performance obligations that should be accounted for separately requires significant judgment. Determining the SSP for each distinct performance obligation requires judgment. The Company estimates SSP for items that are not sold separately, which include the products and related software, unspecified software upgrades and cloud-based services, using information that may include competitive pricing information, where available, as well as analyses of the cost of providing the products or services plus a reasonable margin. In developing SSP estimates, the Company also considers the nature of the products and services and the expected level of future services. 47 Table of contents SONOS, INC. Notes to Consolidated Financial Statements Determining the revenue recognition period for unspecified software upgrades and cloud-based services also requires judgment. The Company recognizes revenue attributable to these performance obligations ratably over the best estimate of the period that the customer is expected to receive the services. In developing the estimated period of providing future services, the Company considers past history, plans to continue to provide services, including plans to continue to support updates and enhancements to prior versions of the Company's products, expected technological developments, obsolescence, competition and other factors. The estimated service period may change in the future in response to competition, technology developments and the Company's business strategy. The Company offers sales incentives through various programs consisting primarily of discounts, cooperative advertising and market development fund programs. The Company records cooperative advertising and market development fund programs with customers as a reduction to revenue unless it receives a distinct benefit in exchange for credits claimed by the customer and can reasonably estimate the fair value of the benefit received, in which case the Company records it as an expense. The Company recognizes a liability or a reduction to accounts receivable, and reduces revenue based on the estimated amount of sales incentives that will be claimed by customers. Estimates for sales incentives are developed using the most likely amount and are included in the transaction price to the extent that a significant reversal of revenue would not result once the uncertainty is resolved. In developing its estimate, the Company also considers the susceptibility of the incentive to outside influences, the length of time until the uncertainty is resolved and the Company's experience with similar contracts. Reductions in revenue related to discounts are allocated to products and services on a relative basis based on their respective SSP. Judgment is required to determine the timing and amount of recognition of marketing funds which the Company estimates based on past practice of providing similar funds. The Company accepts returns from direct customers and from certain resellers. To establish an estimate for returns, the Company uses the expected value method by considering a portfolio of contracts with similar characteristics to calculate the historical returns rate. When determining the expected value of returns, the Company considers future business initiatives and relevant anticipated future events. Supplier Concentration The Company relies on third parties for the supply and manufacture of its products, as well as third-party logistics providers for the distribution of its products. In instances where these parties fail to perform their obligations, the Company may be unable to find alternative suppliers or satisfactorily deliver its products to customers on time, if at all. During fiscal 2024, 2023 and 2022, approximately 60%, 58% and 57%, respectively, of the Company's finished goods purchased during each year were from one vendor. Deferred Revenue and Payment Terms The Company invoices each order upon hardware shipment or delivery and recognizes revenue for each distinct performance obligation when transfer of control has occurred, which in the case of services, may extend over several reporting periods. Amounts invoiced in advance of revenue recognition are recorded as deferred revenue on the consolidated balance sheets. Deferred revenue primarily relates to revenue allocated to unspecified software upgrades and platform services, as well as for newly launched products sold to resellers not recognized until the date of general availability is reached. General availability deferrals are classified as current deferred revenue as the Company starts shipping the product to the reseller within one month prior to the general availability date. The Company classifies deferred revenue as noncurrent if amounts are expected to be recognized as revenue beyond one year from the balance sheet date. Payment Terms Payment terms and conditions vary among the Company's distribution channels although terms generally include a requirement of payment within 30 days of product shipment. Sales directly to customers from the Company's website are paid at the time of product shipment. Prior to providing payment terms to customers, an evaluation of the customer's credit risk is performed. Contractual allowances are an offset to accounts receivable. Research and Development Research and development expenses consist primarily of personnel-related expenses, consulting and outside professional service costs, tooling and prototype materials and overhead costs. Substantially all of the Company's research and development expenses are related to developing new products and services and improving existing products and services. To date, software development costs have been expensed as incurred because the period between achieving technological feasibility and the release of the software has been short and development costs qualifying for capitalization have been insignificant. In-process research and development ("IPRD") assets represent the fair value of incomplete research and development projects obtained as part of a business combination that have not yet reached technological feasibility and are initially not subject to amortization; rather, these assets are subject to impairment considerations of indefinite-lived intangible assets. Upon completion of development, IPRD assets are considered definite-lived intangible assets, transferred to developed technology and are amortized over their useful lives. If a project were to be abandoned, the IPRD would be considered fully impaired and expensed to research and development. 48 Table of contents SONOS, INC. Notes to Consolidated Financial Statements Advertising Costs Advertising costs are expensed as incurred and included in sales and marketing expenses. Advertising expenses were \$55.8 million, \$43.9 million and \$66.6 million for fiscal 2024, 2023 and 2022, respectively. Restructuring and Related Costs Costs associated with a restructuring plan generally consist of involuntary employee termination benefits, contract termination costs, and other exit-related costs including costs to close facilities. The Company records a liability for involuntary employee termination benefits when management has committed to a plan that establishes the terms of the arrangement and that plan has been communicated to employees. Costs to terminate a contract before the end of the term are recognized on the termination date, and costs that will continue to be incurred in a contract for the remaining term without economic benefit are recognized as of the cease-use date. Restructuring and related costs may also include the write-down of related assets, including operating lease right-of-use assets, when the sale or abandonment of the asset is a direct result of the plan. Other exit-related costs are recognized as incurred. Restructuring and related costs are recognized as an operating expense within the consolidated statements of operations and comprehensive income (loss) and are classified based on the Company's classification policy for each category of operating expense. Stock-Based Compensation The Company measures stock-based compensation cost at fair value on the date of grant. Compensation cost for stock options is recognized, on a straight-line basis, as an expense over the period of vesting as the employee performs the related services, net of estimated forfeitures. The Company estimates the fair value of stock option awards using the Black-Scholes option-pricing model and is based on the Company's closing stock price on the trading day immediately prior to the date of grant. The Company estimates forfeitures based on expected future terminations and will revise rates, as necessary, in subsequent periods if actual forfeitures differ from initial estimates. The fair value of RSUs is based on the Company's closing stock price on the trading day immediately preceding the date of grant. The Company estimates the fair value of performance stock units ("PSU") on the grant date and recognizes compensation expense in the period it becomes probable that performance conditions will be achieved. On a quarterly basis, the Company re-evaluates the assumption of the probability that performance conditions will be satisfied and revises its estimates as appropriate as new or updated information becomes available. Retirement Plans The Company has a defined contribution 401(k) plan (the "401(k) Plan") for the Company's U.S.-based employees, as well as various defined contribution plans for its international employees. Eligible U.S. employees may make tax-deferred contributions under the 401(k) plan, but are limited to the maximum annual dollar amount allowable under the Internal Revenue Code of 1986, as amended (the "Code"). The Company matches contributions towards the 401(k) Plan and international defined contribution plans. The Company's matching contributions totaled \$9.5 million for fiscal 2024 and 2023, respectively, and \$8.2 million for fiscal 2022. Income Taxes The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities and for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the consolidated financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income during the period that includes the enactment date. The Company records a valuation allowance when necessary to reduce its deferred tax assets to amounts that are more likely than not to be realized. In making such a determination, all available positive and negative evidence is considered, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Company determines that it would be able to realize its deferred tax assets in the future in excess of their net recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would result in a benefit to income taxes. The Company records uncertain tax positions in accordance with a two-step process whereby (i) the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (ii) for those tax positions that meet the more likely than not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50% likely to be realized upon ultimate settlement with the related tax authority. The Company includes interest and penalties related to unrecognized tax benefits within the provision for income taxes in the consolidated statements of operations and comprehensive income (loss). The Company has not incurred any interest or penalties related to unrecognized tax benefits in any of the periods presented. The Company's provision for (benefit from) income taxes, deferred tax assets and liabilities, and liabilities for unrecognized tax benefits involves the use of estimates, assumptions and judgments. Although the Company believes its estimates, assumptions and judgments to be reasonable, any changes in tax law or its interpretation of tax laws and the resolutions of potential tax audits could significantly impact the amounts provided for income taxes in the Company's consolidated financial statements. Actual future operating results and the underlying amount and type of income could differ materially from the Company's estimates, assumptions and judgments thereby impacting the Company's financial position and results of operations. Segment Information The Company operates as one operating segment as it only reports aggregate financial information on a consolidated basis, accompanied by disaggregated information about revenue by geographic region and product category to its Chief Executive Officer, who is the Company's chief operating decision maker. Leases The majority of the Company's leases are for its office spaces and facilities, which are accounted for as operating leases. The Company leases office space in California, as well as offices in various locations in the U.S., with additional sales, operations, and research and development offices around the world. The Company determines whether an arrangement is a lease at inception if there is an identified asset, and if it has the right to control the identified asset for a period of time. Some of the Company's leases include options to extend the leases for up to 5 years, and some include options to terminate the leases within 1 year. The Company's lease terms are only for periods in which it has enforceable rights and are impacted by options to extend or terminate the lease only when it is reasonably certain that the Company will exercise the option. For leases with terms greater than 12 months, the Company records the related right-of-use asset and lease obligation at the present value of lease payments over the lease terms. