REFINITIV

DELTA REPORT

10-Q

SONO - SONOS INC

10-Q - MARCH 30, 2024 COMPARED TO 10-Q - DECEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	2301
CHANGES	117
DELETIONS	567
ADDITIONS	1617

REFINITIV

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 30, 2023

March 30, 2024

or

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

For the transition period from to

Commission File Number: 001-38603

SONOS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**03-0479476**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

614 Chapala Street 301 Coromar Drive	**Santa Barbara**	**CA**	**93101 93117**
(Address of Principal Executive Offices)			(Zip Code)

(805) 965-3001

(805) 965-3001
Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value	SONO	The Nasdaq Stock Market LLC

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 Yes☒ x No ☐ o

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

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐ o

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

As of January 29, 2024 April 27, 2024, the registrant had 123,843,001122,900,829 shares of common stock outstanding.

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PART I. FINANCIAL INFORMATION

Item Item 1. Financial statements

SONOS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited, in thousands, except par values)

	As of	
	December 30, 2023	**September 30, 2023**
Assets		
Current assets:		
Cash and cash equivalents	$ 467,342	$ 220,231
Accounts receivable, net	80,811	67,583
Inventories	173,043	346,521
Prepaids and other current assets	37,690	25,296
Total current assets	758,886	659,631
Property and equipment, net	86,816	87,075
Operating lease right-of-use assets	53,857	48,918
Goodwill	82,288	80,420
Intangible assets, net		
In-process research and development	72,846	69,791
Other intangible assets	18,745	20,218
Deferred tax assets	1,714	1,659
Other noncurrent assets	34,838	34,529
Total assets	$ 1,109,990	$ 1,002,241
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 176,365	$ 187,981
Accrued expenses	97,992	89,717
Accrued compensation	28,018	22,079
Deferred revenue, current	20,943	20,188
Other current liabilities	52,683	34,253

Total current liabilities	*376,001*	*354,218*
Operating lease liabilities, noncurrent	*60,622*	*54,956*
Deferred revenue, noncurrent	*64,962*	*60,650*
Deferred tax liabilities	*10,192*	*9,846*
Other noncurrent liabilities	*3,804*	*3,914*
Total liabilities	*515,581*	*483,584*
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Common stock, $0.001 par value	*127*	*130*
Treasury stock	*(38,856)*	*(72,586)*
Additional paid-in capital	*569,286*	*607,345*
Retained earnings (accumulated deficit)	*68,159*	*(12,788)*
Accumulated other comprehensive loss	*(4,307)*	*(3,444)*
Total stockholders' equity	*594,409*	*518,657*
Total liabilities and stockholders' equity	*$ 1,109,990*	*$ 1,002,241*

	As of	
	March 30, 2024	**September 30, 2023**
Assets		
Current assets:		
Cash and cash equivalents	$ 245,962	$ 220,231
Marketable securities	45,598	—
Accounts receivable, net	69,725	67,583
Inventories	179,545	346,521
Prepaids and other current assets	42,077	25,296
Total current assets	582,907	659,631
Property and equipment, net	88,236	87,075
Operating lease right-of-use assets	51,594	48,918
Goodwill	81,303	80,420
Intangible assets, net		
In-process research and development	71,235	69,791
Other intangible assets	17,243	20,218

Deferred tax assets	1,638	1,659
Other noncurrent assets	31,459	34,529
Total assets	$ 925,615	$ 1,002,241
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 121,497	$ 187,981
Accrued expenses	72,241	89,717
Accrued compensation	38,470	22,079
Deferred revenue, current	20,692	20,188
Other current liabilities	50,317	34,253
Total current liabilities	303,217	354,218
Operating lease liabilities, noncurrent	51,984	54,956
Deferred revenue, noncurrent	62,616	60,650
Deferred tax liabilities	9,972	9,846
Other noncurrent liabilities	3,822	3,914
Total liabilities	431,611	483,584
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Common stock, $0.001 par value	128	130
Treasury stock	(77,996)	(72,586)
Additional paid-in capital	577,840	607,345
Accumulated deficit	(1,550)	(12,788)
Accumulated other comprehensive loss	(4,418)	(3,444)
Total stockholders' equity	494,004	518,657
Total liabilities and stockholders' equity	$ 925,615	$ 1,002,241

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

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SONOS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(LOSS)

(unaudited, in thousands, except share and per share amounts)

	Three Months Ended	
	December 30, 2023	December 31, 2022
Revenue	$ 612,869	$ 672,579
Cost of revenue	330,190	387,522
Gross profit	282,679	285,057
Operating expenses		
Research and development	79,235	76,940
Sales and marketing	83,950	78,696
General and administrative	39,799	43,117
Total operating expenses	202,984	198,753
Operating income	79,695	86,304
Other income, net		
Interest income	3,075	1,967
Interest expense	(105)	(158)
Other income, net	10,274	23,576
Total other income, net	13,244	25,385
Income before provision for income taxes	92,939	111,689
Provision for income taxes	11,992	36,501
Net income	$ 80,947	$ 75,188
Net income attributable to common stockholders:		
Basic and diluted	$ 80,947	$ 75,188
Net income per share attributable to common stockholders:		
Basic	$ 0.65	$ 0.59
Diluted	$ 0.64	$ 0.57

Weighted-average shares used in computing net income per share attributable to common stockholders:		
Basic	*125,181,717*	*127,212,245*
Diluted	*126,742,153*	*131,502,986*
Total comprehensive income		
Net income	*80,947*	*75,188*
Change in foreign currency translation adjustment	*(863)*	*(7,226)*
Comprehensive income	*$ 80,084*	*$ 67,962*

	Three Months Ended		Six Months Ended	
	March 30, 2024	**April 1, 2023**	**March 30, 2024**	**April 1, 2023**
Revenue	$ 252,662	$ 304,173	$ 865,531	$ 976,752
Cost of revenue	140,624	172,555	470,815	560,078
Gross profit	112,038	131,618	394,716	416,674
Operating expenses				
Research and development	80,322	80,785	159,557	157,726
Sales and marketing	61,835	63,621	145,785	142,317
General and administrative	40,841	44,438	80,639	87,553
Total operating expenses	182,998	188,844	385,981	387,596
Operating income (loss)	(70,960)	(57,226)	8,735	29,078
Other income, net				
Interest income	3,933	3,181	7,008	5,149
Interest expense	(122)	(152)	(227)	(311)
Other income (expense), net	(3,303)	(2,832)	6,971	20,745
Total other income, net	508	197	13,752	25,583
Income (loss) before provision for (benefit from) income taxes	(70,452)	(57,029)	22,487	54,661
Provision for (benefit from) income taxes	(743)	(26,377)	11,249	10,124
Net income (loss)	$ (69,709)	$ (30,652)	$ 11,238	$ 44,537

Net income (loss) attributable to common stockholders:				
Basic and diluted	$ (69,709)	$ (30,652)	$ 11,238	$ 44,537
Net income (loss) per share attributable to common stockholders:				
Basic	$ (0.56)	$ (0.24)	$ 0.09	$ 0.35
Diluted	$ (0.56)	$ (0.24)	$ 0.09	$ 0.34
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders:				
Basic	123,749,605	127,952,875	124,465,661	127,582,560
Diluted	123,749,605	127,952,875	128,206,823	132,834,096
Total comprehensive income (loss)				
Net income (loss)	(69,709)	(30,652)	11,238	44,537
Change in foreign currency translation adjustment	(85)	4,542	(948)	(2,684)
Net unrealized loss on marketable securities	(26)	—	(26)	—
Comprehensive income (loss)	$ (69,820)	$ (26,110)	$ 10,264	$ 41,853

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

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SONOS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(unaudited, in thousands, except share amounts)

	Three Months Ended

	December 30, 2023	December 31, 2022
Total stockholders' equity, beginning balances	$ 518,657	$ 560,513
Common stock		
Beginning balances	$ 130	$ 130
Issuance of common stock pursuant to equity incentive plans	1	2
Retirement of treasury stock	(4)	(2)
Ending balances	$ 127	$ 130
Additional paid-in capital		
Beginning balances	$ 607,345	$ 617,390
Issuance of common stock pursuant to equity incentive plans	3,537	8,101
Retirement of treasury stock	(60,954)	(39,266)
Stock-based compensation expense	19,358	20,195
Ending balances	$ 569,286	$ 606,420
Treasury stock		
Beginning balances	$ (72,586)	$ (50,896)
Retirement of treasury stock	60,959	39,268
Repurchase of common stock	(23,484)	(15,043)
Repurchase of common stock related to shares withheld for tax in connection with vesting of stock awards	(3,745)	(8,376)
Ending balances	$ (38,856)	$ (35,047)
Retained earnings (accumulated deficit)		
Beginning balances	$ (12,788)	$ (2,514)
Net income	80,947	75,188
Ending balances	$ 68,159	$ 72,674
Accumulated other comprehensive loss		
Beginning balances	$ (3,444)	$ (3,597)
Change in foreign currency translation adjustment	(863)	(7,226)
Ending balances	$ (4,307)	$ (10,823)

Total stockholders' equity, ending balances	*$ 594,409*	*$ 633,354*
Common stock shares:		
Beginning balances	*130,399,940*	*129,823,663*
Issuance of common stock pursuant to equity incentive plans	*1,268,520*	*1,973,506*
Retirement of treasury stock	*(4,424,500)*	*(2,293,416)*
Ending balances	*127,243,960*	*129,503,753*
Treasury stock shares:		
Beginning balances	*(5,286,024)*	*(3,154,940)*
Retirement of treasury stock	*4,424,500*	*2,293,416*
Repurchase of common stock	*(1,478,597)*	*(849,806)*
Repurchase of common stock related to shares withheld for tax in connection with vesting of stock awards	*(332,550)*	*(470,585)*
Ending balances	*(2,672,671)*	*(2,181,915)*

	Three Months Ended		Six Months Ended	
	March 30, 2024	**April 1, 2023**	**March 30, 2024**	**April 1, 2023**
Total stockholders' equity, beginning balances	$ 594,409	$ 633,354	$ 518,657	$ 560,512
Common stock				
Beginning balances	$ 127	$ 130	$ 130	$ 130
Issuance of common stock pursuant to equity incentive plans	2	1	4	3
Retirement of treasury stock	(1)	(1)	(6)	(3)
Ending balances	$ 128	$ 130	$ 128	$ 130
Additional paid-in capital				
Beginning balances	$ 569,286	$ 606,420	$ 607,345	$ 617,390
Issuance of common stock pursuant to equity incentive plans	8,364	9,478	11,901	17,579
Retirement of treasury stock	(23,483)	(23,418)	(84,437)	(62,684)

Stock-based compensation expense	23,673	21,025	43,031	41,220
Ending balances	$ 577,840	$ 613,505	$ 577,840	$ 613,505
Treasury stock				
Beginning balances	$ (38,856)	$ (35,047)	$ (72,586)	$ (50,896)
Retirement of treasury stock	23,484	23,419	84,443	62,687
Repurchase of common stock	(53,126)	(15,011)	(76,611)	(30,054)
Repurchase of common stock related to shares withheld for tax in connection with vesting of stock awards	(9,498)	(9,823)	(13,242)	(18,199)
Ending balances	$ (77,996)	$ (36,462)	$ (77,996)	$ (36,462)
Retained earnings (accumulated deficit)				
Beginning balances	$ 68,159	$ 72,674	$ (12,788)	$ (2,515)
Net income (loss)	(69,709)	(30,652)	11,238	44,537
Ending balances	$ (1,550)	$ 42,022	$ (1,550)	$ 42,022
Accumulated other comprehensive loss				
Beginning balances	$ (4,307)	$ (10,823)	$ (3,444)	$ (3,597)
Change in foreign currency translation adjustment	(85)	4,542	(948)	(2,684)
Unrealized loss on investments	(26)	—	(26)	—
Ending balances	$ (4,418)	$ (6,281)	$ (4,418)	$ (6,281)
Total stockholders' equity, ending balances	$ 494,004	$ 612,914	$ 494,004	$ 612,914
Common stock shares:				
Beginning balances	127,243,960	129,503,753	130,399,940	129,823,663
Issuance of common stock pursuant to equity incentive plans	2,059,833	2,171,911	3,328,353	4,145,417
Retirement of treasury stock	(1,478,597)	(1,320,391)	(5,903,097)	(3,613,807)
Ending balances	127,825,196	130,355,273	127,825,196	130,355,273
Treasury stock shares:				
Beginning balances	(2,672,671)	(2,181,915)	(5,286,024)	(3,154,940)
Retirement of treasury stock	1,478,597	1,320,391	5,903,097	3,613,807

Repurchase of common stock	(3,045,143)	(766,349)	(4,523,740)	(1,616,155)
Repurchase of common stock related to shares withheld for tax in connection with vesting of stock awards	(508,185)	(457,960)	(840,735)	(928,545)
Ending balances	(4,747,402)	(2,085,833)	(4,747,402)	(2,085,833)

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

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SONOS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in thousands)

	Three Months Ended	
	December 30, 2023	December 31, 2022
Cash flows from operating activities		
Net income	$ 80,947	$ 75,188
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11,878	11,132
Restructuring and abandonment charges	260	—
Stock-based compensation expense	19,358	20,195
Provision for inventory obsolescence	5,837	5,204
Other	1,236	1,593
Deferred income taxes	(45)	167
Foreign currency transaction gains	(7,388)	(17,700)
Changes in operating assets and liabilities:		
Accounts receivable	(12,215)	(7,286)
Inventories	167,641	143,144

Other assets	*(12,878)*	*2,463*
Accounts payable and accrued expenses	*(7,429)*	*(65,917)*
Accrued compensation	*5,988*	*2,249*
Deferred revenue	*3,660*	*(3,950)*
Other liabilities	*18,551*	*15,804*
Net cash provided by operating activities	*275,401*	*182,286*
Cash flows from investing activities		
Purchases of property and equipment	*(6,077)*	*(14,689)*
Net cash used in investing activities	*(6,077)*	*(14,689)*
Cash flows from financing activities		
Payments for repurchase of common stock	*(23,484)*	*(15,043)*
Proceeds from exercise of common stock options	*3,538*	*8,103*
Payments for repurchase of common stock related to shares withheld for tax in connection with vesting of stock awards	*(3,745)*	*(8,376)*
Net cash used in financing activities	*(23,691)*	*(15,316)*
Effect of exchange rate changes on cash and cash equivalents	*1,478*	*4,397*
Net increase in cash and cash equivalents	*247,111*	*156,678*
Cash and cash equivalents		
Beginning of period	*220,231*	*274,855*
End of period	*$ 467,342*	*$ 431,533*
Supplemental disclosure		
Cash paid for interest	*$ 58*	*$ 111*
Cash paid for taxes, net of refunds	*$ 3,684*	*$ 1,903*
Cash paid for amounts included in the measurement of lease liabilities	*$ 2,601*	*$ 2,190*
Supplemental disclosure of non-cash investing and financing activities		
Purchases of property and equipment in accounts payable and accrued expenses	*$ 6,141*	*$ 2,030*
Right-of-use assets obtained in exchange for new operating lease liabilities	*$ 7,637*	*$ —*

	Six Months Ended	
	March 30, 2024	**April 1, 2023**
Cash flows from operating activities		
Net income	$ 11,238	$ 44,537

Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	23,121	22,845
Restructuring and abandonment charges	266	4,846
Stock-based compensation expense	43,031	41,220
Provision for inventory obsolescence	5,293	10,059
Other	2,188	3,173
Deferred income taxes	(31)	1,358
Foreign currency transaction gains	(3,441)	(14,126)
Changes in operating assets and liabilities:		
Accounts receivable	(2,793)	16,932
Inventories	161,683	118,032
Other assets	(15,169)	5,481
Accounts payable and accrued expenses	(89,151)	(186,194)
Accrued compensation	16,040	6,108
Deferred revenue	1,857	(4,484)
Other liabilities	10,025	(463)
Net cash provided by operating activities	164,157	69,324
Cash flows from investing activities		
Purchases of marketable securities	(45,280)	—
Purchases of property and equipment	(16,263)	(23,403)
Net cash used in investing activities	(61,543)	(23,403)
Cash flows from financing activities		
Payments for repurchase of common stock	(76,250)	(30,054)
Proceeds from exercise of common stock options	11,905	17,584
Payments for repurchase of common stock related to shares withheld for tax in connection with vesting of stock awards	(13,242)	(18,199)
Net cash used in financing activities	(77,587)	(30,669)
Effect of exchange rate changes on cash and cash equivalents	704	4,766
Net increase in cash and cash equivalents	25,731	20,018
Cash and cash equivalents		
Beginning of period	220,231	274,855
End of period	$ 245,962	$ 294,873
Supplemental disclosure		
Cash paid for interest	$ 134	$ 330

Cash paid for taxes, net of refunds	$	12,247	$	6,399
Cash paid for amounts included in the measurement of lease liabilities	$	6,670	$	7,219
Supplemental disclosure of non-cash investing and financing activities				
Purchases of property and equipment in accounts payable and accrued expenses	$	7,582	$	8,393
Right-of-use assets obtained in exchange for new operating lease liabilities	$	7,637	$	711

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

SONOS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. Business Overview and Basis of Presentation

Description 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, select e-commerce retailers, and its website, 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.

Basis of presentation and preparation

The accompanying condensed consolidated financial statements are unaudited. The condensed consolidated balance sheet as of September 30, 2023, has been derived from the audited consolidated financial statements of the Company.

The accompanying condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") for interim financial information and the applicable rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all the information and footnotes required by U.S. GAAP for annual financial statements. They should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2023, (the "Annual Report"), filed with the SEC on November 20, 2023.

In management's opinion, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of only normal recurring adjustments, necessary for the fair statement of the Company's financial position, its results of operations, and its cash flows for the interim periods presented. The results of operations for the three and six months ended December 30, 2023, March 30, 2024 are not necessarily indicative of the results to be expected for the full fiscal year or any other period.

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 fourth quarter of the Company's fiscal year ended October 3, 2020, and will reoccur in the fiscal year ending October 3, 2026. The three six months ended December 30, 2023, March 30, 2024 and December 31, 2022 April 1, 2023, spanned 13 26 weeks each. As used in this Quarterly Report on Form 10-Q, "fiscal 2024" refers to the fiscal year ending September 28, 2024, "fiscal 2023" refers to the fiscal year ended September 30, 2023, "fiscal 2022" refers to the fiscal year ended October 1, 2022, "fiscal 2021" refers to the fiscal year ended October 2, 2021, and "fiscal 2020" refers to the fiscal year ended October 3, 2020.

Use of estimates and judgments

The 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 condensed consolidated financial statements

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and accompanying notes. Actual results could differ materially from those estimates. On an ongoing basis, the Company evaluates its estimates and judgments compared to historical experience and expected trends.

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SONOS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(unaudited)

2. Summary of Significant Accounting Policies

There have been no changes in the Company’s significant accounting policies, recently adopted accounting pronouncements or recent accounting pronouncements pending adoption from those disclosed in the Annual Report, except as noted below.

Marketable securities

The 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 condensed consolidated balance sheets, with unrealized gains and losses recorded in accumulated other comprehensive (income) loss. For securities 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 condensed consolidated statement of operations and comprehensive income (loss).

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 are 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 condensed consolidated balance sheets.

Recent accounting pronouncements pending adoption

In November 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 condensed 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 condensed consolidated financial statements and related disclosures.

In December 2023, the 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**Table 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 condensed consolidated financial statements and related disclosures. contents**

SONOS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(unaudited)

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. The Company utilizes the following fair value hierarchy to establish priorities of the inputs used to measure fair value:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than quoted market prices included in Level 1, such as quoted prices for similar assets or liabilities in markets that are not

active; or other inputs that observable or can be corroborated by observable market data.

The following table summarizes fair value measurements by level for the assets measured at fair value on a recurring basis as of December 30, 2023, March 30, 2024 and September 30, 2023:

	March 30, 2024			
	Level 1	Level 2	Level 3	Total
(In thousands)				
Assets:				
Cash equivalents:				
Money market funds	$ 83,396	$ —	$ —	$ 83,396
U.S. Treasury securities	—	4,747	—	4,747
Total cash equivalents	83,396	4,747		88,143
Marketable Securities:				
U.S. Treasury securities	—	45,598	—	45,598
Total marketable securities	—	45,598	—	45,598
Total assets	$ 83,396	$ 50,345	$ —	$ 133,741

	September 30, 2023			
	Level 1	Level 2	Level 3	Total
(In thousands)				
Assets:				
Cash equivalents:				
Money market funds	$ 51,522	$ —	$ —	$ 51,522
Total Assets	$ 51,522	$ —	$ —	$ 51,522

	December 30, 2023			
	Level 1	Level 2	Level 3	Total
(In thousands)				
Assets:				
Money market funds (cash equivalents)	$ 256,835	$ —	$ —	$ 256,835
	September 30, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**

(In thousands)								
Assets:								
Money market funds (cash equivalents)	$	51,522	$	—	$	—	$	51,522

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SONOS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(unaudited)

4. Financial Instruments

The Company classifies its marketable securities as available-for-sale and reports them at fair value in the condensed consolidated balance sheets, with unrealized gains and losses recorded in accumulated other comprehensive income (loss). Classification of the Company's marketable securities in the condensed 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. As of March 30, 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 condensed consolidated statements of operations and comprehensive income (loss).

The following is a summary of marketable securities as of March 30, 2024 (in thousands):

	March 30, 2024							
	Amortized Cost		Unrealized Gain		Unrealized Loss		Estimated Fair Value	
Marketable securities:								
U.S. Treasury securities	$	50,371	$	1	$	(27)	$	50,345
Total marketable securities	$	50,371	$	1	$	(27)	$	50,345
Reported in:								
Cash and cash equivalents							$	4,747
Marketable securities								45,598

Total	$	50,345

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 three and six months ended March 30, 2024. For securities in an unrealized loss position, the Company evaluated whether the decline in fair value resulted from credit losses or other factors and concluded these amounts were related to temporary fluctuations in value of the securities and were due primarily to changes in interest rates and market conditions of the underlying securities. 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 March 30, 2024.

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 purposes 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 condensed consolidated balance sheets. Accrued interest receivable related to our marketable securities was immaterial as of March 30, 2024. 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. No accrued interest receivables were written off during the three and six months ended March 30, 2024.

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4. 5. Revenue and Geographic Information

Disaggregation of revenue

Revenue is attributed to each region based on ship-to address, and also includes the applicable service revenue for software upgrades and cloud-based services attributable to each region. Revenue by region is as follows:

	Three Months Ended			
	December 30, 2023		December 31, 2022	
(In thousands)				
Americas	$	392,439	$	396,565
Europe, Middle East and Africa ("EMEA")		191,817		240,439
Asia Pacific ("APAC")		28,613		35,575

Total revenue	$ 612,869	$ 672,579

	Three Months Ended		Six Months Ended	
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
(In thousands)				
Americas	$ 170,187	$ 196,533	$ 562,627	$ 593,097
Europe, Middle East and Africa ("EMEA")	69,356	89,054	261,173	329,494
Asia Pacific ("APAC")	13,119	18,586	41,731	54,161
Total revenue	$ 252,662	$ 304,173	$ 865,531	$ 976,752

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:

	Three Months Ended	
	December 30, 2023	December 31, 2022
(In thousands)		
United States	$ 361,850	$ 365,974
Other countries	251,019	306,605
Total revenue	$ 612,869	$ 672,579

	Three Months Ended		Six Months Ended	
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
(In thousands)				
United States	$ 155,695	$ 181,877	$ 517,544	$ 547,851
Other countries	96,967	122,296	347,987	428,901
Total revenue	$ 252,662	$ 304,173	$ 865,531	$ 976,752

Revenue by product category also includes the applicable service revenue for software upgrades and cloud-based services attributable to each product category. Revenue by major product category is as follows:

	Three Months Ended		Six Months Ended	
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023

(In thousands)				
Sonos speakers	$ 187,262	$ 241,180	$ 690,273	$ 780,377
Sonos system products	49,265	44,091	133,826	158,525
Partner products and other revenue	16,135	18,902	41,432	37,850
Total revenue	$ 252,662	$ 304,173	$ 865,531	$ 976,752

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	Three Months Ended	
	December 30, 2023	December 31, 2022
(In thousands)		
Sonos speakers	$ 503,011	$ 539,196
Sonos system products	84,562	114,434
Partner products and other revenue	25,296	18,949
Total revenue	$ 612,869	$ 672,579

5. 6. Balance Sheet Components

Accounts receivable, net

Accounts receivable, net consist of the following:

	December 30, 2023	September 30, 2023
(In thousands)		
Accounts receivable	$ 146,245	$ 99,369
Allowance for credit losses	(2,369)	(2,711)
Allowance for sales incentives	(63,065)	(29,075)
Accounts receivable, net of allowances	$ 80,811	$ 67,583

(In thousands)	March 30, 2024	September 30, 2023
Accounts receivable	$ 97,748	$ 99,369
Allowance for credit losses	(2,245)	(2,711)
Allowance for sales incentives	(25,778)	(29,075)
Accounts receivable, net of allowances	$ 69,725	$ 67,583

Inventories

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Inventories

Inventories consist of the following:

(In thousands)	December 30, 2023	September 30, 2023
Finished goods	$ 113,354	$ 281,571
Component parts	59,689	64,950
Inventories	$ 173,043	$ 346,521

(In thousands)	March 30, 2024	September 30, 2023
Finished goods	$ 114,222	$ 281,571
Component parts	65,323	64,950
Inventories	$ 179,545	$ 346,521

As of December 30, 2023, March 30, 2024 and September 30, 2023, inventory write-downs were $35.1 million $33.1 million and $29.7 million, $29.7 million, respectively.