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized on a straight-line basis over the lease term. The Company's leases do not include any residual value guarantees or bargain purchase options. Lease agreements will typically exist with lease and non-lease components, which are accounted for separately. The Company's agreements may contain variable lease payments. The Company includes variable lease payments that depend on an index or a rate and exclude those which depend on facts or circumstances occurring after the commencement date, other than the passage of time. As most of the Company's leases do not contain an implicit interest rate, the Company uses judgment to determine an incremental borrowing rate, which is defined as the rate of interest the Company would have to pay to borrow an amount that is equal to the lease obligations, on a collateralized basis, and over a similar term. The Company takes into consideration the terms of the Company's Credit Facility (as defined in Note 8, Debt), lease terms, and current interest rates to determine the incremental borrowing rate at lease commencement date. At September 28, 2024, the Company's weighted-average discount rate was 5.44%, while the weighted-average remaining lease term was 9.1 years. As part of the supplemental cash flow disclosure, the right-of-use assets obtained in exchange for new operating lease liabilities does not reflect the impact of prepaid or deferred rent. Recent accounting pronouncements pending adoption In December 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This update includes amendments that further enhance income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The amendments are effective for fiscal years beginning after December 15, 2024, with early adoption permitted, and may be applied either prospectively or retrospectively. The Company is currently evaluating the pronouncement to determine the impact it may have on the Company's consolidated financial statements and related disclosures. In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This standard expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. All disclosure requirements under ASU 2023-07 are also required for public entities with a single reportable segment. The amendments are effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments should be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the pronouncement to determine the impact it may have on the Company's consolidated financial statements and related disclosures. 3. Fair Value Measurements The carrying values of the Company's financial instruments, including accounts receivable and accounts payable, approximate their fair values due to the short period of time to maturity or repayment. 50 Table of contents SONOS, INC. Notes to Consolidated Financial Statements The following table summarizes fair value measurements by level for the assets measured at fair value on a recurring basis as of September 28, 2024, and September 30, 2023: September 28, 2024 Level 1 Level 2 Level 3 Total (In thousands) Assets: Cash equivalents: Money market funds \$25,548 Å \$1,426 Å \$26,974 Å 2023 Level 1 Level 2 Level 3 Total (In thousands) Assets: Cash equivalents: Money market funds \$51,522 Å \$1,426 Å \$51,522 Å 4. Financial Instruments As of September 28, 2024, the Company held no securities with original maturities exceeding one year. Realized gains and losses on the sale of securities are recorded in other income (expense), net in the consolidated statements of operations and comprehensive income (loss). The following is a summary of marketable securities as of September 28, 2024 (in thousands): September 28, 2024 Amortized Cost Unrealized Gain Unrealized Loss Estimated Fair Value Marketable securities: U.S. Treasury securities \$51,304 Å \$122 Å \$46 Å \$51,426 Å Total marketable securities \$51,304 Å \$122 Å \$46 Å \$51,426 Å Reported in: Marketable securities \$51,426 Å Total \$51,426 Å The Company held no marketable securities as of September 30, 2023. There were no realized gains or losses on sales of marketable securities during the twelve months ended September 28, 2024. The Company does not intend to sell the securities, and it is more-likely-than-not that it will not be required to sell before recovery of their amortized cost basis. Accordingly, an allowance for credit losses was deemed unnecessary for these securities as of September 28, 2024. Accrued interest receivable related to our marketable securities was nominal as of September 28, 2024. No accrued interest receivables were written off during the twelve months ended September 28, 2024. 51 Table of contents SONOS, INC. Notes to Consolidated Financial Statements 5. Revenue and Geographic Information Disaggregation of Revenue Revenue by geographical region also includes the applicable service revenue for software upgrades and cloud-based services attributable to each region and is based on ship-to address, as is follows: September 28, 2024 September 30, 2023 October 1, 2022 (In thousands) Americas \$1,004,770 Å \$1,048,245 Å \$1,044,113 Å Europe, Middle East and Africa ("EMEA") 430,428 Å 518,179 Å 578,034 Å Asia Pacific ("APAC") 82,858 Å 88,831 Å 130,189 Å Total revenue \$1,518,056 Å \$1,655,255 Å \$1,752,336 Å Revenue is attributed to individual countries based on ship-to address and also includes the applicable service revenue for software upgrades and cloud-based services attributable to each country. Revenue by significant

countries is as follows:September 28, 2024September 30, 2023October 1, 2022(In thousands)United States\$930,286A \$971,151A \$964,118A Other countries\$57,770A 684,104A 788,218A Total revenue\$1,518,056A \$1,655,255A \$1,752,336A Revenue by product category also includes the applicable service revenue for software upgrades and cloud-based services attributable to each product category. In June 2024, the Company introduced its first-ever headphones, Sonos Ace, included within the Sonos speakers category. Revenue by major product category is as follows:September 28, 2024September 30, 2023October 1, 2022(In thousands)Sonos speakers\$1,169,604A \$1,293,440A \$1,368,916A Sonos system products267,744A 285,064A 297,110A Partner products and other revenue80,708A 76,751A 86,310A Total revenue\$1,518,056A \$1,655,255A \$1,752,336A 6. Balance Sheet ComponentsThe following tables show the Company's balance sheet component details.Accounts ReceivableAllowancesThe following table summarizes changes in the allowance for credit losses for fiscal 2024, 2023 and 2022:September 28, 2024September 30, 2023October 1, 2022(In thousands)Beginning balance\$2,711A \$2,744A \$1,547A Increases1,188A 1,561A 2,098A Write-offs(1,280)(1,594)(901)Ending balance\$2,619A \$2,711A \$2,744A 52Table of contentsSONOS, INC.Notes to Consolidated Financial StatementsThe following table summarizes the changes in the allowance for sales incentives for fiscal 2024, 2023 and 2022:September 28, 2024September 30, 2023October 1, 2022(In thousands)Beginning balance\$29,075A \$23,573A \$19,160A Charged to revenue183,144A 139,657A 51,225A Utilization of sales incentive allowance(163,097)(134,155)(46,812)Ending balance\$49,122A \$29,075A \$23,573A InventoriesInventories consist of the following:September 28, 2024September 30, 2023(In thousands)Finished goods\$199,825A \$281,571A Components31,680A 64,950A Inventories\$231,505A \$346,521A The Company writes down inventory as a result of excess and obsolete inventories, or when it believes that the net realizable value of inventories is less than the carrying value. As of September 28, 2024, and September 30, 2023, inventory write-downs were \$33.3 million and \$29.7 million, respectively. Property and Equipment, Net Property and equipment, net consist of the following:September 28, 2024September 30, 2023(In thousands)Tooling and production line test equipment\$106,174A \$108,693A Product displays77,074A 68,771A Leasehold improvements52,112A 53,648A Computer hardware, equipment, and software39,163A 41,679A Furniture and fixtures5,724A 6,971A Total property and equipment\$280,247A 279,762A Accumulated depreciation and amortization(178,099)(192,687)Property and equipment, net\$102,148A \$87,075A Depreciation expense was \$46.4 million, \$42.7 million and \$33.3 million for fiscal 2024, 2023 and 2022, respectively. During fiscal 2024, 2023 and 2022, the Company abandoned and disposed of gross fixed assets of \$59.9 million, \$21.3 million and \$18.9 million, with accumulated depreciation of \$55.5 million, \$21.1 million and \$18.8 million, respectively. Disposals of fixed assets were recorded in operating expenses in the consolidated statements of operations and comprehensive income (loss) and resulted in losses of \$4.4 million for fiscal 2024, and nominal losses for fiscal 2023 and 2022, respectively. 53Table of contentsSONOS, INC.Notes to Consolidated Financial StatementsProperty and equipment, net by country as of September 28, 2024, and September 30, 2023 were as follows:September 28, 2024September 30, 2023(In thousands)China\$31,653A \$32,045A United States32,647A 30,430A Other countries37,848A 24,600A Property and equipment, net\$102,148A \$87,075A GoodwillThe following table presents the changes in carrying amount of goodwill for the fiscal year ended September 28, 2024:(In thousands)Balance as of September 30, 2023\$80,420A Effect of exchange rate changes on goodwill2,434A Balance as of September 28, 2024\$82,854A Intangible AssetsAs part of the acquisition of Mayht Holding BV ("Mayht") in fiscal 2022, the Company recognized \$71.8 million in intangible assets related to in-process research and development activity, which is not subject to amortization for the current period. The following table reflects the changes in the net carrying amount of the components of intangible assets associated with the Company's acquisition activity:September 28, 2024Gross Carrying AmountAccumulated Amortization Foreign Currency Translation Net Carrying ValueWeighted-Average Remaining Life(In thousands, except weighted-average remaining life)Tradename\$451A \$1(188)\$7A \$270A 3.50Technology-based31,480A (17,484)A 13,996A 4.52Total finite-lived intangible assets31,931A (17,672)7A 14,266A 4.51In-process research and development and other intangible assets not subject to amortization73,770A -A -A 73,770A Total intangible assets\$105,701A (\$17,672)7A \$88,036A The following table summarizes the estimated future amortization expense of the Company's intangible assets as September 28, 2024:Fiscal years endingFuture Amortization Expense(In thousands)2025\$3,372A 2026\$3,043A 2027\$3,027A 2028\$2,910A 2029 and thereafter1,914A Total future amortization expense\$14,266A 54Table of contentsSONOS, INC.Notes to Consolidated Financial StatementsCloud Computing ArrangementsCapitalized costs to implement cloud computing arrangements net of accumulated amortization are reported as a component of other noncurrent assets on the Company's consolidated balance sheets and were as follows:September 28, 2024September 30, 2023(In thousands)Cloud computing implementation costs\$25,038A \$24,177A Less: accumulated amortization9,697A 6,207A Cloud computing implementation costs, net\$15,341A \$17,970A Amortization expenses for implementation costs for cloud-based computing arrangements for the twelve months ended September 28, 2024 and September 30, 2023, were \$3.5 million and \$3.7A million, respectively. Accrued Expenses Accrued expenses consisted of the following:September 28, 2024September 30, 2023(In thousands)Accrued inventory and supply chain costs\$34,204A \$48,384A Accrued taxes19,084A 11,410A Accrued advertising and marketing12,893A 13,029A Accrued general and administrative expenses10,870A 9,924A Accrued product development4,338A 4,298A Other accrued payables6,394A 2,672A Total accrued expenses\$87,783A \$89,717A Deferred RevenueAmounts invoiced