Goodwill

The following table presents the changes in carrying amount of goodwill during the three six months ended December 30, 2023 March 30, 2024:

(In thousands)		
Balance as of September 30, 2023	$	80,420
Effect of exchange rate changes on goodwill		883
Balance as of March 30, 2024	$	81,303

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(In thousands)		
Balance as of September 30, 2023	$	80,420
Effect of exchange rate changes on goodwill		1,868
Balance as of December 30, 2023	$	82,288

Intangible assets

The following table reflects the changes in the net carrying amount of the components of intangible assets associated with the Company's acquisition activity:

	December 30, 2023				
(In thousands, except weighted-average remaining life)	Gross Carrying Amount	Accumulated Amortization	Foreign Currency Translation	Net Carrying Value	Weighted-Average Remaining Life
Trade name	$ 451	$ (131)	$ 7	$ 327	4.25
Technology-based	31,480	(13,062)	—	18,418	4.76
Total finite-lived intangible assets	31,931	(13,193)	7	18,745	4.75
In-process research and development not subject to amortization	71,759	—	1,087	72,846	
Total intangible assets	$ 103,690	$ (13,193)	$ 1,094	$ 91,591	

(In thousands, except weighted-average remaining life)	Gross Carrying Amount	Accumulated Amortization	Foreign Currency Translation	Net Carrying Value	Weighted-Average Remaining Life
	March 30, 2024				
Trade name	$ 451	$ (149)	$ (3)	$ 299	4.00
Technology-based	31,480	(14,536)	—	16,944	4.65
Total finite-lived intangible assets	31,931	(14,685)	(3)	17,243	4.64
In-process research and development not subject to amortization	71,759	—	(524)	71,235	
Total intangible assets	$ 103,690	$ (14,685)	$ (527)	$ 88,478	

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SONOS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(unaudited)

The following table summarizes the estimated future amortization expense of the Company's intangible assets as of December 30, 2023 March 30, 2024:

Fiscal years ending (In thousands)	Future Amortization Expense
Remainder of fiscal 2024	$ 4,479
2025	3,372
2026	3,043
2027	3,027
2028	2,910
2029 and thereafter	1,914
Total future amortization expense	$ 18,745

Fiscal years ending		Future Amortization Expense
(In thousands)		
Remainder of fiscal 2024	$	2,985
2025		3,369
2026		3,040
2027		3,025
2028		2,909
2029 and thereafter		1,915
Total future amortization expense	$	17,243

Cloud Computing Arrangements

Capitalized costs to implement cloud computing arrangements net of accumulated amortization are reported as a component of other noncurrent assets on the Company's condensed consolidated balance sheets and were as follows:

	December 30, 2023		September 30, 2023	
Cloud computing implementation costs	$	24,177	$	24,177
Less: accumulated amortization		7,080		6,207
Cloud computing implementation costs, net	$	17,097	$	17,970

	March 30, 2024		September 30, 2023	
Cloud computing implementation costs	$	24,177	$	24,177
Less: accumulated amortization		7,952		6,207
Cloud computing implementation costs, net	$	16,225	$	17,970

Amortization expenses for implementation costs for cloud-based computing arrangements for the three and six months ended December 30, 2023 March 30, 2024 were $0.9 million and $1.7 million, respectively. Amortization expenses for implementation costs for cloud-based computing arrangements for the three and December 31, 2022 six months ended April 1, 2023 were $0.9 million $1.0 million and $ $1.9 million, respectively.

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(unaudited)

Accrued expenses

Accrued expenses consisted of the following:

	December 30, 2023		September 30, 2023	
(In thousands)				
Accrued inventory and supply chain costs	$	33,555	$	48,384
Accrued taxes		28,364		11,410
Accrued advertising and marketing		18,240		13,029
Accrued general and administrative expenses		9,353		9,924
Other accrued payables		5,100		2,672
Accrued product development		3,380		4,298
Total accrued expenses	$	97,992	$	89,717

	March 30, 2024		September 30, 2023	
(In thousands)				
Accrued inventory and supply chain costs	$	37,444	$	48,384
Accrued general and administrative expenses		10,969		9,924
Accrued taxes		7,565		11,410
Accrued advertising and marketing		6,431		13,029
Accrued product development		4,017		4,298
Other accrued payables		5,815		2,672
Total accrued expenses	$	72,241	$	89,717

Deferred revenue

Amounts invoiced in advance of revenue recognition are recorded as deferred revenue on the condensed consolidated balance sheets. Deferred revenue primarily relates to revenue allocated to unspecified software upgrades and cloud-based services. Recognition of revenue for the three-month period ended December 31, 2022 as of April 1, 2023, includes $9.2 million $9.2 million of deferred revenue from the fourth quarter of fiscal 2022, related to newly launched products sold to resellers not recognized as revenue until the date general availability was reached, which was the first quarter of fiscal 2023.

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SONOS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(unaudited)

The following table presents the changes in the Company's deferred revenue:

	Three Months Ended	
	December 30, 2023	December 31, 2022
(In thousands)		
Deferred revenue, beginning of period	$ 80,838	$ 83,470
Recognition of revenue included in beginning of period deferred revenue	(4,023)	(11,520)
Revenue deferred, net of revenue recognized on contracts in the respective period	9,090	10,031
Deferred revenue, end of period	$ 85,905	$ 81,981

	Six Months Ended	
	March 30, 2024	April 1, 2023
(In thousands)		
Deferred revenue, beginning of period	$ 80,838	$ 83,470
Recognition of revenue included in beginning of period deferred revenue	(12,775)	(16,186)
Revenue deferred, net of revenue recognized on contracts in the respective period	15,245	14,443
Deferred revenue, end of period	$ 83,308	$ 81,727

The Company expects the following recognition of deferred revenue as of December 30, 2023 March 30, 2024:

	For the fiscal years ending					
	Remainder of 2024	2025	2026	2027	2028 and Beyond	Total
(In thousands)						
Deferred revenue expected to be recognized	$ 10,919	$ 18,987	$ 16,600	$ 13,949	$ 22,853	$ 83,308

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For the fiscal years ending

(In thousands)	2024	2025	2026	2027	2028 and Beyond	Total
Deferred revenue expected to be recognized	$ 16,018	$ 18,685	$ 16,273	$ 13,596	$ 21,333	$ 85,905

SONOS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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Other current liabilities

Other current liabilities consist of the following:

(In thousands)	December 30, 2023	September 30, 2023
Reserve for returns	$ 31,796	$ 21,462
Other	10,378	4,172
Warranty liability	8,772	7,466
Short-term operating lease liabilities	1,737	1,153
Total other current liabilities	$ 52,683	$ 34,253

(In thousands)	March 30, 2024	September 30, 2023
Reserve for returns	$ 26,565	$ 21,462
Short-term operating lease liabilities	7,283	1,153
Warranty liability	6,900	7,466
Other	9,569	4,172
Total other current liabilities	$ 50,317	$ 34,253

The following table presents the changes in the Company's warranty liability:

(In thousands)	December 30, 2023	December 31, 2022
Warranty liability, beginning of period	$ 7,466	$ 5,771

Provision for warranties issued during the period	5,582	6,177
Settlements of warranty claims during the period	(4,276)	(2,031)
Warranty liability, end of period	$ 8,772	$ 9,917

Leases

On July 13, 2023, as part of the Company's ongoing evaluation of its 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 intends to relocate its headquarters to this space later in fiscal 2024.

(In thousands)	March 30, 2024	April 1, 2023
Warranty liability, beginning of period	$ 7,466	$ 5,771
Provision for warranties issued during the period	8,126	7,892
Settlements of warranty claims during the period	(8,692)	(4,670)
Warranty liability, end of period	$ 6,900	$ 8,993

7. Debt

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SONOS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(unaudited)

6. 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 $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 a result of the discontinuation of LIBOR. The facility may be drawn as an Alternative Base Rate Loan (at 1.00% 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% 0.11% to 0.43% 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% 0.200% to 0.275% 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 December 30, 2023 March 30, 2024, the Company did not have any outstanding borrowings and had $1.8 million $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 December 30, 2023 March 30, 2024, the Company was in compliance with all financial covenants under the Revolving Credit Agreement.

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8. Commitments and Contingencies

Commitments to suppliers

As of December 30, 2023 March 30, 2024, the Company's open purchase orders to contract manufacturers for finished goods were approximately $71 million, $109 million, the majority of which are expected to be paid over the next six months. months. As of December 30, 2023 March 30, 2024, the Company's expected commitments to suppliers for components were in the range of $210 million $250 million to $240 million, $290 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. 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 include the following: 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 proceedings

From 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 Company'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 Company's operations or its financial position, liquidity or results of operations.

The Company'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

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Alphabet and Google of certain Sonos patents related to its smart speakers and related technology. The counterpart lawsuit is stayed pending completion of the ITC investigation and appeal thereof. The ITC concluded its investigation in January 2022, finding all five of the Company'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 Google's infringing products. The outcome Company and Google each appealed the ITC's determination, which was upheld in its entirety by a panel of the ITC investigation is currently being appealed appeals court. Petitions for hearing by the Company full court and Google.

for Supreme Court review are currently due in May 2024 and July 2024, respectively.

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 $32.5 million based on a royalty rate of $2.30$2.30 per infringing unit. After trial, the court held Sonos' patents unenforceable under the doctrine of prosecution laches and invalid as a result of amendments made during prosecution. The Company is appealing the ruling.

On December 1, 2020, the Company filed a lawsuit against two Google foreign subsidiaries in the regional court of Hamburg, Germany, alleging infringement of a Sonos patent seeking non-monetary relief. The Company has since withdrawn this action after having received some preliminary relief.

Google'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. Four of these patents have since been found invalid by the Court or by the U.S. Patent and Trademark Office, or have been withdrawn from the case by Google. In this lawsuit, one patent remains asserted against the Company. No trial date is set.

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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 2021, 2024, the District Company received a judgment from the German Federal Patent Court Munich stayed invalidating one of the patents. Google has now dismissed its case for infringement of one Google patent pending the outcome of a nullity action against Sonos concerning the validity of that 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 has appealed the Munich court's ruling which is pending.

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 the Company in Canada alleging infringement of one Google patent. On July 26, 2022, the Canadian court ruled that the Company does not infringe this patent after a trial on the merits. Google has appealed the Canadian court's ruling which is pending.

and, in March 2024, the Canadian Federal Court of Appeal dismissed 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, Google 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 has appealed the French trial court's March 2022 and November 2023 rulings, rulings. In April 2024, Google dismissed its appeal of the November 2023 ruling, which are both is now final. Google's appeal of the March 2022 judgment is pending.

On August 21, 2020, Google filed a lawsuit against Sonos Europe B.V. and Sonos, Inc. in the Netherlands alleging infringement of a Google patent seeking an injunction preventing sales of allegedly infringing products. In October 2022, the Netherlands court ruled that the Company does not infringe Google's patent.

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 has appealed this decision, which is pending.

appeal was stayed in April 2024.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(unaudited)

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. An oral hearing in the first ITC investigation took place in June 2023. The first ITC investigation concluded in December 2023 with a final determination of no violation by the Company. No Google chose not to appeal has been filed as of the date of this filing. 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 ("Implicit") 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 Company'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 30, 2023.

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 Company's view of the matters not listed may change in the future as the litigation and events related thereto unfold.

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Tariff refunds

exclusion

On May 13, 2020, the Company was granted a temporary exclusion from the August 2019 Section 301 Tariff Action (List 4A) ("Section 301 tariffs"), eliminating the tariffs on the Company's component products imported from China until August 31, 2020. The exclusion for the Company's component products was not extended past August 31, 2020, with the Section 301 tariffs for our component products automatically reinstated on September 1, 2020. On July 23, 2020, the Company was granted a temporary exclusion from Section 301 tariffs, eliminating the tariffs on the Company's core speaker products imported from China until August 31, 2020. These exemptions entitled the Company to refunds for tariffs paid from September 2019 through December 2020. On August 28, 2020 December 16, 2022, the United States Trade Representative ("USTR") granted an extension through December 31, 2020, of the exclusion for the Company's core speaker products, with the Section 301 tariffs for our core speaker products automatically reinstated on January 1, 2021. On March 23, 2022, the Company was granted an exclusion extension from the Section 301 tariffs, eliminating tariffs on the Company's core speaker products, including certain new product introductions, imported from China from April 13, 2022, through December 31, 2022. This exemption entitled the Company to refunds for tariffs paid from October 12, 2021, through April 12, 2022. On December 16, 2022, the USTR granted an extension through September 30, 2023, of the exclusion for the Company's core speaker products. products from the August 2019 Section 301 Tariff Action (List 4A). On September 6, 2023, the USTR extended the existing exclusions from September 30, 2023 to December 31, 2023, and on December 26, 2023, the USTR extended a further exclusion through May 31, 2024.

Tariff refund claims are subject to review and approval by the U.S. Customs and Border Protection. The Company recovered virtually all tariff refunds to which it was entitled by the end of fiscal 2023. As of December 30, 2023, the remaining refunds the Company expected to recover for tariffs paid from September 2019 through December 2020, and from October 12, 2021 through April 12, 2022, are minimal.

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8. 9. Stockholders' Equity

On November 15, 2023, the Board of Directors (the "Board") authorized a common stock repurchase program of up to $200.0 million. $200.0 million. During the three six months ended December 30, 2023 March 30, 2024, the Company repurchased 1,478,5974,523,740 shares for an aggregate purchase price of $23.5 million $76.2 million at an average price of $15.87$16.85 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 condensed consolidated statements of equity. The Company had $176.5 million $123.8 million available for share repurchases under the repurchase program as of December 30, 2023 March 30, 2024.

Treasury stock during the three six months ended December 30, 2023 March 30, 2024, included 332,550840,735 shares withheld to satisfy employees' tax withholding requirements in connection with vesting of stock awards. Additionally, during the three six months ended December 30, 2023 March 30, 2024, the Company retired 4,424,5005,903,097 shares of treasury stock.

9. 10. Stock-based Compensation

2018 Equity Incentive Plan

In July 2018, 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% 5% of the total outstanding shares of the Company's common stock and common stock equivalents as of the immediately preceding December 31 January 1 (rounded to the nearest whole share) and (y) a number of shares determined by the Company's Board.

Stock options

Pursuant to the 2018 Plan, the Company issued 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 summary of the Company's stock option activity is as follows:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
			(In years)	(In thousands)
Outstanding at September 30, 2023	8,549,957	$ 13.99	3.6	$ 1,689
Exercised	(916,779)	$ 12.99		
Forfeited	(25,582)	$ 14.37		
Outstanding at March 30, 2024	7,607,596	$ 14.11	3.2	$ 37,656

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	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
			(In years)	(In thousands)
Outstanding at September 30, 2023	8,549,957	$ 13.99	3.6	$ 1,689
Exercised	(292,812)	$ 12.09		
Forfeited	(25,140)	$ 14.35		
Outstanding at December 30, 2023	8,232,005	$ 14.06	3.4	$ 25,387

SONOS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(unaudited)

As of December 30, 2023 March 30, 2024 and September 30, 2023, all outstanding stock options have vested and the Company had no unrecognized stock-based compensation expense related to stock options.

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SONOS, INC.

Restricted stock units ("RSU")

Pursuant to the 2018 Plan, the Company issues RSUs to employees and directors. RSUs 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:

follows:

	Number of Units	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
			(In thousands)
Outstanding at September 30, 2023	7,662,035	$ 19.42	$ 98,917
Granted	8,535,582	$ 11.34	
Released	(919,938)	$ 17.30	
Forfeited	(376,322)	$ 16.69	
Outstanding at December 30, 2023	14,901,357	$ 14.99	$ 255,409
At December 30, 2023			

	Number of Units	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
			(In thousands)
Granted	9,031,130	$ 11.74	
Released	(2,355,804)	$ 16.96	
Forfeited	(622,761)	$ 16.10	
Outstanding at March 30, 2024			
At March 30, 2024			

Units expected to vest	12,332,429	$	15.11	$	211,378

As of December 30, 2023, March 30, 2024 and September 30, 2023, the Company had $168.2 million $155.2 million and $111.6 million $111.6 million of unrecognized stock-based compensation expense related to RSUs, which are expected to be recognized over weighted-average periods of 2.8 2.7 and 2.4 years, respectively.

Performance stock units ("PSU")

Pursuant 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 outstanding PSUs is based on the target number of share awards. The number of shares vested at the end of the performance period is based on achievement of performance conditions and may include adjustments to reflect the extent to which the corresponding performance goals have been achieved. The number of shares released during the three six months ended December 30, 2023 March 30, 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 Value		Aggregate Intrinsic Value
					(In thousands)
	Number of Units		Weighted-Average Grant Date Fair Value		Aggregate Intrinsic Value
					(In thousands)
Outstanding at September 30, 2023	265,191	$	21.27	$	3,424
Granted	400,216	$	17.38		
Released	(80,827)	$	23.35		
Forfeited	—	$	-		
Outstanding at December 30, 2023	584,580	$	18.32	$	10,020
Released					

Released

Outstanding at March 30, 2024

Outstanding at March 30, 2024

Outstanding at March 30, 2024

As of December 30, 2023, March 30, 2024 and September 30, 2023, the Company had $5.4 million $8.4 million and $0.3 million $0.3 million of unrecognized stock-based compensation expense related to PSUs, which are expected to be recognized over weighted-average periods of 2.12.0 and 1.2 years, respectively.

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Stock-based compensation

Total stock-based compensation expense by functional category was as follows:

	Three Months Ended	
	December 30, 2023	**December 31, 2022**
(In thousands)		
Cost of revenue	$ 654	$ 570
Research and development	8,979	9,151
Sales and marketing	3,815	4,113
General and administrative	5,910	6,361
Total stock-based compensation expense	$ 19,358	$ 20,195

	Three Months Ended	Six Months Ended

(In thousands)	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
Cost of revenue	$ 686	$ 581	$ 1,340	$ 1,151
Research and development	10,419	9,565	19,398	18,716
Sales and marketing	4,972	4,475	8,787	8,588
General and administrative	7,596	6,404	13,506	12,765
Total stock-based compensation expense	$ 23,673	$ 21,025	$ 43,031	$ 41,220

10.

11. Income Taxes

The Company's income tax provision and the resulting effective tax rate for interim periods is generally determined based upon its estimated annual effective tax rate ("AETR"), adjusted for the effect of discrete items arising in that quarter. The impact of such inclusions could result in a higher or lower effective tax rate during a quarter, based upon the mix and timing of actual earnings or losses versus annual projections. In each quarter, the Company updates its estimate of the AETR, and if the estimated AETR changes, a cumulative adjustment is made in that quarter.

The Company recorded a benefit from income taxes of $0.7 million and $26.4 million for the three months ended March 30, 2024 and April 1, 2023, respectively, related to U.S. and non-U.S. income taxes.

The Company recorded a provision for income taxes of $12.0$11.2 million and $36.5$10.1 million for the three six months ended December 30, 2023, March 30, 2024 and December 31, 2022 April 1, 2023, respectively, related to U.S. and non-U.S. income taxes.

For the three and six months ended December 30, 2023 March 30, 2024, the Company calculated its U.S. income tax provision using the discrete method as though the interim year-to-date period was an annual period. The application of the AETR method generally required by ASC 740, Income Taxes, (ASC 740), was impractical for the U.S. interim income tax provision given that normal deviations in the projected pre-tax net income (loss) in the U.S. could have resulted in a disproportionate and unreliable effective tax rate under the AETR method.

For the three and six months ended December 31, 2022, the Company recorded a provision for income taxes by applying an estimated AETR including the U.S. to year-to-date earnings in accordance with ASC 740. For the three months ended December 30, 2023, and the three months ended December 31, 2022 March 30, 2024, the Company's U.S. income tax expense provision 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 a current U.S. tax expense with no corresponding deferred tax benefit due to the valuation allowance maintained against its U.S. deferred tax assets.

For the three and six months ended December 30, 2023 April 1, 2023, the Company calculated its U.S. income tax provision using the discrete method as though the interim year-to-date period was an annual period.

The Company's U.S. income tax provision was adversely impacted by the requirement to capitalize and amortize research and development expenses under Section 174 as the Company recorded a current U.S. income tax provision with no corresponding deferred tax benefit due to the valuation allowance maintained against its U.S. deferred tax assets.

For the six months ended March 30, 2024, the Company concluded that a full valuation allowance on its deferred tax assets in the U.S. continued to be appropriate considering cumulative pre-tax 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. Release of the valuation allowance in the U.S. would result in a benefit to the income tax expense for provision in 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 U.S.

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12. Net Income (Loss) Per Share

Basic 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.

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The following table sets forth the computation of the Company’s basic and diluted net income (loss) per share attributable to common stockholders:

	Three Months Ended

(In thousands, except share and per share data)	December 30, 2023	December 31, 2022
Numerator:		
Net income attributable to common stockholders - basic and diluted	$ 80,947	$ 75,188
Denominator:		
Weighted-average shares of common stock—basic	125,181,717	127,212,245
Effect of potentially dilutive stock options	133,009	1,802,786
Effect of RSUs	1,424,312	2,460,948
Effect of PSUs	3,115	27,007
Weighted-average shares of common stock—diluted	126,742,153	131,502,986
Net income per share attributable to common stockholders:		
Basic	$ 0.65	$ 0.59
Diluted	$ 0.64	$ 0.57

	Three Months Ended		Six Months Ended	
(In thousands, except share and per share data)	**March 30, 2024**	**April 1, 2023**	**March 30, 2024**	**April 1, 2023**
Numerator:				
Net income (loss) attributable to common stockholders - basic and diluted	$ (69,709)	$ (30,652)	$ 11,238	$ 44,537
Denominator:				
Weighted-average shares of common stock—basic	123,749,605	127,952,875	124,465,661	127,582,560
Effect of potentially dilutive stock options	—	—	876,897	2,263,141
Effect of RSUs	—	—	2,856,594	2,941,691
Effect of PSUs	—	—	7,671	46,704
Weighted-average shares of common stock—diluted	123,749,605	127,952,875	128,206,823	132,834,096
Net income (loss) per share attributable to common stockholders:				
Basic	$ (0.56)	$ (0.24)	$ 0.09	$ 0.35
Diluted	$ (0.56)	$ (0.24)	$ 0.09	$ 0.34

The following potentially dilutive shares were excluded from the computation of diluted net income (loss) per share attributable to common stockholders because including them would have been antidilutive:

	Three Months Ended		Six Months Ended	
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
Stock options to purchase common stock	7,945,226	9,606,088	7,312,304	7,753,514
Restricted stock units	14,314,063	11,016,316	9,964,490	7,629,223
Performance stock units	59,627	251,004	38,417	123,142
Total	22,318,916	20,873,408	17,315,211	15,505,879

	Three Months Ended	
	December 30, 2023	December 31, 2022
Stock options to purchase common stock	8,300,168	8,624,436
Restricted stock units	9,903,792	7,664,566
Performance stock units	29,436	61,681
Total	18,233,396	16,350,683

12. 13. 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

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$2.62.3 million and $2.3 million $2.4 million for the three months ended December 30, 2023, March 30, 2024 and December 31, 2022 April 1, 2023, respectively.

The Company's matching contributions totaled $4.9 million and $4.7 million for the six months ended March 30, 2024 and April 1, 2023, respectively.

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Item 2. Management's discussion and analysis of financial condition and results of operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q and with our audited consolidated financial statements included in our Annual Report.

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.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, 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 largely 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, 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 II, Item 1A of this Quarterly Report on Form 10-Q and in our other SEC filings, including our Annual Report. 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 Quarterly Report on Form 10-Q may not occur and actual results may differ materially and adversely from those anticipated or implied in the forward-looking statements. You should read this Quarterly Report on Form 10-Q with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect. Except as required by law, we do not undertake any obligation to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise.