in advance of revenue recognition are recorded as deferred revenue on the consolidated balance sheets. For the fiscal years ended September 28, 2024, and September 30, 2023, deferred revenue included revenue allocated to unspecified software upgrades and cloud-based services of \$81.5A million and \$80.0A million, respectively, as well as current deferred revenue related to newly launched products sold to resellers not recognized as revenue until the date of general availability was reached.The following table presents the changes in the Company's deferred revenue balances for the fiscal years ended September 28, 2024, September 30, 2023, and October 1, 2022:September 28, 2024September 30, 2023October 1, 2022(In thousands)Deferred revenue, beginning of period\$80,838A \$83,470A \$89,498A Recognition of revenue included in beginning of period deferred revenue(19,111)(27,057)(41,438)Revenue deferred, net of revenue recognized on contracts in the respective period21,150A 24,425A 35,410A Deferred revenue, end of period\$82,877A \$80,838A \$83,470A The Company expects the following recognition of deferred revenue as of September 28, 2024:For the fiscal years ending20252026202720282029 and BeyondTotal(In thousands)Revenue expected to be recognized\$21,802A \$18,007A \$15,318A \$12,241A \$15,509A \$82,877A Other Current LiabilitiesOther current liabilities consist of the following:55Table of contentsSONOS, INC.Notes to Consolidated Financial StatementsSeptember 28, 2024September 30, 2023(In thousands)Reserve for returns\$20,304A \$21,462A Warranty liability10,565A 7,466A Short-term operating lease liabilities7,551A 1,153A Other7,857A 4,172A Total other current liabilities\$46,277A \$34,253A The following table presents the changes in the Company's warranty liability for the fiscal years ended September 28, 2024, and September 30, 2023:September 28, 2024September 30, 2023(In thousands)Warranty liability, beginning of period\$7,466A \$5,771A Provision for warranties issued during the period17,689A 12,517A Settlements of warranty claims during the period(14,590)(10,822)Warranty liability, end of period\$10,565A \$7,466A 7. Leases In July 2023, as part of the Company's ongoing evaluation of real estate needs and overall lease consolidation initiatives, the Company entered into a lease agreement for a new headquarters location for approximately 50,000 square feet of office space located in Goleta, California. The lease expires in May 2031, with no option to extend. The Company took possession of the leased premises in October 2023, resulting in an increase in right-of-use assets and lease liabilities totaling \$7.4 million and \$7.8 million, respectively. The Company relocated to this space on June 20, 2024. The components of lease expense for the fiscal year ended September 28, 2024, was as follows:Year EndedSeptember 28, 2024(In thousands)Operating lease cost\$13,565A Short-term lease cost\$783A Variable lease cost5,193A Total lease cost\$19,631A For the fiscal years ended September 28, 2024, and September 30, 2023, rent expense, including leases for offices and facilities as well as auto leases, was \$14.4 million and \$12.7 million, respectively, and common area maintenance expense was \$5.2 million and \$5.5 million, respectively.The following table summarizes the maturity of lease liabilities under operating leases as of September 28, 2024:Fiscal years endingOperating leases (In thousands)2025\$8,701A 2026\$9,269A 2027\$7,682A 2028\$8,287A 2029\$7,830A Thereafter41,105A Total lease payments83,605A Less imputed interest(19,469)Total lease liabilities\$64,136A 56Table of contentsSONOS, INC.Notes to Consolidated Financial StatementsSeptember 28, 2024September 30, 2023(In thousands)Debt on October 13, 2021, the Company entered into a Revolving Credit Agreement with JPMorgan Chase Bank, N.A., as the administrative agent, and Bank of America N.A., Morgan Stanley Senior Funding, Inc., and Goldman Sachs Bank USA as the other lenders party thereto (the "Revolving Credit Agreement"). The Revolving Credit Agreement provides for (i) a five-year senior secured revolving credit facility in the amount of up to \$100.0 million and (ii) an uncommitted incremental facility subject to certain conditions. Proceeds are to be used for working capital and general corporate purposes. In June 2023, the Company amended the Revolving Credit Agreement, replacing prior references to LIBOR with references to SOFR as a result of the discontinuation of LIBOR. The facility may be drawn as an Alternative Base Rate Loan (at 1.00% plus an applicable margin) or Term Benchmark Loan (at the Term SOFR Rate, plus the applicable Term SOFR Adjustment ranging from 0.11% to 0.43%, plus an applicable margin (in total, "Adjusted Term SOFR")). The Company must also pay (i) an unused commitment fee ranging from 0.200% to 0.275% per annum of the average daily unused portion of the aggregate revolving credit commitment under the agreement and (ii) a per annum fee equal to the applicable margin over Adjusted Term SOFR multiplied by the aggregate face amount of outstanding letters of credit. As of September 28, 2024, the Company did not have any outstanding borrowings and had \$1.8 million in undrawn letters of credit that reduce the availability under the Revolving Credit Agreement. The Company's obligations under the Revolving Credit Agreement are secured by substantially all of the Company's assets. The Revolving Credit Agreement contains customary representations and warranties, customary affirmative and negative covenants, a financial covenant that is tested quarterly and requires the Company to maintain a certain consolidated leverage ratio, and customary events of default. As of September 28, 2024, the Company was in compliance with all financial covenants under the Revolving Credit Agreement.9. Stockholders' Equity Share Repurchase ProgramIn November 2023, the Board of Directors authorized a common stock repurchase program of up to \$200.0 million. During the fiscal year ended September 28, 2024, the Company repurchased 7,796,120 shares for an aggregate purchase price of \$128.9 million at an average price of \$16.54 per share under the repurchase program. Aggregate purchase price and average price per share exclude commission and excise tax. As of January 1, 2023, the Company's share repurchases in excess of issuances are subject to a 1% excise tax enacted by the Inflation Reduction Act. Any excise tax incurred is recognized as part of the cost basis of the shares acquired in the consolidated statements of equity. As of September 28, 2024, the Company had \$71.1 million available for share repurchases under the repurchase program.Treasury stock during the fiscal year ended September 28, 2024, included 1,676,904 shares withheld to satisfy employees' tax withholding requirements in connection with vesting of RSUs. Additionally, during the fiscal year ended September 28, 2024, the Company retired 13,476,314 shares of treasury stock. The Company accounts for the retirement of treasury stock by deducting its par value from common stock and reflecting any excess of cost over par value as a deduction from additional paid-in-capital on the consolidated balance sheets.10. Stock-Based Compensation2018 Equity Incentive PlanIn July 2018, the Board of Directors (the "Board") adopted the 2018 Equity Incentive Plan (the "2018 Plan"). The 2018 Plan became effective in connection with the Company's initial public offering ("IPO"). The number of shares reserved for issuance under the 2018 Plan increases automatically on January 1 of each year beginning in 2019 and continuing through 2028 by a number of shares of common stock equal to the lesser of (x) 5% of the total outstanding shares of the Company's common stock and common stock equivalents as of the immediately preceding December 31 (rounded to the nearest whole share) and (y) a number of shares determined by the Company's Board. As of September 28, 2024, there were 40,953,108 shares reserved for future issuance under the 2018 Plan. Stock OptionsPursuant to the 2018 Plan, the Company issues stock options to employees and directors. The option price, number of shares and grant date are determined at the discretion of the Board. For so long as the option holder performs services for the Company, the options generally vest over 48 months, on a monthly or quarterly basis, with certain options subject to an initial annual cliff vest, and are exercisable for a period not to exceed ten years from the date of grant. The Company's policy for issuing stock upon stock option exercise is to issue new common stock.57Table of contentsSONOS, INC.Notes to Consolidated Financial StatementsThe summary of the Company's stock option activity is as follows:Number of Options Weighted-Average PriceWeighted-Average Remaining ContractualTermAggregate Intrinsic Value(In thousands)Outstanding at September 30, 2023\$549,957A \$13,994A 3.6\$1,689A Exercised(1,346,552)\$12,677A Forfeited / expired(121,016)\$14,244A Outstanding at September 28, 2024\$702,898A 24.4A 2.8\$210A The Company granted no options in fiscal 2024, 2023, and 2022. As of September 28, 2024, and September 30, 2023, respectively, all outstanding stock options had been vested and the Company had no unrecognized stock-based compensation expense related to stock options. Restricted Stock UnitsPursuant to the 2018 Plan, the Company issues RSUs to employees and directors. RSUs generally vest quarterly over the service period, which is generally four years with certain awards subject to an initial annual cliff vest. The summary of the Company's RSU activity is as follows:Number of Units Weighted-Average Grant Date Fair ValueAggregate Intrinsic Value(In thousands)Outstanding at September 30, 2023\$62,359A \$19,424A \$98,917A Granted437,212\$11,894A Released(4,720,562)\$16,33A Forfeited(1,615,587)\$15,34A Outstanding at September 28, 2024\$20,741,763,098A 14.79A \$130,772A At September 28, 2024Units expected to vest9,215,498A \$14,864A \$111,968A As of September 28, 2024 and September 30, 2023, the Company had \$115.4 million and \$111.6 million of unrecognized stock-based compensation expense related to RSUs, each of which are expected to be recognized over a weighted-average period of 2.4 years. Performance Stock UnitsPursuant to the 2018 Plan, the Company has issued and may issue certain PSUs that vest on the satisfaction of service and performance conditions. The number of shares vested during the twelve months ended September 28, 2024, includes performance achievement adjustments of a net reduction of 25,057 units. The summary of the Company's PSU activity is as follows:Number of Units Weighted-Average Grant Date Fair ValueAggregate Intrinsic Value(In thousands)Outstanding at September 30, 2023\$20,236,519A \$12,274A \$3,424A Granted499,716A \$17,644A Released(80,827)\$23,35A Outstanding at September 28, 2024\$68,080A \$18,374A \$8,312A As of September 28, 2024 and September 30, 2023, the Company had \$0.2 million and \$0.3 million of unrecognized stock-based compensation expense related to PSUs, which is expected to be recognized over a weighted-average period of 1.5 and 1.2 years, respectively.58Table of contentsSONOS, INC.Notes to Consolidated Financial StatementsStock-based CompensationTotal stock-based compensation expense by function category was as follows:September 28, 2024September 30, 2023October 1, 2022(In thousands)Cost of revenue\$2,614A \$2,038A \$1,620A Research and development37,913A 35,530A 30,724A Sales and marketing17,499A 15,677A 15,335A General and administrative26,268A 23,612A 27,961A Total stock-based compensation expense\$4,294A \$76,857A \$75,640A 11. Income TaxesThe Company's income (loss) before provision for income taxes for fiscal 2024, 2023 and 2022 were as follows: September 28, 2024September 30, 2023October 1, 2022(In thousands)Domestic(\$56,661)\$9,904A \$54,609A Foreign29,510A 14,298A 14,121A Income (loss) before provision for income taxes(\$27,151)\$4,394A \$68,730A Components of the provision for income taxes consisted of the following:September 28, 2024September 30, 2023October 1, 2022(In thousands)Current:U.S. Federal\$8,094A \$7,507A \$4A U.S. State4,023A 4,947A 4,483A Foreign17,798A 2,810A 3,401A Total current29,915A 15,264A 3,884A Deferred:U.S. Federal\$4,744A \$4,744A \$4A U.S. State\$4,744A \$4,744A \$4A U.S. Foreign\$1,459A \$1,459A \$4A Total deferred(18,920)(596)(2,537)Provision for income taxes\$10,995A \$14,668A \$1,347A The Company is subject to income taxes in the United States and foreign jurisdictions in which it operates. The Company's tax provision is impacted by the jurisdictional mix of earnings as its foreign subsidiaries have statutory tax rates different from those in the United States. Accordingly, the Company's effective tax rate will vary depending on jurisdictional mix of earnings and changes in tax laws. For the year ended September 28, 2024, the Company's U.S. tax expense was adversely impacted by the requirement to capitalize and amortize research and development expenses under Section 174 of the U.S. Internal Revenue Code ("Section 174") as the Company recorded current U.S. tax expense with no corresponding deferred tax benefit due to the valuation allowance maintained against its U.S. deferred tax assets. The Company recognized a benefit from income taxes from a favorable tax ruling on a Dutch Innovation Box application resulting in a lower Dutch corporate income tax rate applied to an intercompany sale of intellectual property and from the release of a non-U.S. valuation allowance.59Table of contentsSONOS, INC.Notes to Consolidated Financial StatementsComponents of the Company's deferred income tax assets and liabilities are as follows: September 28, 2024September 30, 2023(In thousands)Deferred tax assetsCapitalized research & development\$107,474A \$63,395A Research & development tax credit carryforwards58,156A 75,593A Accrued expenses and reserves17,070A 17,837A Deferred revenue15,374A 15,855A Operating lease liability14,259A 13,097A Other capitalized costs12,030A 5,364A Stock-based compensation8,195A 7,727A Foreign net operating loss carryforwards5,783A 7,606A Depreciation2,991A 2,700A U.S. net operating loss carryforwards2,96A 1,852A Other592A 494A Total deferred tax assets244,220A 211,520A Valuation allowance(21,365)(185,840)Deferred tax assets, net of valuation allowance27,855A 25,680A Deferred tax liabilitiesRight-of-use asset(10,995)(11,392)Intangibles(3,392)(22,475)Capitalized