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. Today, our products include wireless, portable, and home theater speakers, 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. Our platform has attracted a broad range of more than 130 100 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. We frequently introduce new services and features across our platform, providing our customers with enhanced functionality, improved sound, and an enriched user experience. 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.

We generate revenue from the sale of our Sonos speaker products, including wireless speakers and home theater speakers, from our Sonos system products, which largely comprises our component products, and from partner products and other revenue, including partnerships with IKEA and Sonance, Sonos and third-party accessories, licensing, advertising, and subscription revenue.

We have developed a robust product and software roadmap that we believe will help us capture the expanding addressable market for our products. We believe executing on our roadmap will position us to acquire new customers, offer a continuously improving experience to our existing customers, and grow follow-on purchases.

Key Metrics

In addition to the measures presented in our condensed 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 is net income. income (loss). The most directly comparable financial measure calculated under U.S. GAAP for Adjusted EBITDA margin is net income (loss) margin.

	Three Months Ended	
	December 30, 2023	December 31, 2022
(In thousands, except percentages)		

Total revenue	$	612,869	$	672,579
Products sold		2,109		2,482
Net income		80,947		75,188
Net income margin(1)		13.2 %		11.2 %
Adjusted EBITDA(2)	$	115,242	$	123,920
Adjusted EBITDA margin(2)		18.8 %		18.4 %

	Three Months Ended				Six Months Ended			
	March 30, 2024		April 1, 2023		March 30, 2024		April 1, 2023	
(In thousands, except percentages)								
Total revenue	$	252,662	$	304,173	$	865,531	$	976,752
Products sold		747		998		2,856		3,480
Net income (loss)		(69,709)		(30,652)		11,238		44,537
Net income (loss) margin(1)		(27.6 %)		(10.1 %)		1.3 %		4.6 %
Adjusted EBITDA(2)	$	(33,643)	$	(10,624)	$	81,601	$	113,296
Adjusted EBITDA margin(2)		(13.3 %)		(3.5 %)		9.4 %		11.6 %

(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 section titled "Adjusted EBITDA and Adjusted EBITDA Margin" and "Non-GAAP Financial Measures" below.

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 partnerships with IKEA and Sonance from 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, changes to 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 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.

We define Adjusted EBITDA margin as Adjusted EBITDA divided by revenue. See "Non-GAAP Financial Measures" below for information regarding our use of Adjusted EBITDA and Adjusted EBITDA margin, and a reconciliation of net income to Adjusted EBITDA and net income margin to Adjusted EBITDA margin.

Non-GAAP Financial Measures

To supplement our condensed consolidated financial statements presented in accordance with U.S. GAAP, we monitor and consider Adjusted EBITDA, and 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

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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

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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 from 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 to Adjusted EBITDA, and the use of Adjusted EBITDA margin rather than net income (loss) margin, which is the nearest U.S. GAAP equivalent to Adjusted EBITDA margin. These limitations include that the non-GAAP financial measures:

- exclude depreciation and amortization, and although these are non-cash expenses, the assets being depreciated may be replaced in the future;
- 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, cash equivalents, and cash equivalent marketable securities 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.

The following table presents a reconciliation of net income (loss) to Adjusted EBITDA:

	Three Months Ended	
	December 30, 2023	December 31, 2022
(In thousands, except percentages)		
Net income	$ 80,947	$ 75,188
Add (deduct):		
Depreciation and amortization	11,878	11,132
Stock-based compensation expense	19,358	20,195
Interest income	(3,075)	(1,967)
Interest expense	105	158
Other (income) expense, net	(10,274)	(23,576)
Provision for income taxes	11,992	36,501
Legal and transaction related costs[1]	3,743	6,289
Restructuring and abandonment costs[2]	568	—
Adjusted EBITDA	$ 115,242	$ 123,920
Revenue	$ 612,869	$ 672,579
Net income margin	13.2 %	11.2 %
Adjusted EBITDA margin	18.8 %	18.4 %

	Three Months Ended		Six Months Ended	
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
(In thousands, except percentages)				
Net income (loss)	$ (69,709)	$ (30,652)	$ 11,238	$ 44,537
Add (deduct):				
Depreciation and amortization	11,243	11,713	23,121	22,845
Stock-based compensation expense	23,673	21,025	43,031	41,220
Interest income	(3,933)	(3,181)	(7,008)	(5,149)
Interest expense	122	152	227	311
Other (income) expense, net	3,303	2,832	(6,971)	(20,745)
Provision (benefit from) for income taxes	(743)	(26,377)	11,249	10,124

Legal and transaction related costs(1)	2,395	9,018	6,140	15,307
Restructuring and abandonment costs(2)	6	4,846	574	4,846
Adjusted EBITDA	$ (33,643)	$ (10,624)	$ 81,601	$ 113,296
Revenue	$ 252,662	$ 304,173	$ 865,531	$ 976,752
Net income (loss) margin	(27.6 %)	(10.1 %)	1.3 %	4.6 %
Adjusted EBITDA margin	(13.3 %)	(3.5 %)	9.4 %	11.6 %

(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 activity, which we do not consider representative of our underlying operating performance.

(2) On June 14, 2023, we initiated a restructuring plan to reduce our cost base ("the 2023 restructuring plan"). The 2023 restructuring plan included a reduction in force involving approximately 7% of the Company's employees, further reducing our real estate footprint, and re-evaluating certain program spend. Total pre-tax Restructuring and abandonment costs under for the 2023 three and six months ended March 30, 2024 are related to our restructuring plan were $11.4 million, substantially all of which were initiated on June 14, 2023. Restructuring and abandonment costs for the three and six months ended April 1, 2023 are related to costs incurred in March 2023 related to the third quarter abandonment of fiscal 2023, with nominal amounts incurred portions of our office spaces for the remainder of their respective lease terms in the first quarter support of fiscal 2024. operational efficiencies.

Factors Affecting Performance

New product introductions. Since 2005, we have released products in multiple audio categories. We intend to introduce new products and services that appeal to a broad set of consumers, as well as bring our differentiated listening platform and experience to all the places and spaces where our customers listen to the breadth of audio content available, including inside and outside their homes, as well as commercial spaces.

Seasonality. Historically, 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. Our promotional discounting activity is typically higher in the first fiscal quarter as well, which negatively impacts gross margin during this period. However, our higher sales volume in the holiday shopping season has historically resulted in a higher operating margin in the first fiscal quarter due to positive operating leverage.

Ability to Sell Additional Products to Existing Customers. Our existing customers typically increase the number of Sonos products in their homes. 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. 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. 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.

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Channel strategy. 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.

While we seek to increase sales through our direct-to-consumer sales channel, we expect that our partnerships with third-party retailers and custom installers will continue to be an important part of our ecosystem. We will continue to seek retail partners that can deliver differentiated in-store 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. Our physical retail distribution

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relies on third-party retailers, our ability to maintain our diversified manufacturing footprint and base of component suppliers for production efficiency and flexibility across our global supply chain.

For additional information regarding factors affecting performance, refer to Risk Factors in Part II, Item 1A. of this Quarterly Report on Form 10-Q, Part I, Item 1. "Business - Factors Affecting Performance" of our Annual Report, and the Risk Factors in Part I, Item 1A. of our Annual Report.

Components of Results of Operations

Revenue

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 module revenue from our IKEA partnership, architectural speakers from our Sonance partnership, and accessories such as speaker stands and wall mounts, as well as professional services, licensing, advertising, and subscription revenue. We attribute revenue from our IKEA partnership to our Asia Pacific ("APAC") region, as our regional revenue is defined by the shipment location. Our revenue is recognized net of allowances for returns, discounts, sales incentives, and any taxes collected from customers. We also defer a portion of our 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. Our revenue is subject to fluctuation based on the foreign currency in which our products are sold, principally for sales denominated in the euro and the British pound. The introduction of new products may result in an increase in revenue but may also impact revenue generated from existing products as consumers shift purchases to new products.

Cost of Revenue

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.

Gross Profit and Gross Margin

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 channel mix of channels through which we sell our products, fluctuations of the impacts of in 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.

Operating Expenses

Operating expenses consist of research and development, sales and marketing, and general and administrative expenses.

Research and development. Research 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

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technological feasibility and the release of the software has been short and development costs qualifying for capitalization have been insignificant.

Sales and marketing. Sales 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.

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General and administrative. General and administrative expenses consist of administrative personnel-related expenses for our finance, legal, human resources and administrative similar personnel, as well as the costs of professional services, information technology, litigation, patents, related overhead, and other administrative expenses.

Other Income (Expense), Net

Interest income. Interest income consists primarily of interest income earned on our cash, and cash equivalents, and marketable securities balances.

Interest expense. Interest expense consists primarily of interest expense associated with our debt financing arrangements and amortization of debt issuance costs.

Other income (expense), net. Other income (expense), 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.

Provision for Income Taxes

We are subject to income taxes in the United States and foreign jurisdictions in which we operate. Foreign jurisdictions have statutory tax rates different from those in the United States. Accordingly, our effective tax rate will vary depending on jurisdictional mix of earnings, and changes in tax laws. In addition, certain U.S. tax regulations subject the earnings of our non-U.S. subsidiaries to current taxation in the United States. Our effective tax rate will be impacted by our ability to claim deductions and foreign tax credits to offset the taxation of foreign earnings in the United States.

Deferred 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 our deferred tax assets to amounts that are more-likely-than-not to be realized. We have assessed, on a jurisdictional basis, the available means of recovering 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. We have concluded that a valuation allowance on deferred tax assets in the U.S. continues to be appropriate considering cumulative pre-tax losses in recent years and uncertainty with respect to future taxable income. 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 U.S.

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Results of Operations

The following table sets forth our condensed consolidated results of operations for the periods indicated. The period-to-period comparison of financial results is not necessarily indicative of financial results to be achieved in future periods.

	Three Months Ended			
	December 30, 2023		December 31, 2022	
(Dollars in thousands)	$	%	$	%
Revenue	$ 612,869	100.0 %	$ 672,579	100.0 %
Cost of revenue (1)	330,190	53.9	387,522	57.6
Gross profit	282,679	46.1	285,057	42.4
Operating expenses				

Research and development(1)	79,235	12.9	76,940	11.4
Sales and marketing(1)	83,950	13.7	78,696	11.7
General and administrative(1)	39,799	6.5	43,117	6.4
Total operating expenses	202,984	33.1	198,753	29.6
Operating income	79,695	13.0	86,304	12.8
Other income (expense), net				
Interest income	3,075	0.5	1,967	0.3
Interest expense	(105)	—	(158)	—
Other income (expense), net	10,274	1.7	23,576	3.5
Total other income (expense), net	13,244	2.2	25,385	3.8
Income before provision for income taxes	92,939	15.2	111,689	16.6
Provision for income taxes	11,992	2.0	36,501	5.4
Net income	$ 80,947	13.2 %	$ 75,188	11.2 %
Adjusted EBITDA (2)	$ 115,242	18.8 %	$ 123,920	18.4 %

	Three Months Ended				Six Months Ended			
	March 30, 2024		April 1, 2023		March 30, 2024		April 1, 2023	
(Dollars in thousands)	**$**	**%**	**$**	**%**	**$**	**%**	**$**	**%**
Revenue	$ 252,662	100.0 %	$ 304,173	100.0 %	$ 865,531	100.0 %	$ 976,752	100.0 %
Cost of revenue(1)	140,624	55.7	172,555	56.7	470,815	54.4	560,078	57.3
Gross profit	112,038	44.3	131,618	43.3	394,716	45.6	416,674	42.7
Operating expenses								
Research and development(1)	80,322	31.8	80,785	26.6	159,557	18.4	157,726	16.1
Sales and marketing(1)	61,835	24.5	63,621	20.9	145,785	16.8	142,317	14.6
General and administrative(1)	40,841	16.2	44,438	14.6	80,639	9.3	87,553	9.0
Total operating expenses	182,998	72.4	188,844	62.1	385,981	44.6	387,596	39.7
Operating income (loss)	(70,960)	(28.1)	(57,226)	(18.8)	8,735	1.0	29,078	3.0
Other income, net								
Interest income	3,933	1.6	3,181	1.0	7,008	0.8	5,149	0.5