liabilities(60)(9,846)Net deferred tax assets (liabilities)\$10,254Â \$8,187Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is provided to reduce the Company's deferred tax assets to amounts that are more-likely-than-not to be realized. The Company has assessed, on a jurisdictional basis, the realization of its net deferred tax assets, including the ability to carry back net operating losses, the existence of taxable temporary differences, the availability of tax planning strategies and available sources of future taxable income. The Company has concluded that based on cumulative taxable income and future taxable income that it is able to realize a benefit for net deferred tax assets in all non-U.S. jurisdictions. In addition, the Company has concluded that a valuation allowance on its net deferred tax assets in the U.S. continues to be appropriate considering cumulative taxable losses in recent years and uncertainty with respect to future taxable income. It is possible that within the next 12 months there may be sufficient positive evidence to release a portion or all of the remaining valuation allowance in the U.S. Release of the remaining valuation allowance would result in a benefit to income tax expense for the period the release is recorded, which could have a material impact on net earnings. The timing and amount of the potential valuation allowance release are subject to significant management judgment, as well as prospective earnings in the United States. For the year ended SeptemberÂ 28, 2024, the Company had gross state net operating loss carryforwards of \$33.4 million, which expire beginning in 2032, as well as \$39.9 million in foreign net operating loss carryforwards with an indefinite life. As of SeptemberÂ 28, 2024, the Company also had U.S. federal research and development tax credit carryforwards as filed of \$37.6 million, and state research and development tax credit carryforwards as filed of \$48.0 million, which will expire beginning in 2041 and 2026, respectively. The federal and state research and development tax credits are shown net of uncertain tax positions and net of federal benefit, as applicable, in the components of the Company's deferred income tax assets and liabilities. For the year ended 60Table of contentsSONOS, INC.Notes to Consolidated Financial StatementsSeptemberÂ 28, 2024, the increase in capitalized research and development relates to the requirement to capitalize research and development expenses under Section 174. Because of the change of ownership provisions of Sections 382 and 383 of the Internal Revenue Code, and similar state provisions, use of a portion of the Companyâ™s U.S. federal and state net operating loss and research and development tax credit carryforwards may be limited in future periods if there are future changes in ownership. Further, a portion of the carryforwards may expire before being applied to reduce future taxable income and income tax liabilities if sufficient taxable income is not generated in future periods. The following table summarizes changes in the valuation allowance for fiscal 2024, 2023 and 2022:September 28, 2024September 30, 2023October 1, 2022(In thousands)Beginning balance\$185,840A \$162,267A \$155,978A Increase during the period32,573A 23,628A 13,841A Decrease during the period(2,048)(5)(7,552)Ending balance\$216,365A \$185,840A \$162,267A Reconciliation of U.S. statutory federal income taxes to the Companyâ™s provision for income taxes is as follows:September 28, 2024September 30, 2023October 1, 2022(In thousands)U.S. federal income taxes at statutory rates\$5,702\$923A \$14,433A U.S. state and local income taxes, net of federal benefit and state credits(2,496)(841)(2,594)Foreign income tax rate differential1,544A 734A 970A Stock-based compensation2,726A 104A (15,532)Federal research and development tax credits(8,240)(7,591)(8,983)Unrecognized federal tax benefits1,082A 184A (2,482)Change in tax rate(188)â€“A 5,013A Global intangible low taxed income, net of foreign tax credits944A 1,234A 290A Foreign -derived intangible income (FDII) deduction(1,519)(6,863)â€“A Subpart F income733A 1,374A â€“A 162(m) executive compensation limitation1,496A 2,513A 2,574A Deferred adjustments504A â€“A â€“A Intercompany IP sale(10,412)â€“A â€“A Other(121)(695)1,079A Change in valuation allowance30,644A 23,592A 6,579A Provision for income taxes\$10,995A \$14,668A \$1,347A Change in gross unrecognized tax benefits, including interest and penalties, as a result of uncertain tax positions are as follows:September 28, 2024September 30, 2023October 1, 2022(In thousands)Beginning balance\$17,619A \$17,021A \$21,252A Increase (decrease) - tax positions in prior periods147A (566)(6,039)Increase - tax positions in current periods1,444A 1,164A 1,808A Ending balance\$18,910A \$17,619A \$17,021A The Company does not anticipate changes to its unrecognized benefits within the next 12 months that would result in a material change to the Companyâ™s financial position. The unrecognized tax benefits as of SeptemberÂ 28, 2024, would have no impact on the effective tax rate if recognized61Table of contentsSONOS, INC.Notes to Consolidated Financial StatementsThe Company conducts business in a number of jurisdictions and, as such, is required to file income tax returns in multiple jurisdictions globally. U.S. federal income tax returns for the 2020 tax year and earlier are no longer subject to examination by the U.S. Internal Revenue Service (the "IRS"). All U.S. federal and state net operating losses as well as research and development tax credits generated to date, including 2020 and earlier, used in open tax years are subject to adjustment by the IRS and state tax authorities. The Company recognizes interest and penalties, if any, related to uncertain tax positions in income tax expense. There were no accrued interest or penalties as of SeptemberÂ 28, 2024, and SeptemberÂ 30, 2023. As of SeptemberÂ 28, 2024, the Company continues to assert that the unremitted earnings in our foreign subsidiaries are permanently reinvested and therefore no deferred taxes or withholding taxes have been provided. If, in the future, the Company decides to repatriate its \$9.0 million of undistributed earnings from these subsidiaries in the form of dividends or otherwise, the Company could be subject to withholding taxes payable at that time. Outside basis differences in the Company's foreign subsidiaries including unremitted earnings and any related taxes are not material.12 Net Income (Loss) Per Share Attributable to Common StockholdersBasic net income (loss) per share attributable to common stockholders is calculated by dividing net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding less shares subject to repurchase. Diluted net income (loss) per share attributable to common stockholders adjusts the basic net income (loss) per share attributable to common stockholders and the weighted-average number of shares of common stock outstanding for the potentially dilutive impact of stock awards, using the treasury stock method. The following table sets forth the computation of the Companyâ™s basic and diluted net income (loss) per share attributable to common stockholders:September 28, 2024September 30, 2023October 1, 2022(In thousands, except share and per share data)Numerator:Net income (loss) attributable to common stockholders - basic and diluted\$(38,146)\$(10,274)\$67,383A Denominator:Â A Weighted-average shares of common stock - basic123,218,532A 127,702,885A 127,691,030A Effect of potentially dilutive stock optionsâ€“A â€“A 5,472,807A Effect of RSUsâ€“A â€“A 4,385,406A Effect of PSUsâ€“A â€“A 212,835A Weighted-average shares of common stockâ€“A diluted123,218,532A 127,702,885A 137,762,078A Net income (loss) per share attributable to common stockholders:Basic\$(0.31)\$0.08\$0.53A Diluted\$(0.31)\$0.08\$0.49A The following potentially dilutive shares as of the end of each period presented were excluded from the computation of diluted net income (loss) per share for the periods presented because including them would have been antidilutive:September 28, 2024September 30, 2023October 1, 2022Stock options to purchase common stock7,756,572,449,904,687,530Restricted stock units12,613,4349,742,4445,041,645Performance stock units83,998149,99188,672Total20,454,00419,342,33912,007,84713. Commitments and ContingenciesCommitments to suppliersThe Company utilizes contract manufacturers to build its products. These contract manufacturers acquire components and build products based on demand forecast information the Company supplies, which typically covers twelve months. Consistent with industry practice, the Company acquires inventories from such manufacturers through blanket purchase orders which are based on 62Table of contentsSONOS, INC.Notes to Consolidated Financial Statementsprojected demand information and availability of goods. Such purchase commitments typically cover the Company's forecasted product and manufacturing requirements for periods that range a number of months. In certain instances, these agreements allow the Company the option to cancel, reschedule, and/or adjust our requirements based on its business needs for a period of time before the order is due to be fulfilled. The Company's purchase orders typically are not cancellable in the event of a demand plan change or other circumstances, such as where the supplier has procured unique, Sonos-specific designs, and/or specific non-cancellable, non-returnable components based on our provided forecasts. As of SeptemberÂ 28, 2024, the Company's open purchase orders to contract manufacturers for finished goods were approximately \$151 million, the majority of which are expected to be paid in the next six months. As of SeptemberÂ 28, 2024, the Company's expected commitments to suppliers for components were in the range of \$160 million to \$180 million, the majority of which is expected to be paid and/or utilized by our contract manufacturers in building finished goods within the next two years. The expected commitments are subject to change as a result of fluctuations in the demand forecast, as well as ongoing negotiations with contract manufacturers and suppliers. These commitments are related to components that can be specific to Sonos products and comprised 1) indirect obligations to third-party manufacturers and suppliers, 2) the inventory owned by contract manufacturers procured to manufacture Sonos products, and 3) purchase commitments made by contract manufacturers to their upstream suppliers. Legal ProceedingsFrom time to time, the Company is involved in legal proceedings in the ordinary course of business, including claims relating to employee relations, business practices, and patent infringement. Litigation can be expensive and disruptive to normal business operations. Moreover, the results of complex legal proceedings are difficult to predict, and the Companyâ™s view of these matters may change in the future as the litigation and events related thereto unfold. The Company expenses legal fees as incurred. The Company records a provision for contingent losses when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. An unfavorable outcome to any legal matter, if material, could have an adverse effect on the Companyâ™s operations or its financial position, liquidity or results of operations. The Companyâ™s Lawsuits Against Google:On January 7, 2020, the Company filed a complaint with the U.S. International Trade Commission ("ITC") against Alphabet Inc. ("Alphabet") and Google LLC ("Google") and a counterpart lawsuit in the U.S. District Court for the Central District of California against Google. The complaint and lawsuit each allege infringement by Alphabet and Google of certain Sonos patents related to its smart speakers and related technology. The counterpart lawsuit was stayed pending completion of the ITC investigation and appeal thereof. The ITC concluded its investigation in January 2022, finding all five of the Companyâ™s asserted patents to be valid and infringed by Google, and further finding that one redesign per patent proposed by Google would avoid infringement. The ITC issued a limited exclusion order and a cease-and-desist order with respect to Googleâ™s infringing products. The Company and Google each appealed the ITCâ™s determination, which was upheld in its entirety by a panel of the appeals court. Google's petition for rehearing by the full appeals court has been denied. The deadline for Google to file a Supreme Court petition for certiorari is December 2024. The stay in the counterpart lawsuit has been lifted as to certain patents that are not subject to review by the Supreme Court. No trial date has been set. On September 29, 2020, the Company filed another lawsuit against Google alleging infringement of additional Sonos patents and seeking monetary damages and other non-monetary relief. A jury trial was held in May 2023, which found one Sonos patent to be infringed and another Sonos patent not infringed, and returned an award of \$32.5 million based on a royalty rate of \$2.30 per infringing unit. After trial, the court held Sonosâ™ patents unenforceable under the doctrine of prosecution laches and invalid as a result of amendments made during prosecution. The Company is appealing the ruling. Googleâ™s Lawsuits Against the Company: On June 11, 2020, Google filed a lawsuit in the U.S. District Court for the Northern District of California against the Company alleging infringement by the Company of five Google patents and seeking monetary damages and other non-monetary relief. All five of these patents have since been found invalid or non-infringed by the Court or by the U.S. Patent and Trademark Office or have been withdrawn from the case by Google. Googleâ™s deadline to appeal will run from when the Court enters final judgment, which is expected in November 2024. On June 12, 2020, Google filed lawsuits in District Court Munich I against Sonos Europe B.V. and Sonos, Inc., alleging infringement of two Google patents seeking monetary damages and an injunction preventing sales of allegedly infringing products. In March 2024, the Company received a judgment from the German Federal Patent Court invalidating one of the patents. Google has now dismissed its case against Sonos concerning this patent. In June 2021, the Munich court issued a decision dismissing Google's complaint regarding the other Google patent for lack of infringement by the Company. Google appealed the Munich court's ruling and, in April 2024, the appellate court in Munich rendered a judgment dismissing Google's appeal. On August 21, 2020, Google filed a lawsuit against Sonos Europe B.V. and Sonos, Inc. in France, alleging infringement of two Google patents seeking monetary damages and an injunction preventing sales of allegedly infringing products. In February 2021, 63Table of contentsSONOS, INC.Notes to Consolidated Financial StatementsGoogle withdrew its infringement allegations regarding one patent in view of prior art brought to the attention of the court by the Company. In March 2022, the French trial court ruled for the Company on one of Google's asserted patents. The French trial court found the other Google patent invalid in November 2023. Google appealed the French trial court's March 2022 and November 2023 rulings. In April 2024, Google dismissed its appeal of the November 2023 ruling, which is now final. In May 2024, Google's appeal of the March 2022 judgment was decided against Google and in favor of Sonos. In September 2020, Google filed a lawsuit against Sonos Europe B.V. in the Netherlands, alleging infringement of a Google patent and seeking an injunction preventing sales of allegedly infringing products. In February 2022, the Court rejected Google's claims concerning this patent. Google appealed this decision, which appeal was stayed in April 2024. On August 8, 2022, Google filed two complaints with the ITC against the Company and two counterpart lawsuits in the Northern District of California against the Company, collectively alleging infringement by the Company of seven Google patents generally related to wireless charging, device setup, and voice control, and seeking monetary damages and other non-monetary relief. The counterpart lawsuits are stayed pending completion of the ITC investigations. The ITC has terminated the investigation as to one Google patent as a result of imminent expiration of that Google patent. The first ITC investigation concluded in December 2023 with a final determination of no violation by the Company. Google chose not to appeal this determination. The oral hearing in the second ITC investigation has been postponed after the administrative law judge has indicated that she will be invalidating both Google patents at issue. Implicit On March 10, 2017, Implicit, LLC (â€œImplicitâ€) filed a patent infringement action in the United States District Court, District of Delaware against the Company. Implicit is asserting that the Company has infringed on certain claims of two patents in this case. The Company denies the allegations. The claims at issue have been held unpatentable by the U.S. Patent and Trademark Office. Implicit has appealed this ruling, which is currently scheduled to be heard by the appeals court in 2024. There is no assurance of a favorable outcome and the Companyâ™s business could be adversely affected as a result of a finding that the Company patents-in-suit are invalid and/or unenforceable. A range of loss, if any, associated with this matter is not probable or reasonably estimable as of September 28, 2024. The Company is involved in certain other litigation matters not listed above but does not consider these matters to be material either individually or in the aggregate at this time. The Companyâ™s view of the matters not listed may change in the future as the litigation and events related thereto unfold. Guarantees and IndemnificationsIn the normal course of business, the Company enters into agreements that contain a variety of representations and warranties and provide for general indemnification. The Companyâ™s exposure under these agreements is unknown because it involves claims that may be made against the Company in the future, but have not yet been made. To date, the Company has not incurred material costs to defend lawsuits or settle claims related to these indemnification provisions. The Company has also entered into indemnification agreements with its directors and officers that may require the Company to indemnify its directors and officers against liabilities that may arise by reason of their status or service as directors or officers to the fullest extent permitted by the Delaware General Corporation Law. The Company also currently has directorsâ™ and officersâ™ insurance. No amount has been accrued in the consolidated financial statements with respect to these indemnification guarantees.14 Restructuring PlanOn AugustÂ 14, 2024, the Company initiated a restructuring plan to reduce its cost base (the â€œ2024 restructuring planâ€). The 2024 restructuring plan included a reduction in force involving approximately 6% of the Company's employees. Total pre-tax restructuring and abandonment costs under the 2024 restructuring plan were \$11.3 million, substantially all of which were incurred in the fourth quarter of fiscal 2024, with nominal amounts to be incurred through the first quarter of fiscal 2025. Restructuring and abandonment costs by major cost-type incurred were as follows:(in thousands)September 28, 2024Employee-related costs\$7,371A Lease abandonment charges(12,512A Other restructuring costs1,970A Total restructuring and abandonment costs\$11,853A 64Table of contentsSONOS, INC.Notes to Consolidated Financial Statements(1) Lease abandonment charges include nominal remaining costs incurred related to the restructuring plan initiated on June 14, 2023, (the â€œ2023 restructuring planâ€). Restructuring and abandonment costs are recorded in the Company's consolidated statements of operations and comprehensive income (loss) as follows:(in thousands)September 28, 2024Research and development(\$5,743A Sales and marketing(2,770A General and administrative(1)3,340A Total restructuring and abandonment costs\$11,853A (1) Restructuring and abandonment costs recorded in the Company's consolidated statements of operations and comprehensive income (loss) include nominal remaining costs incurred related to the 2023 restructuring plan. The following table summarizes the Company's restructuring activities recorded in accrued expenses and accrued compensation within the consolidated balance sheets:(in thousands)Employee Related Costs OtherRestructuring Costs Total Balance as of SeptemberÂ 30, 2023(1)\$2,068A \$56A \$2,124A Restructuring charges(7,371A 1,970A 9,341A Cash paid(7,287)(989)(8,276)Balance as of SeptemberÂ 28, 2024\$2,152A \$1,037A \$3,189A (1) Balance as of SeptemberÂ 30, 2023, relates to activities under the 2023 restructuring plan. 65Table of contentsItem 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure None. Item 9A. Controls and ProceduresEvaluation of Disclosure Controls and ProceduresUnder the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as required under Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (â€œExchange Actâ€) as of SeptemberÂ 28, 2024. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective as of SeptemberÂ 28, 2024. Managementâ™s Annual Report on Internal Control Over Financial ReportingOur



trade or for imposing any Blackout Period.1. SCOPEThis Policy covers (a) all employees, contractors, consultants and Board members of the Company, (b) the members of such personsâ™ immediate families residing with such persons, any other person in such personsâ™ households, any other family members whose transactions in Company securities are directed by such persons or subject to such personsâ™ influence or control and (c) venture capital funds and other entities (such as partnerships, trusts and corporations) that are Affiliated or Associated with such persons (each, a âœCovered Personâ€). Employees, contractors, consultants and Board members are responsible for ensuring compliance with this Policy by members of their immediate families and other persons sharing their households, and by entities with which they are affiliated or associated. This Policy applies to all transactions in Company securities, including shares of Company common stock, restricted stock units and options to purchase common stock, however acquired, and any other type of securities that the Company may issue, such as preferred stock, convertible notes, warrants and exchange-traded options or other derivative securities. The Company may impose sanctions for violation of this Policy and may issue stop-transfer orders to the Companyâ™s transfer agent or designated broker to implement it. Sanctions for individuals may include any disciplinary action, including termination of employment with the Company, where applicable. Notifications and approvals required under this Policy may be provided by email. In addition, it is the policy of the Company to comply with all applicable securities laws when transacting in its own securities.2. STATEMENT OF COMPANY POLICY Prohibited Activities—No Section 16 Person may trade in Company securities other than pursuant to a 10b5-1 Plan. A A A A A A A A—No Access Person may trade in Company securities unless the trade has been approved in advance by the Compliance Officer in accordance with this Policy. A—No Covered Person may trade in Company securities while possessing material nonpublic