Interest expense	(122)	—	(152)	—	(227)	—	(311)	—
Other income (expense), net	(3,303)	(1.3)	(2,832)	(0.9)	6,971	0.8	20,745	2.1
Total other income, net	508	0.2	197	0.1	13,752	1.6	25,583	2.6
Income (loss) before provision for (benefit from) income taxes	(70,452)	(27.9)	(57,029)	(18.7)	22,487	2.6	54,661	5.6
Provision for (benefit from) income taxes	(743)	(0.3)	(26,377)	(8.7)	11,249	1.3	10,124	1.0
Net income (loss)	$ (69,709)	(27.6 %)	$ (30,652)	(10.1 %)	$ 11,238	1.3 %	$ 44,537	4.6 %
Adjusted EBITDA (2)	$ (33,643)	(13.3 %)	$ (10,624)	(3.5 %)	$ 81,601	9.4 %	$ 113,296	11.6 %

(1) Amounts include stock-based compensation expense as follows:

	Three Months Ended			
	December 30, 2023		December 31, 2022	
(In thousands, except percentages)	**$**	**%**	**$**	**%**
Cost of revenue	$ 654	0.1 %	$ 570	0.1 %
Research and development	8,979	1.5	9,151	1.4
Sales and marketing	3,815	0.6	4,113	0.6
General and administrative	5,910	1.0	6,361	0.9
Total stock-based compensation expense	$ 19,358	3.2 %	$ 20,195	3.0 %

	Three Months Ended				Six Months Ended			
	March 30, 2024		April 1, 2023		March 30, 2024		April 1, 2023	
(In thousands, except percentages)	**$**	**%**	**$**	**%**	**$**	**%**	**$**	**%**
Cost of revenue	$ 686	0.3 %	$ 581	0.2 %	$ 1,340	0.2 %	$ 1,151	0.1 %
Research and development	10,419	4.1	9,565	3.1	19,398	2.2	18,716	1.9
Sales and marketing	4,972	2.0	4,475	1.5	8,787	1.0	8,588	0.9
General and administrative	7,596	3.0	6,404	2.1	13,506	1.6	12,765	1.3

Total stock-based compensation expense	$	23,673	9.4 %	$	21,025	6.9 %	$	43,031	5.0 %	$	41,220	4.2 %

(2) Adjusted EBITDA is a financial measure that is not calculated in accordance with U.S. GAAP. See the sections section titled "Adjusted EBITDA "Non-GAAP Financial Measures" above.

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Comparison of the three and Adjusted EBITDA margin" six months ended March 30, 2024 and "Non-GAAP financial measures" above.

April 1, 2023

Revenue

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Comparison of the three months ended December 30, 2023, March 30, 2024 and December 31, 2022 April 1, 2023

Revenue

Comparison of the three months ended December 30, 2023, and December 31, 2022

	Three Months Ended				Change	
	December 30, 2023		December 31, 2022		$	%
(In thousands, except percentages)	**$**	**%**	**$**	**%**		
Sonos speakers	$ 503,011	82.1 %	$ 539,196	80.2 %	$ (36,185)	(6.7)%
Sonos system products	84,562	13.8	114,434	17.0	(29,872)	(26.1)
Partner products and other revenue	25,296	4.1	18,949	2.8	6,347	33.5
Total revenue	$ 612,869	100.0 %	$ 672,579	100.0 %	$ (59,710)	(8.9)%
Volume data (products sold in thousands)					**Units**	**%**
Total products sold	2,109		2,482		(373)	(15.0)%

	Three Months Ended				Change	
	March 30, 2024		April 1, 2023		$	%
(In thousands, except percentages)	$	%	$	%		
Sonos speakers	$ 187,262	74.1 %	$ 241,180	79.3 %	$ (53,918)	(22.4)%
Sonos system products	49,265	19.5	44,091	14.5	5,174	11.7
Partner products and other revenue	16,135	6.4	18,902	6.2	(2,767)	(14.6)
Total revenue	$ 252,662	100.0 %	$ 304,173	100.0 %	$ (51,511)	(16.9)%
Volume data (products sold/units in thousands)					Units	%
Total products sold	747		998		(251)	(25.2)%

Total revenue decreased $59.7 million $51.5 million, or 8.9% 16.9%, for the three months ended December 30, 2023, March 30, 2024 compared to the three months ended December 31, 2022 April 1, 2023, primarily due to softer demand across all regions and challenging market conditions, partially offset by normalization of ordering levels in our installed solutions channel.

Sonos speakers revenue represented 74.1% of total revenue for the three months ended March 30, 2024 and decreased 22.4% compared to the three months ended April 1, 2023, primarily driven by softer demand and challenging market conditions across the category, particularly in Arc, Sub, and Beam. The decrease was also driven by expected declines in Sonos One, partially offset by strong sales of the next generation of this product, Era 100, which was introduced in March 2023. Sonos system products represented 19.5% of total revenue for the three months ended March 30, 2024 and increased 11.7% compared to the three months ended April 1, 2023, due to continued normalization of ordering levels in our installed solutions channel relative to fiscal 2023. Partner products and other revenue represented 6.4% of total revenue for the three months ended March 30, 2024 and decreased 14.6% compared to the three months ended April 1, 2023, primarily driven by decreases in orders of our partner products and accessories.

The volume of products sold decreased 25.2% for the three months ended March 30, 2024 compared to the three months ended April 1, 2023, primarily driven by softer demand and challenging market conditions across the Sonos speakers category, expected declines in units of Sonos One, and decreases in orders of our partner products. These declines were partially offset by strong sales of Era 100, the next generation of Sonos One, which was introduced in March 2023. Revenue outpaced products sold due to favorable mix from unit decreases in our lower-priced products.

	Three Months Ended		Change		
	March 30, 2024	April 1, 2023	$	%	Constant Currency Change (1)

(In thousands, except percentages)					
Americas	$ 170,187	$ 196,533	$ (26,346)	(13.4)%	(13.6)%
EMEA	69,356	89,054	(19,698)	(22.1)	(23.5)
APAC	13,119	18,586	(5,467)	(29.4)	(27.3)
Total revenue	$ 252,662	$ 304,173	$ (51,511)	(16.9)%	(17.3)%

(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.

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Comparison of the six months ended March 30, 2024 and April 1, 2023

	Six Months Ended				Change	
	March 30, 2024		April 1, 2023		$	%
(In thousands, except percentages)	$	%	$	%		
Sonos speakers	$ 690,273	79.8 %	$ 780,377	79.9 %	$ (90,104)	(11.5)%
Sonos system products	133,826	15.5	158,525	16.2	(24,699)	(15.6)
Partner products and other revenue	41,432	4.8	37,850	3.9	3,582	9.5
Total revenue	$ 865,531	100.0 %	$ 976,752	100.0 %	$ (111,221)	(11.4)%
Volume data (products sold/units in thousands)					Units	%
Total products sold	2,856		3,480		(624)	(17.9)%

Total revenue decreased $111.2 million, or 11.4% for the six months ended March 30, 2024 compared to the six months ended April 1, 2023, primarily due to softer demand across all regions and challenging market conditions, as well as declines in our retail and other channels as our channel partners normalized ordering levels, as well as softer demand across all regions and challenging market conditions, partially offset by the impact of favorable foreign exchange rates.

Sonos speakers revenue represented 82.1% 79.8% of total revenue for the three six months ended December 30, 2023, March 30, 2024 and decreased 6.7% 11.5% compared to the three six months ended December 31, 2022 April 1, 2023, primarily driven by expected declines softer demand across the category and challenging market conditions, particularly in sales of Sonos One as we introduced the next generation of this product (Era 100), Arc, Sub, and Beam, as well as Sub Mini due to the impact of lapping its launch in October 2022, and Beam, 2022. The decrease was also driven by expected declines in Sonos One, partially offset by strong sales of the next generation of this product, Era 100, and Era 300 which were introduced in March 2023. Sonos system products represented 13.8% 15.5% of total revenue for the three six months ended December 30, 2023, March 30, 2024 and decreased 26.1% 15.6% compared to the three six months ended December 31, 2022 April 1, 2023, primarily due to continued normalization of ordering levels in this category. our installed solutions channel relative to fiscal 2023. Partner products and other revenue represented 4.1% 4.8% of total revenue for the three six months ended December 30, 2023, March 30, 2024 and increased 33.5% 9.5% compared to the three six months ended December 31, 2022 April 1, 2023, primarily driven by increases in our accessories.

The volume of products sold decreased 15.0% 17.9% for the three six months ended December 30, 2023, March 30, 2024 compared to the three six months ended December 31, 2022 April 1, 2023, primarily due to driven by softening demand and challenging market conditions across the Sonos Speakers category, expected declines in units of Sonos One, as we introduced and decreases in orders of our partner products. These declines were partially offset by sales of Era 100, the next generation of this product (Era 100), partially offset by strong performance of Era 100 Sonos One, and Era 300, which were introduced 300. The decrease in March 2023. Products volume of products sold declined more than outpaced that of revenue on a percentage basis due to the impact of product mix with decreases a large decrease in units with lower selling prices. prices which contributed a smaller corresponding decrease in revenue.

	Six Months Ended		Change		
	March 30, 2024	April 1, 2023	$	%	Constant Currency Change (1)
(In thousands, except percentages)					
Americas	$ 562,627	$ 593,097	$ (30,470)	(5.1)%	(5.4)%
EMEA	261,173	329,494	(68,321)	(20.7)	(24.2)
APAC	41,731	54,161	(12,430)	(23.0)	(21.7)
Total revenue	$ 865,531	$ 976,752	$ (111,221)	(11.4)%	(12.6)%

(1)

	Three Months Ended		Change		
	December 30, 2023	December 31, 2022	$	%	Constant Currency Change
(In thousands)					
Americas	$ 392,439	$ 396,565	$ (4,126)	(1.0)%	(1.3)%
EMEA	191,817	240,439	(48,622)	(20.2)	(24.5)
APAC	28,613	35,575	(6,962)	(19.6)	(18.8)

Total revenue	$ 612,869	$ 672,579	$ (59,710)	(8.9)%	(10.5)%

In constant Constant currency is a financial measure that is not calculated in accordance with U.S. dollars, total GAAP. For additional information, see the section titled "Non-GAAP Financial Measures" above.

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Cost of Revenue and Gross Profit

Comparison of the three months ended March 30, 2024 and April 1, 2023

	Three Months Ended		Change	
	March 30, 2024	April 1, 2023	$	%
(In thousands, except percentages)				
Cost of revenue	$ 140,624	$ 172,555	$ (31,931)	(18.5)%
Gross profit	$ 112,038	$ 131,618	$ (19,580)	(14.9)%
Gross margin	44.3 %	43.3 %		

Cost of revenue decreased 10.5% $31.9 million, or 18.5%, for the three months ended December 30, 2023, March 30, 2024 compared to the three months ended December 31, 2022. We calculate constant currency growth percentages by translating our current period financial results using the prior period average currency exchange rates April 1, 2023, primarily due to a decrease in products sold, as well as a decrease in product and comparing these amounts to our prior period reported results.

material costs.

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Cost of Revenue and Gross Profit

Comparison of the three months ended December 30, 2023, and December 31, 2022

	Three Months Ended		Change	
	December 30, 2023	December 31, 2022	$	%

(In thousands, except percentages)								
Cost of revenue	$	330,190	$	387,522	$	(57,332)		(14.8)%
Gross profit	$	282,679	$	285,057	$	(2,378)		(0.8)%
Gross margin		46.1%		42.4%				

Cost of revenue decreased $57.3 million, or 14.8%, margin increased 107 basis points for the three months ended December 30, 2023, March 30, 2024 compared to the three months ended December 31, 2022 April 1, 2023. The increase was primarily due to a decrease in product and material costs due to normalization of our supply chain, favorability from product mix with decreases in sales of lower-margin products, as well as increases in higher-margin products, partially offset by increased promotional activity.

Comparison of the six months ended March 30, 2024 and April 1, 2023

	Six Months Ended		Change	
	March 30, 2024	April 1, 2023	$	%
(In thousands, except percentages)				
Cost of revenue	$ 470,815	$ 560,078	$ (89,263)	(15.9)%
Gross profit	$ 394,716	$ 416,674	$ (21,958)	(5.3)%
Gross margin	45.6 %	42.7 %		

Cost of revenue decreased $89.3 million, or 15.9%, for the six months ended March 30, 2024 compared to the six months ended April 1, 2023, primarily due to a decrease in products sold, as well as a decrease in product and material costs, and reduced spot market component costs due to normalization of the supply chain, and a decrease in inventory-related write-downs. The decrease was partially offset by an increase in net tariff expense as we have recovered virtually all tariff refunds the impact of product mix related to which we were entitled by the end of fiscal 2023, compared to the first quarter of fiscal 2023 when we recognized tariff refunds.

selling more products with higher costs per unit.