information about the Company. It does not matter if the personal decision to trade was made before coming into possession of material nonpublic information; once a Covered Person comes into possession of the material nonpublic information, such Covered Person cannot trade (other than pursuant to a 10b5-1 Plan permitted under this Policy). A—No Covered Person may trade in, or make a gift or other transfer without consideration of, Company securities outside of this Policyâ™s Trading Windows (defined herein), or during any Blackout Period designated by the Compliance Officer. Further, a Covered Person in possession of material nonpublic information may not gift the Companyâ™s securities, regardless of whether such gift is made during this Policyâ™s Trading Windows. Section A 16 Persons must notify the Compliance Officer prior to any gifts or other transfers of Company securities. A—Providing material nonpublic information to another person who may trade or advise others to trade on the basis of that information is known as âœtippingâ€ and may violate the securities laws and can result in civil and criminal penalties, regardless of whether the person providing such information traded and/or gained any benefit from anotherâ™s trading. Therefore, no Covered Person may disclose material nonpublic information about the Company to any outside person, unless required to do so as part of that Covered Personâ™s regular duties for the Company or authorized in writing by the Compliance Officer. A—No Covered Person may give trading advice of any kind about Company securities to anyone while possessing material nonpublic information about the Company, except that Covered Persons should advise others not to trade if doing so might violate this Policy or the law. The Company strongly discourages Covered Persons from giving trading advice concerning Company securities to third parties even when the Covered Persons do not possess material nonpublic information about the Company. A—No Covered Person may: A (a) A trade in the securities of any other public company while possessing material nonpublic information about that company that was obtained in the course of service as a Covered Person; (b) A disclose material nonpublic information about another public company to anyone; or (c) A give anyone trading advice about any other public company while possessing material nonpublic information about that company. A—No Covered Person may engage in transactions involving options or other derivative securities on Company securities, such as puts and calls, whether on an exchange or in any other market; provided however that a Covered Person may exercise equity awards issued by the Company as described in the FAQs. A—No Covered Person may engage in hedging or monetization transactions involving Company securities, such as zero-cost collars and forward sale contracts. A—No Covered Person may engage in short sales of Company securities, including short sales âœagainst the box. A—No Covered Person may use or pledge Company securities as collateral in a margin account or as collateral for a loan unless the pledge has been approved by the Compliance Officer. A A A 2 A A A Trading Windows and Blackout Periods—Trading Windows. All Covered Persons are permitted to trade in Company securities only during the Trading Window period that begins at the start of trading on the second full trading day following the public announcement of the Companyâ™s financial results for the quarter, and ends at the close of trading on the seventh calendar day in third month of the then-current quarter (each, a âœTrading Windowâ€). A—No Trading During Trading Windows While in the Possession of Material Nonpublic Information. Even if a Trading Window is in effect, no Covered Person possessing material nonpublic information about the Company may trade in Company securities. Persons possessing such information may trade during a Trading Window only after the start of trading on the second full trading day following the widespread public release of such information. A—Special Blackout Periods. Even if a Trading Window is in effect, the Compliance Officer may designate Blackout Periods that apply to particular individuals or groups of persons (including all Covered Persons), for such time, and with respect to such persons, as the Compliance Officer determines in the Compliance Officerâ™s discretion. No Covered Person may trade in Company securities outside of the applicable Trading Windows or during any such Blackout Periods. No Covered Person who learns of such a Blackout Period may disclose to any other person that a Blackout Period has been designated or that one was previously in place. The fact of the Blackout Period is confidential and cannot be disclosed internally or externally. The failure of the Compliance Officer to subject a person to a Blackout Period does not relieve that person of the obligation not to trade while in possession of material non-public information. Permitted Trades Under 10b5-1 Plans Any Covered Person may enter into a 10b5-1 Plan. All Section 16 Persons are required to enter into a 10b5-1 Plan to trade in Company securities. Sales, purchases and other transfers of Company securities otherwise prohibited by this Policy may be permitted by a Covered Person if they are effected pursuant to a 10b5-1 Plan that meets the following requirements: A—the 10b5-1 Plan complies with the requirements of Rule A 10b5-1; A—the 10b5-1 Plan is entered into during an open Trading Window and not during any Blackout Period; A—the Compliance Officer has approved the 10b5-1 Plan in writing; A—for Section 16 Persons, the Compliance Officer determines that the Section 16 Person meets minimum stock ownership guidelines; A—the person establishing the 10b5-1 Plan has certified to the Compliance Officer in writing, no earlier than two business days prior to the date that the 10b5-1 Plan is formally established, that (i) A such person is not in possession of material nonpublic information concerning the Company and all such trades to be made pursuant to the 10b5-1 Plan will be made in accordance with the trading restrictions of Section A 16 of the Exchange Act and Rule A 144 of the Securities Act to the extent such Sections A are applicable; (ii) such person is adopting the 10b5-1 Plan in good faith and A A A 3 A A A not part of a plan or scheme to evade the prohibitions of Rule 10b5-1; and (iii) A the 10b5-1 Plan complies with the requirements of Rule A 10b5-1; and A—the 10b5-1 Plan provides for a Cooling-Off Period prior to the commencement of trading thereunder. For Section 16 Persons, the Cooling-Off Period must expire no earlier than the later of (i) 90 days following adoption of the plan or (ii) two business days after the filing of the Companyâ™s Form 10-K or Form 10-Q that includes financial results for the quarter during which the plan was adopted, subject to a maximum Cooling-Off Period of 120 days after adoption of the plan. For non-Section 16 Persons, the Cooling-Off Period must be at least 30 days after adoption of the plan. Priority of Statutory or Regulatory Trading Restrictions The trading prohibitions and restrictions of this Policy are also subject to prohibitions or restrictions prescribed by contract or by federal and state securities laws and regulations (e.g., contractual restrictions on the resale of securities, short-swing trading by Section A 16 Persons or compliance with Rule A 144 under the Securities Act). Any Covered Person who is uncertain whether other prohibitions or restrictions apply should ask the Compliance Officer. 3. REPORTING VIOLATIONS; INQUIRIES The Compliance Officer will review, and either approve or prohibit, any proposed trades in Company securities by Section A 16 Persons under a 10b5-1 Plan and Access Persons. The Compliance Officer will administer and interpret this Policy, and enforce compliance as needed. The Compliance Officer may consult with the Companyâ™s outside legal counsel as needed. The Compliance Officer may designate one or more individuals who may perform the Compliance Officerâ™s duties in the event that the Compliance Officer is unable or unavailable to perform such duties. Any Covered Person who violates this Policy or any federal or state laws governing insider trading or tipping, or knows of any such violation by any other Covered Person, must report the violation immediately to the Compliance Officer. Please direct all inquiries about this Policy to the Compliance Officer. \*A A A A \*Updated November 2024 A A A 4 A A A EXHIBIT A DEFINED TERMS IN THE INSIDER TRADING POLICY A 10b5-1 Plan A means a written plan to trade securities that complies with the requirements of Rule A 10b5-1 under the Exchange Act. AœAccess Persons A means persons, other than Section A 16 Persons, who have been designated by the Company as having regular access to material nonpublic information about the Company in the normal course of their duties. Special provisions of this Policy, such as pre-approval of any trades, apply to Access Persons. Those Access Persons who are required to obtain pre-approval will be notified from time to time by the Compliance Officer of the applicable pre-approval or other procedures applicable to them. AœAssociate A of a Covered Person is (x) A corporation or organization (other than the Company or a majority-owned subsidiary of the Company) of which such person is an officer or partner or is directly or indirectly the beneficial owner of 10% or more of any class of equity securities or (y) A trust in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity. AœBlackout Period A means any special trading blackouts period specially designated by the Compliance Officer. It may apply to particular individuals or groups of persons (including all Covered Persons), and last for such time as the Compliance Officer determines. No Covered Person may trade in Company securities outside of the applicable Trading Windows or during any such Blackout Periods. AœBoard A means the Companyâ™s Board of Directors. AœCompliance Officer A means the Companyâ™s Chief Legal Officer; provided, that, in the event that there is no Chief Legal Officer or the Chief Legal Officer is otherwise unavailable, the Companyâ™s Chief Financial Officer shall be authorized to serve as the Compliance Officer in the interim or to designate another person as the Compliance Officer. AœCooling-Off Period A means any period required under Rule 10b5-1 under the Exchange Act prior to which commencement of trading of Company securities under a 10b5-1 Plan can commence. AœExchange Act A means the Securities Exchange Act of 1934, as amended. AœSEC A means the U.S. Securities and Exchange Commission. AœSection A 16 Persons A means the Companyâ™s executive officers and directors, including the Companyâ™s principal accounting officer (if separate from the Companyâ™s principal financial officer). Special provisions of this Policy and special SEC reporting requirements apply to Section A 16 Persons. AœSecurities Act A means the Securities Act of 1933, as amended. A A A A A EXHIBIT B Frequently Asked Questions What is Aœmaterial nonpublic information? AœInformation is Aœmaterial A if it would be expected to affect the investment or voting decisions of a reasonable investor, or if the disclosure of the information would be expected to alter significantly the total mix of the information in the marketplace about the Company. In simple terms, material information is any type of information that could reasonably be expected to affect the market price of Company securities. Both positive and negative information may be material. The following types of information about the Company would often be considered material: A—financial performance, especially quarterly and year-end revenues and earnings, and significant changes in financial performance or liquidity; A—financial and operational forecasts, including projections of future earnings or losses or other earnings guidance; A—key operational metrics, such as products sold, performance metrics, financial metrics and any changes in such metrics; A—customer, product, service, pricing, geography and market strategies and shifts; A—status of the Companyâ™s progress toward achieving significant Company goals; A—potential tender offers, joint ventures, mergers, A acquisitions or material sales of Company assets or subsidiaries or other strategic transactions; A—significant developments regarding vendors, suppliers, channel partners, other partners or financing sources, such as the acquisition or loss of a significant contract; A—stock splits, public or private securities or debt offerings, or changes in the Companyâ™s dividend policies or amounts; A—significant changes in senior management or the Board; A—entry into a new strategic relationship, and cancellation of existing strategic relationships; A—introduction of new products and services or significant changes in products, services or technologies; A—significant developments about the Companyâ™s technology or business operations; A—major cybersecurity risks and incidents (including vulnerabilities and breaches); A—initiation or resolution of significant litigation or regulatory proceedings; A A A FAQ-1 A—potential defaults under the Companyâ™s credit agreements, or the existence of material liquidity deficiencies; and A—potential restatements of the Companyâ™s financial statements, changes in the Companyâ™s auditor or notification that the Company may no longer rely on an auditorâ™s report. The SEC has stated there is no fixed quantitative threshold amount for determining materiality, and that even very small quantitative changes can be qualitatively material if they would result in a movement in the price of the Companyâ™s securities. Information is Aœnonpublic A if it has not been widely disseminated to the public (e.g., through major newswire services, national news services, Forms A 8-K and other filings with the SEC, webcasts or financial news services). For the purposes of this Policy, information will be considered public (i.e., no longer Aœnonpublic A) only after the start of trading on the second full trading day following the Companyâ™s widespread public release of the information. Covered Persons who are unsure whether the information that they possess is material or nonpublic are encouraged to consult the Compliance Officer for guidance. What are the penalties for failing to comply with this Policy? The consequences of prohibited insider trading or tipping can be severe. Persons violating insider trading or tipping laws may be required to disgorge profits made or losses avoided by trading, pay the loss suffered by the persons who purchased securities from or sold securities to the insider tipper, pay civil penalties of up to three times the profit made or loss avoided, pay a criminal penalty of up to \$5 A million and serve a prison term of up to 20 years. The Company and/or the supervisors of the person violating the rules may also be required to pay major civil or criminal penalties and could under certain circumstances be subject to private lawsuits by contemporaneous traders for damages suffered as a result of illegal insider trading or tipping by persons under the Companyâ™s control. Violation of this Policy, or federal or state securities laws governing insider trading, may subject the violator to disciplinary action by the Company up to and including termination of employment for cause (in the case of an employee or further service in the case of a contractor) or removal proceedings (in the case of a Board member). A violation of this Policy is not necessarily the same as a violation of law. In fact, for the reasons indicated above, this Policy is intended to be broader than the law. The Company reserves the right to determine, in its own discretion and on the basis of the information available to it, whether this Policy has been violated. The Company may determine that specific conduct violates this Policy, whether or not the conduct also violates the law. It is not necessary for the Company to await the filing or conclusion of a civil or criminal action against the alleged violator before taking disciplinary action. Are these FAQs part of this Policy? Yes, these FAQs are part of this Policy, and you must comply with their provisions. A A A FAQ-2 How does this Policy apply to trades under the Companyâ™s 2003 Stock Plan or 2018 Equity Incentive Plan? The trading prohibitions and restrictions of this Policy do not apply to the exercise of a stock option with cash or the settlement of a restricted stock unit, or to automatic tax withholding. The trading prohibitions and restrictions of this Policy do apply to the use of outstanding Company securities to serve as all or a portion of the exercise price of any stock option or to net-exercise an option (if permitted). Sales of Company securities acquired under such plans are subject to this Policy. I know trades in Company securities are not permitted outside of a Trading Window. Can I still exercise a stock option if I am not going to sell any shares? Yes. For clarity, the exercise of a vested stock option which is not accompanied by a sale is not considered a Aœtrade A under this Policy. How does this Policy apply to tax withholding arrangements? The trading prohibitions and restrictions of this Policy do apply to any election that has been made in advance, in an open Trading Window, to have the Company withhold shares subject to such awards to satisfy tax withholding requirements. It also applies to sales of Company common stock, including as part of a broker-assisted cashless exercise of an option, or any other market sale (e.g., a Aœsell to cover A sale) for the purpose of generating the cash needed to pay the exercise price of an option or satisfy tax withholding requirements. What are the procedures for obtaining approval (or Aœpre-clearance A) of a proposed trade in compliance with this Policy? No Access Person may trade in Company securities until the following steps are completed: 1. The person trading has notified the Compliance Officer in writing of the nature of the proposed trade. The form of application to initiate this process is available in your Fidelity account at [www.nb.fidelity.com](http://www.nb.fidelity.com). 2. The person trading has certified to the Compliance Officer in writing at least one business day prior to the proposed trade A that (i) A such person is not in possession of material nonpublic information concerning the Company, (ii) such person has reviewed this Policy and (iii) A the proposed trade A does not violate the trading restrictions of Section A 16 of the Exchange Act (if applicable), Rule A 144 of the Securities Act (if applicable) or any other securities laws. 3. The Compliance Officer has approved the trade A in writing. The Compliance Officer is not obligated to approve any trades requested by any person. 4. If such person becomes aware of material nonpublic information after receiving approval, but before the trade has been executed, such person must not effect the transaction. Which of my family members are covered by this Policy? Family members of a Covered Person that are subject to this Policy include the members of such Covered Personâ™s immediate family residing with such Covered Person, any other person in such Covered A A A FAQ-3 Personâ™s household and any other family members whose transactions in Company securities are directed by such Covered Person or subject to such Covered Personâ™s influence or control. Is a gift of Company stock covered by this Policy? Yes. A Covered Person may not make a gift, charitable contribution or other transfer without consideration of Company securities during a period when that Covered Person is not permitted to trade. Section 16 Persons who make a gift, charitable contribution or other transfer of Company securities during a permissible period must report such gift, contribution or other transfer of Company securities on Form 4 within two business days. Is a distribution of Company stock to the limited

partners of a partnership covered by this Policy?Yes. An entity over which a Covered Person has or shares voting or investment control may not distribute Company securities to its limited partners, general partners or stockholders during a period when the Covered Person is not permitted to trade, unless the limited partners, general partners or stockholders of that entity have agreed in writing to hold the securities until the next open Trading Window.Is a purchase of Company stock considered a â€œtradeâ€ under this Policy? Or only sales of Company stock?Both purchases and sales of Company stock are considered â€œtradesâ€ under this Policy.Are transactions in derivative securities covered by this Policy?Yes. No Covered Person may acquire, sell, trade or participate in any interest or position relating to the future price of Company securities, such as a put option, a call option, or a short sale (including a short sale â€œagainst the box,â€ as further described below).What is a short sale, and what is a short sale â€œagainst the box?â€ A short sale is a sale of securities that you do not own (i.e., borrowed securities). A short sale â€œagainst the boxâ€ is a sale of securities you own, but with delayed delivery.Are standing and limit orders covered by this Policy?Unless part of a 10b-5 Plan, standing or limit orders should be used only for a very brief period of time, if at all. A standing order placed with a broker to sell or purchase Company stock at a specified minimum or maximum price leaves you with no control over the timing of the transaction. The limit order could be executed by the broker when you are aware of material nonpublic information, which would result in unlawful insider trading. Irrespective, for Covered Persons they cannot extend beyond the Trading Window and for Access Persons, they cannot extend beyond the pre-clearance period.Can I hold Company securities in a margin account?Securities held in a margin account or pledged as collateral for a loan may be sold without your consent, either by the broker if you fail to meet a margin call or by the lender in foreclosure if you default on the loan. Because a margin or foreclosure sale may occur at a time when you are aware of material Â A Â A FAQ-4nonpublic information or otherwise are not permitted to trade in Company securities, you are prohibited from holding Company securities in a margin account or pledging Company securities as collateral for a loan.Under what circumstances can I pledge Company securities as collateral for a loan?An exception to the prohibition on using Company securities as collateral for a loan (not including margin debt) may be granted by the Compliance Officer where you have clearly demonstrated the financial capacity to repay the loan without resort to the pledged securities. If you wish to pledge Company securities as collateral for a loan, you must submit a request for approval to the Compliance Officer at least two weeks prior to the proposed execution of documents evidencing the proposed pledge.I have a hardship or other urgent need to sell Company shares or exercise a stock option so I can sell some Company shares. Is that okay?It does not matter that there may exist a justifiable reason for a purchase or sale apart from the nonpublic information; if a Covered Person has material nonpublic information, the prohibition still applies.I know that disclosures of material nonpublic information are prohibited under this Policy; is it okay if I monitor or participate in a chat room?No.