Gross margin increased 374 294 basis points for the three six months ended December 30, 2023, March 30, 2024 compared to the three six months ended December 31, 2022 April 1, 2023. The increase was primarily due to a decrease in product and material costs, reduced spot market component costs due to the normalization of the supply chain, a decrease favorability from product mix with decreases in inventory-related write-downs, sales of lower-margin products, as well as the impact of favorable foreign exchange rates. The increase was increases in higher-margin products, partially offset by the impact of our increased promotional activity, as well as an increase in net tariff expense as we had recovered virtually all tariff refunds to which we were entitled by the end of fiscal 2023, compared to the first quarter of fiscal 2023 when we recognized tariff refunds. activity.

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Research and Development

Comparison of the three months ended December 30, 2023, March 30, 2024 and December 31, 2022 April 1, 2023

(In thousands, except percentages)	Three Months Ended December 30, 2023	Three Months Ended December 31, 2022	Change $	Change %
Research and development	$ 78,912	$ 76,940	$ 1,972	2.6 %
Restructuring and abandonment costs	323	-	323	*
Total research and development	$ 79,235	$ 76,940	$ 2,295	3.0 %
Percentage of revenue	12.9 %	11.4 %		
* not meaningful				

(In thousands, except percentages)	Three Months Ended March 30, 2024	Three Months Ended April 1, 2023	Change $	Change %
Research and development	$ 80,322	$ 78,103	$ 2,219	2.8 %
Restructuring and abandonment costs	—	2,682	(2,682)	(100.0)
Total research and development	$ 80,322	$ 80,785	$ (463)	(0.6 %)
Percentage of revenue	31.8 %	26.6 %		

Research and development expenses increased $2.3 million decreased $0.5 million, or 3.0% 0.6%, for the three months ended December 30, 2023, March 30, 2024 compared to the three months ended December 31, 2022 April 1, 2023. This decrease was primarily driven by lease abandonment costs of $2.7 million incurred in the prior year, partially offset by $2.5 million of higher personnel-related expenses mainly due to lower variable compensation in the prior year.

Comparison of the six months ended March 30, 2024 and April 1, 2023

	Six Months Ended March 30, 2024	Six Months Ended April 1, 2023	Change $	Change %

(In thousands, except percentages)				
Research and development	$ 159,234	$ 155,044	$ 4,190	2.7 %
Restructuring and abandonment costs	323	2,682	(2,359)	(88.0)
Total research and development	$ 159,557	$ 157,726	$ 1,831	1.2 %
Percentage of revenue	18.4 %	16.1 %		

Research and development expenses increased $1.8 million, or 1.2%, for the six months ended March 30, 2024 compared to the six months ended April 1, 2023. This increase was primarily driven by $3.8 million $6.1 million of higher personnel-related expenses mainly due to increased average headcount as we continue to execute on our product roadmap and category expansion plans.

lower variable compensation in the prior year, partially offset by lease abandonment costs of $2.7 million incurred in the prior year.

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Sales and Marketing

Comparison of the three months ended December 30, 2023, March 30, 2024 and December 31, 2022 April 1, 2023

	Three Months Ended		Change	
	December 30, 2023	December 31, 2022	$	%
(In thousands, except percentages)				
Sales and marketing	$ 83,837	$ 78,696	$ 5,141	6.5 %
Restructuring and abandonment costs	113	-	113	*
Total sales and marketing	$ 83,950	$ 78,696	$ 5,254	6.7 %
Percentage of revenue	13.7 %	11.7 %		

* not meaningful

	Three Months Ended		Change	
	March 30, 2024	April 1, 2023	$	%
(In thousands, except percentages)				

Sales and marketing	$	61,835	$	62,587	$	(752)	(1.2 %)
Restructuring and abandonment costs		—		1,034		(1,034)	(100.0)
Total sales and marketing	$	61,835	$	63,621	$	(1,786)	(2.8 %)
Percentage of revenue		24.5 %		20.9 %			

Sales and marketing expenses increased $5.3 million decreased $1.8 million, or 6.7% 2.8%, for the three months ended December 30, 2023, March 30, 2024 compared to the three months ended December 31, 2022 April 1, 2023. This increase decrease was primarily driven by higher timing of advertising and marketing expenses of $5.5 million $3.6 million, as well as lease abandonment costs of $1.0 million incurred in the prior year, partially offset by increases in depreciation of $1.2 million mainly related to our product displays, partially offset by lower revenue-related sales fees, and a decrease an increase in personnel-related expenses due to decreased headcount lower variable compensation in the prior year.

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Comparison of the six months ended March 30, 2024 and April 1, 2023

	Six Months Ended				Change		
	March 30, 2024		April 1, 2023		$		%
(In thousands, except percentages)							
Sales and marketing	$	145,672	$	141,283	$	4,389	3.1 %
Restructuring and abandonment costs		113		1,034		(921)	(89.1)%
Total sales and marketing	$	145,785	$	142,317	$	3,468	2.4 %
Percentage of revenue		16.8 %		14.6 %			

Sales and marketing expenses increased $3.5 million, or 2.4%, for the six months ended March 30, 2024 compared to the six months ended April 1, 2023. The increase was primarily driven by an increase in depreciation of $2.3 million mainly related to our product displays, as well as an increase in our advertising and marketing expenses of $1.9 million related to higher spend incurred in the 2023 restructuring plan.

first quarter of fiscal 2024, partially offset by $1.0 million of lease abandonment costs incurred in the prior year.

General and Administrative

Comparison of the three months ended December 30, 2023, March 30, 2024 and December 31, 2022

	Three Months Ended	Change

(In thousands, except percentages)	*December 30, 2023*	*December 31, 2022*	*$*	*%*
General and administrative	*$ 39,667*	*$ 43,117*	*$ (3,450)*	*(8.0)%*
Restructuring and abandonment costs	*132*	*-*	*132*	***
Total general and administrative	*$ 39,799*	*$ 43,117*	*$ (3,318)*	*(7.7)%*
Percentage of revenue	*6.5 %*	*6.4 %*		

** not meaningful*

April 1, 2023

(In thousands, except percentages)	**Three Months Ended**		**Change**	
	March 30, 2024	**April 1, 2023**	**$**	**%**
General and administrative	$ 40,835	$ 43,308	$ (2,473)	(5.7 %)
Restructuring and abandonment costs	6	1,130	(1,124)	(99.5)
Total general and administrative	$ 40,841	$ 44,438	$ (3,597)	(8.1 %)
Percentage of revenue	16.2 %	14.6 %		

General and administrative expenses decreased $3.3 million $3.6 million, 7.7% or 8.1%, for the three months ended December 30, 2023, March 30, 2024 compared to the three months ended December 31, 2022 April 1, 2023, primarily related to a $2.5 million $5.9 million decrease in legal fees incurred in connection with mainly related to our IP litigation and $1.1 million lease abandonment costs incurred in the prior year, partially offset by an increase in personnel-related costs of $3.3 million due to lower variable compensation in the prior year.

Comparison of the six months ended March 30, 2024 and April 1, 2023

(In thousands, except percentages)	**Six Months Ended**		**Change**	
	March 30, 2024	**April 1, 2023**	**$**	**%**
General and administrative	$ 80,501	$ 86,423	$ (5,922)	(6.9 %)
Restructuring and abandonment costs	138	1,130	(992)	(87.8)
Total general and administrative	$ 80,639	$ 87,553	$ (6,914)	(7.9 %)
Percentage of revenue	9.3 %	9.0 %		

General and administrative expenses decreased $6.9 million, or 7.9%, for the six months ended March 30, 2024 compared to the six months ended April 1, 2023, primarily related to a $1.2 million $7.8 million decrease in investments legal fees mainly related to our IP litigation and $1.1 million lease abandonment costs incurred in information technology the prior year, partially offset by an increase in personnel-related costs of $2.6 million due to replace our legacy ERP system lower variable compensation in fiscal 2022. the prior year.

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Interest Income, Interest Expense and Other Income (Expense) Income), Net

Comparison of the three months ended December 30, 2023, March 30, 2024 and December 31, 2022

	Three Months Ended		Change	
	December 30, 2023	December 31, 2022	$	%
(In thousands, except percentages)				
Other income, net				
Interest income	$ 3,075	$ 1,967	$ 1,108	56.3 %
Interest expense	(105)	(158)	53	(33.5)
Other income, net	10,274	23,576	(13,302)	(56.4)
Total other income, net	$ 13,244	$ 25,385	$ (12,141)	(47.8)%

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April 1, 2023

	Three Months Ended		Change	
	March 30, 2024	April 1, 2023	$	%
(In thousands, except percentages)				
Other income, net				
Interest income	$ 3,933	$ 3,181	$ 752	23.6 %
Interest expense	(122)	(152)	30	(19.7)
Other expense, net	(3,303)	(2,832)	(471)	16.6
Total other income, net	$ 508	$ 197	$ 311	157.9 %

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Interest income for the three months ended December 30, 2023, March 30, 2024 compared to the three months ended December 31, 2022 April 1, 2023, increased due to higher yields on our cash and cash equivalents. Interest expense for the three months ended December 30, 2023, March 30, 2024 compared to the three months ended December 31, 2022 April 1, 2023, decreased primarily due to reduced expenses associated with our Revolving Credit Agreement. The decrease in other income, Agreement and banking partners. Other expense, net for the three months ended December 30, 2023, March 30, 2024 compared to the three months ended December 31, 2022 April 1, 2023, was increased due to foreign currency exchange fluctuations.

Comparison of the six months ended March 30, 2024 and April 1, 2023

	Six Months Ended		Change	
	March 30, 2024	**April 1, 2023**	**$**	**%**
(In thousands, except percentages)				
Other income, net				
Interest income	$ 7,008	$ 5,149	$ 1,859	36.1 %
Interest expense	(227)	(311)	84	(27.0)
Other income, net	6,971	20,745	(13,774)	(66.4)
Total other income, net	$ 13,752	$ 25,583	$ (11,831)	(46.2)%

Interest income for the six months ended March 30, 2024 compared to the six months ended April 1, 2023, increased due to higher yields on our cash and cash equivalents. Interest expense for the six months ended March 30, 2024 compared to the six months ended April 1, 2023, decreased primarily due to reduced expenses associated with our Revolving Credit Agreement and banking partners. Other income, net for the six months ended March 30, 2024 compared to the six months ended April 1, 2023, decreased due to foreign currency exchange fluctuations.

Provision for (Benefit from) Income Taxes

Comparison of the three months ended December 30, 2023, March 30, 2024 and December 31, 2022

	Three Months Ended		*Change*	
	December 30, 2023	***December 31, 2022***	***$***	***%***
(In thousands, except percentages)				
Provision for income taxes	*$ 11,992*	*$ 36,501*	*$ (24,509)*	*(67.1)%*

April 1, 2023

(In thousands, except percentages)	Three Months Ended March 30, 2024	Three Months Ended April 1, 2023	Change $	Change %
Benefit from income taxes	$ (743)	$ (26,377)	$ 25,634	(97.2)%

The provision for benefit from income taxes decreased from $36.5 million $26.4 million for the three months ended December 31, 2022 April 1, 2023, to $12.0million $0.7 million for the three months ended December 30, 2023 March 30, 2024.

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For the three months ended December 30, 2023 March 30, 2024, we calculated our U.S. income tax provision using the discrete method as though the interim year-to-date period was an annual period. This approach is consistent with the method used for the three months ended December 30, 2023. The application of the annual effective tax rate ("AETR") method generally required by ASC 740 was impractical for the U.S. interim tax provision as normal deviations in the projected pre-tax net income (loss) in the U.S. could have resulted in a disproportionate and unreliable effective tax rate under the AETR method.

For the three months ended December 30, 2023 April 1, 2023, we calculated our U.S. income tax expense provision using the discrete method as though the interim year-to-date period was adversely impacted by an annual period. For the requirement to capitalize and amortize research and development expenses under Section 174 three-months ended December 31, 2022, the U.S. was included in the AETR. As a result, the benefit from income taxes recorded in the period ended April 1, 2023 includes the change in the calculation methodology of the U.S. Internal Revenue Code ("Section 174") as we recorded a U.S. current interim tax expense with no corresponding deferred tax benefit due to provision quarter-over-quarter.

Comparison of the valuation allowance maintained against our U.S. deferred tax assets.