Â A Covered Person may not participate, in any manner other than passive observation, in any investment or stock-related Internet â€œchatâ€ rooms, blogs, social media sites, message boards or other similar online forums relating to the Company without the prior approval of the Compliance Officer and in compliance with the Companyâ€™s Corporate Communications and Social Media Policy and any other applicable policy.What are the procedures for trading under a 10b-5 Plan?The person seeking to trade under a 10b-5 Plan must put in place a plan that complies with the requirements of RuleA 10b-5-1. The establishment and implementation of any 10b-5 Plan shall be the sole responsibility of the person seeking to establish such a plan. Compliance Officer approval of a 10b-5 Plan shall not be considered a determination by the Company or the Compliance Officer that the 10b-5 Plan satisfies the requirements of RuleA 10b-5-1. The Company reserves the right to prevent any transactions in Company securities, even those pursuant to a 10b-5 Plan, in the sole discretion of the Compliance Officer.No trades shall be treated as having been made pursuant to a 10b-5 Plan under this Policy unless:â—the 10b-5 Plan complies with the requirements of RuleA 10b-5-1;â—the 10b-5 Plan is entered into during an open Trading Window and not during any Blackout Period; â—the Compliance Officer has approved the 10b-5 Plan in writing; â—for Section 16 Persons, the Compliance Officer determines that the Section 16 Person meets minimum stock ownership guidelines;A Â A Â A FAQ-5â—for non-Section 16 Persons, a required minimum threshold of Company securities covered by the 10b-5 Plan is met, which threshold shall be determined by the Compliance Officer in their sole discretion;â—the person establishing the 10b-5 Plan has certified to the Compliance Officer in writing, no earlier than two business days prior to the date that the 10b-5 Plan is formally established, that (i)Â such person is not in possession of material nonpublic information concerning the Company and all such trades to be made pursuant to the 10b-5 Plan will be made in accordance with the trading restrictions of SectionA 16 of the Exchange Act and RuleA 144 of the Securities Act to the extent such SectionsA are applicable; (ii) such person is adopting the 10b-5 Plan in good faith and not part of a plan or scheme to evade the prohibitions of RuleA 10b-5-1; and (iii)Â the 10b-5 Plan complies with the requirements of RuleA 10b-5-1; andâ—the 10b-5 Plan provides for a Cooling-Off Period prior to the commencement of trading thereunder. For Section 16 Persons, the Cooling-Off Period must expire no earlier than the later of (i) 90 days following adoption of the plan or (ii) two business days after the filing of the Companyâ€™s Form 10-K or Form 10-Q that includes financial results for the quarter during which the plan was adopted, subject to a maximum Cooling-Off Period of 120 days after adoption of the plan. For non-Section 16 Persons, the Cooling-Off Period must be at least 30 days after adoption of the plan. The Compliance Officer is not obligated to approve any trades requested by any person, or to approve any 10b-5 Plan. When approval is sought, there is no set timeline for how long such approval might take.Unless otherwise approved by the Compliance Officer and Chief Financial Officer, all 10b-5 Plans must be implemented through a broker included in a list approved by the Compliance Officer. The Compliance Officer may amend this list from time to time.Can I amend my existing 10b-5 Plan?Yes. Any amendment to a 10b-5 Plan requires approval by the Compliance Officer. Any modification or change to the amount, price or timing of a trade under a 10b-5 Plan is deemed to be the adoption of a new plan with such modified terms. Frequent modifications may suggest that the person seeking to trade under a 10b-5 Plan is trading on material nonpublic information under the guise of that plan. Therefore, the Company limits modifications to a 10b-5 Plan in the following ways:â—the Compliance Officer will only authorize one modification per year, once the 10b-5 Plan is in place.â—the amendment can be made only during a time when it would have been permitted under this Policy and also lawful to enter into a new 10b-5 Plan, meaning the modification must be adopted (i) during an open Trading Window and not during any Blackout Period and (ii) at a time when the person seeking to establish the 10b-5 Plan was not in possession of material nonpublic information concerning the Company.â—the modification of a 10b-5 Plan will be subject to a Cooling-Off Period, which, for Section 16 Persons, must expire no earlier than the later of (i) 90 days following adoption of the plan or (ii) Â A Â A FAQ-6two business days after the filing of the Companyâ€™s Form 10-K or Form 10-Q that includes financial results for the quarter during which the plan was modified, subject to a maximum Cooling-Off Period of 120 days after modification of the plan. For non-Section 16 Persons, the Cooling-Off Period must be at least 30 days after modification of the plan.â—Each quarter, the Company is required to publicly disclose when Section 16 Persons adopt or terminate 10b-5 Plans and provide a description of the material terms of each plan, including the name of the director or officer, the date of adoption or termination, the duration and the aggregate number of securities to be purchased or sold (however, the price at which the person executing the plan is authorized to trade does not need to be publicly disclosed). Therefore, Section 16 Persons must provide the Compliance Officer with a final executed copy of, and any amendments to, (i) any 10b-5 Plan and (ii) any other adopted written arrangement for trading the Companyâ€™s securities, in each case within two business days of the adoption or amendment thereof. Can I have multiple 10b-5 Plans or a 10b-5 Plan for a single transaction?No person entering into a 10b-5 Plan may have a separate 10b-5 Plan outstanding, except a person may (i) use multiple brokers to effect transactions that, when taken together, satisfy the requirements for a 10b-5 Plan, (ii) maintain another 10b-5 Plan so long as transactions under the later-commencing plan cannot begin until after all transactions under the earlier-commencing plan have been completed or expire without completion and the applicable Cooling-Off Period is satisfied, treating the termination of the earlier-commencing plan as the date of adoption of the later-commencing plan, or (iii) adopt a second plan that only allows sales that are necessary to satisfy tax withholding obligations that arise from the vesting of a compensatory award and such person does not exercise control over the timing of such sales.No person may adopt a 10b-5 Plan that contemplates only a single transaction if such person had adopted a plan contemplating only a single transaction within the prior twelve months.Are there any guidelines or limitations on termination of existing 10b-5 Plans?Yes. 10b-5 Plans should include a provision automatically terminating the plan at some future date. Longer plans are recommended but should, in any event, be at least a year long. In addition, any 10b-5 Plan must provide for automatic termination in the event of death, a personal bankruptcy filing, the filing of a divorce petition, employment termination (in which case such automatic termination will occur at the beginning of the next open Trading Window), the last scheduled sale of shares, the public announcement of a merger, recapitalization, acquisition, tender or exchange offer, or other business combination or reorganization resulting in the exchange or conversion of the shares of the Company into shares of another company, or the conversion of the Companyâ€™s shares into rights to receive fixed amounts of cash or into debt securities and/or preferred stock (whether in whole or in part).A 10b-5 Plan may be otherwise terminated with immediate effect provided such request for termination has been approved by the Compliance Officer. In any event, Section 16 Persons must notify the Compliance Officer of any termination of any 10b-5 Plan or such other written securities trading arrangement promptly upon termination. Multiple discretionary terminations by the same person may suggest that that person entered into the 10b-5 Plan without the good faith required to establish or operate the plan or the plan was part of a plan or scheme to evade RuleA 10b-5-1. Therefore, the Company limits discretionary terminations of 10b-5 Plans to one termination per person in any 18-month period Â A Â A FAQ-7with such termination applying to either one or all 10b-5 Plans then in effect for such person. Adoptions and modifications of a 10b-5 Plan will trigger a new Cooling-Off Period.What are my obligations once I am no longer providing services to the Company?Following the termination of your employment or service relationship, you must observe the Trading Window restrictions until the next Trading Window opens in the event your termination occurs outside this Policyâ€™s Trading Windows. As an example, if your employment terminates during a Blackout Period, you must wait until the next Trading Window opens before trading in Company securities (but you would not necessarily need to wait if termination happens during a Trading Window).A Further, if you are aware of material nonpublic information when your employment or service relationship terminates, you may not trade in Company securities until that information has become public or is no longer material.How does this Policy apply to trades by the Compliance Officer?The Compliance Officer may not trade in Company securities unless the trade has been approved by the Companyâ€™s Chief Financial Officer (or Chief Executive Officer if the Compliance Officer is the Chief Financial Officer) in accordance with this Policy.What additional duties does the Compliance Officer have?In addition to the duties of the Compliance Officer specified in this Policy, the Compliance Officer or its designee, shall:â—Respond to inquiries relating to this Policy and its procedures.â—Designate and announce Blackout Periods during which Covered Persons may not trade in Company securities.â—Revise this Policy as necessary to reflect changes in federal or state laws and regulations, subject to approval by the Board or a duly authorized committee thereof. The list of individuals who may or are required to adopt 10b-5 Trading Plans and the list of Access Persons may be amended by the Compliance Officer, in consultation with the Chair of the Nominating and Corporate Governance Committee of the Board as appropriate.â—Maintain as Company records originals or copies of all documents required by the provisions of this Policy or the procedures set forth herein, and copies of all required SEC reports relating to insider trading, including without limitation FormsA 3, 4, 5 and 144 and SchedulesA 13D and 13G.â—Assist with Company disclosures required under applicable securities laws with respect to this Policy and 10b-5 Plans.Â A Â A FAQ-8DocumentExhibit 23.1CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMWe hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-226516, 333-229558, 333-236296, 333-256052, 333-262611, 333-269648 and 333-276910) of Sonos, Inc. of our report dated November 15, 2024 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K. /s/ PricewaterhouseCoopers LLP Los Angeles, CaliforniaNovember 15, 2024DocumentExhibit 31.1CERTIFICATION OF CHIEF EXECUTIVE OFFICERPURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002I, Patrick Spence, certify that:1.I have reviewed this annual report on Form 10-K of Sonos, Inc.;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 registrantâ€™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 registrantâ€™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; andd.Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting.5.The registrantâ€™s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™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 registrantâ€™s ability to record, process, summarize and report financial information; andb.Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.Date: NovemberÂ 15, 2024/s/ Patrick SpencePatrick SpenceChief Executive Officer(Principal Executive Officer)DocumentExhibit 31.2CERTIFICATION OF CHIEF FINANCIAL OFFICERPURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002I, Saori Casey, certify that:1.I have reviewed this annual report on Form 10-K of Sonos, Inc.;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 registrantâ€™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 registrantâ€™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; andd.Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting.5.The registrantâ€™s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™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 registrantâ€™s ability to record, process, summarize and report financial information; andb.Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.Date: NovemberÂ 15, 2024/s/ Saori CaseySaori CaseyChief Financial Officer(Principal Financial Officer)DocumentExhibit 32.1CERTIFICATION OF CHIEF EXECUTIVE OFFICERPURSUANT TO18 U.S.C. SECTION 1350,AS ADOPTED PURSUANT TOSECTION 906 OF THE SARBANES-OXLEY ACT OF 2002I, Patrick Spence, Chief Executive Officer of Sonos, Inc. (the â€œCompanyâ€), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge, this annual report on Form 10-K of the Company for the fiscal year ended SeptemberA 28, 2024 fully complies with the

requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such annual report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company. Date: November 15, 2024By:/s/ Patrick SpencePatrick SpenceChief Executive Officer(Principal Executive Officer)DocumentExhibit 32.2CERTIFICATION OF CHIEF FINANCIAL OFFICERPURSUANT TO18 U.S.C. SECTION 1350,AS ADOPTED PURSUANT TOSECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, Saori Casey, Chief Financial Officer and Chief Legal Officer of Sonos, Inc. (the "Company"), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge, this annual report on Form 10-K of the Company for the fiscal year ended September 28, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such annual report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company. Date: November 15, 2024By:/s/ Saori CaseySaori CaseyChief Financial Officer(Principal Financial Officer)