For the three six months ended December 31, 2022, we recorded a March 30, 2024 and April 1, 2023

(In thousands, except percentages)	Six Months Ended March 30, 2024	Six Months Ended April 1, 2023	Change $	Change %
Provision for income taxes	$ 11,249	$ 10,124	$ 1,125	11.1 %

The provision for income taxes by applying an estimated AETR including increased from $10.1 million for the U.S. to year-to-date earnings in accordance with ASC 740. For the three six months ended December 31, 2022 April 1, 2023, our U.S. tax expense was adversely impacted by to $11.2 million for the requirement to capitalize and amortize research and development expenses under Section 174 as we recorded a U.S. current tax expense with no corresponding deferred tax benefit due to the valuation allowance maintained against our U.S. deferred tax assets.

six months ended March 30, 2024.

Liquidity and Capital Resources

Our operations are financed primarily through cash flows from operating activities and net proceeds from the sale of our equity securities. As of December 30, 2023 March 30, 2024, our principal sources of liquidity consisted of cash flows from operating activities, cash and cash equivalents of $467.3 million, $246.0 million, including $77.7 million $48.2 million held by our foreign subsidiaries, marketable securities of $45.6 million, proceeds from the exercise of stock options and borrowing capacity under the credit facility under our Revolving Credit Agreement. In accordance with our policy, the undistributed earnings of our non-U.S. subsidiaries remain indefinitely reinvested outside of the United States as of December 30, 2023 March 30, 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 a the Revolving Credit Agreement with JPMorgan Chase Bank, N.A., as the administrative agent, Bank of America N.A., Morgan Stanley Senior Funding, Inc., and Goldman Sachs Bank USA, which allows us to borrow up to $100.0 million, $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

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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 additional debt financing, it would result in increased debt service obligations and the instruments governing such debt could provide for require additional operating and financing covenants that would restrict our operations.

Debt Obligations

On October 13, 2021, we entered into the Revolving Credit Agreement. The Revolving Credit Agreement provides for (i) a five-year five year senior secured revolving credit facility in the amount of up to $100.0 million $100 million and (ii) an uncommitted incremental facility subject to certain conditions. Proceeds are to be used for working capital and general corporate purposes. The facility may be drawn as an Alternative Base Rate Loan (at 1.00% plus

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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 December 30, 2023 March 30, 2024, we did not have any outstanding borrowings and had $1.8 million $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 December 30, 2023 March 30, 2024, we were in compliance with all financial covenants under the Revolving Credit Agreement.

Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Three Months Ended	
	December 30, 2023	December 31, 2022
(In thousands)		
Net cash provided by (used in):		
Operating activities	$ 275,401	$ 182,286
Investing activities	(6,077)	(14,689)
Financing activities	(23,691)	(15,316)
Effect of exchange rate changes	1,478	4,397
Net increase in cash and cash equivalents	$ 247,111	$ 156,678

(In thousands)	Six Months Ended March 30, 2024	Six Months Ended April 1, 2023
Net cash provided by (used in):		
Operating activities	$ 164,157	$ 69,324
Investing activities	(61,543)	(23,403)
Financing activities	(77,587)	(30,669)
Effect of exchange rate changes	704	4,766
Net increase in cash and cash equivalents	$ 25,731	$ 20,018

Cash flows from operating activities

Net cash provided by operating activities of $275.4 million $164.2 million for the three six months ended December 30, 2023 March 30, 2024, consisted of net income of $80.9 million, $11.2 million, non-cash adjustments of $31.1 million, $70.4 million, and a net increase in cash related to changes in operating assets and liabilities of $163.3 million. $82.5 million. Non-cash adjustments primarily consisted of stock-based compensation expense of $19.4 million, $43.0 million, depreciation and amortization of $11.9 million, $23.1 million, provision for inventory obsolescence of $5.8 million, $5.3 million, and other adjustments of $1.2 million, $2.2 million, partially offset by foreign currency transaction gains of $7.4 million. $3.4 million. The net increase in cash from the change in operating assets and liabilities was primarily due to a decrease in inventories of $167.6 million due to $161.7 million as the seasonality result of our business with higher sales during the holiday season, measures taken to more efficiently manage inventory as well as and the implementation of new payment terms with our suppliers, an increase in accrued compensation of $16.0 million, an increase in other liabilities of $18.6 million $10.0 million primarily for provisions for our returns, consistent with the increase in revenue, an increase in accrued compensation of $6.0 million, and an increase in deferred revenue of $3.7 million. $1.9 million. The net increase in cash from the change in operating assets and liabilities was partially offset by an increase in other assets of $12.9 million due to timing of prepaid contracts, an

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increase in accounts receivable of $12.2 million, and decreases in accounts payable and accrued expenses of $7.4 million $89.2 million due to lower inventory purchases.

purchases, an increase in other assets of $15.2 million due to timing of prepaid contracts, and an increase in accounts receivable of $2.8 million.

Cash flows from investing activities

Cash used in investing activities of $6.1 million $61.5 million for the three six months ended December 30, 2023 March 30, 2024, primarily consisted of the purchases of marketable securities of $45.3 million and purchases of property and equipment of $16.3 million mainly related to point-of-sale product displays and manufacturing-related tooling and test equipment to support the launch of new products.

Cash flows from financing activities

Cash used in financing activities of $23.7 million $77.6 million for the three six months ended December 30, 2023 March 30, 2024, primarily consisted of payments for repurchases of common stock of $23.5 million $76.3 million and payments for repurchases of common

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stock related to shares withheld for tax in connection with vesting of stock awards of $3.7 million, $13.2 million, partially offset by proceeds from the exercise of stock options of $3.5 million.

$11.9 million.

Commitments and Contingencies

See

Note

See Note 7. 8. Commitments and Contingencies in the notes to condensed consolidated financial statements.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements, except as described above, and do not have any holdings in variable interest entities.

Critical Accounting Policies and Estimates

Our unaudited condensed consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of these unaudited condensed 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.

Other than items discussed in Note 2 of our condensed consolidated financial statements, there have been no material changes to our critical accounting policies as compared to the critical accounting policies and significant judgments and estimates disclosed in our Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to financial market risks, including changes in currency exchange rates and interest rates. For quantitative and qualitative disclosures about market risk, refer to Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk, in our Annual Report on Form 10-K. Our exposure to market risk has not changed materially, except as follows:

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.

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We do not currently use 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.

For the three months ended December 30, 2023 March 30, 2024 and April 1, 2023, we recognized a loss from foreign currency exchange of $3.3 million and December 31, 2022 $2.8 million, respectively. For the six months ended March 30, 2024 and April 1, 2023, we recognized a gain from foreign currency exchange of $10.1 million $6.8 million and $23.6 million, $20.8 million, respectively. Based on transactions denominated in currencies other than U.S. dollar as of December 30, 2023 March 30, 2024, a hypothetical adverse change of 10% would have resulted in an adverse impact on income (loss) before provision for (benefit from) income taxes of approximately $11.1 million $1.5 million and $12.6 million for the three and six months ended December 30, 2023. March 30, 2024, respectively.

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Item Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under 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 ("Exchange Act") as of December 30, 2023 March 30, 2024. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures were effective at a reasonable assurance level as of the end of the period covered by this Quarterly Report on Form 10-Q.

Changes in Internal Control

There were no changes in our internal control over financial reporting in management's evaluation pursuant to Rule 13a-15(f) during the quarter ended December 30, 2023 March 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From 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 7 8 of the notes to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, 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 1A. Risk Factors

Investing 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 Quarterly Report on Form 10-Q, including our condensed 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 frequent new product introductions and transitions.

Due to the quickly evolving and highly competitive nature of the home audio and broader consumer electronics industry, we must frequently introduce new products, enhance existing products and effectively stimulate customer demand for new and upgraded products in both mature and developing markets. For example, in March 2023, we introduced Sonos Era 100 and Sonos Era 300, our next generation of smart speakers; in September 2023, we introduced Move 2, our next generation of our Move speaker; and in April 2023, we introduced Sonos Pro, our new audio subscription service for businesses. businesses; and in May 2024, we released an extensive redesign of our Sonos app. The successful introduction of these products and any new products depends on a number of factors, such as the timely completion of development efforts to correspond with limited windows for market introduction. We face significant challenges in managing the risks associated with new product introductions and production ramp-up issues, including accurately forecasting initial consumer demand, effectively managing any third-party strategic alliances or collaborative partnerships related to new product development or commercialization, as well as the risk that new products may have quality or other defects in the early stages of introduction or may not achieve the market acceptance necessary to generate sufficient revenue. New and upgraded products can also affect the sales and profitability of existing products. Accordingly, if we cannot properly manage the introduction of new products, our operating results and financial condition may be adversely impacted, particularly if the cadence of new product introductions increases as we expect.

Although we have achieved profitability in the past, our results fluctuate, and we may not be able to regain or maintain, as applicable, profitability or consistent revenue growth and expect to incur increased operating costs 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. As of December 30, 2023 March 30, 2024, we had retained earnings accumulated deficit of $68.2 million.

$1.6 million.

We expect our operating expenses to increase in the future as we expand our operations and execute on our product roadmap and strategy. We plan to make future expenditures related to the expansion of our business and our product offerings, including investments in:

- research and development to continue to introduce innovative new products, enhance existing products and improve our customers’ listening experience;
- sales and marketing to expand our global brand awareness, promote new products, increase our customer base and expand sales within our existing customer base; and
- legal, accounting, information technology and other administrative expenses to sustain our operations as a public company.

In order to regain or grow our profitability, we need to increase our revenue and we cannot assure you that we will be able to do so, particularly during times of global economic, social and political uncertainty. Our ability to achieve revenue growth will depend in part on our ability to execute on our product roadmap and strategy and to determine the market opportunity for new products. New product introductions may adversely impact our gross margin in the near to intermediate term due to the frequency of these product introductions and their anticipated increased share of our overall product volume. The expansion of our business and product offerings also places a continuous and significant strain on our management, operational and financial resources. In the event that we are unable to grow our revenue, or in the event that revenue grows more slowly than we expect, our operating results could be adversely affected, and our stock price could decrease.

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 customer 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 excess inventory levels or a shortage of products available for sale, either of which could adversely impact our operating results and financial condition.

Following an increase in a period of heightened demand during the COVID-19 pandemic, we have seen continued to see a softening of consumer demand. demand, particularly as consumers experience inflationary pressures and shift from purchasing goods to purchasing services and travel. 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.

A resurgence of the COVID-19 pandemic could adversely impact our business and it remains uncertain how the post-COVID environment will impact demand for our products.

We experienced increased demand for our products during the COVID-19 pandemic and have recently seen a softening of consumer demand and a shift in consumer spending from purchasing goods to purchasing services and travel. It remains uncertain the extent to which the post-pandemic environment will impact demand for our products and services or shift consumer spending habits generally over the longer term.

Additionally, during the pandemic, consistent with its effects industry-wide, we experienced supply chain disruptions and challenges that increased costs and impacted our ability to meet demand and manage inventory levels. The pandemic also contributed to ongoing global economic uncertainty. Any resurgence of the pandemic could have similar impacts on our business, operating results and financial condition.

Global 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.

Continued global economic uncertainty and reductions in consumer discretionary spending and consumer confidence may impact the sales of our products and services. Factors affecting the level of consumer spending for our products and services include general economic conditions, including the potential for an extended global recession, continued inflationary pressures, rising interest rates 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 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 speakers and sound systems such as Bose, Samsung (and its subsidiaries Harman International and JBL), Sony, Bang & Olufsen, and Masimo (and its subsidiary Sound United that owns, among others, the Denon, Polk Audio and Bowers and Wilkens brands), and developers of voice-enabled speakers and systems such as Amazon, Apple and Google. We could also face competition from new market entrants, some of whom might be current partners of ours.

In order to deliver products that appeal to changing and increasingly diverse consumer preferences and to 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, we must develop superior technology, anticipate increasingly diverse consumer tastes and rapidly develop attractive products with competitive selling prices. In addition, many of our current and potential partners competitors have business objectives that may drive them to sell their speaker products at a significant discount

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compared to ours. Amazon and Google, for example, both currently offer their speaker products at significantly lower prices than our speaker products. Many of these partners companies may subsidize these prices and seek to monetize their customers through the sale of additional services rather than the speakers themselves. Even if we are able to efficiently develop and offer innovative products 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 consumer products or if the average selling prices of our products decrease faster than we are able to reduce our manufacturing costs.

Many of our competitors have greater financial, technical and marketing resources available to them than those available to us, and, as a result, they may develop competing products that cause the demand for our products to decline. 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

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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 acquire companies that will allow them to develop products that better compete with our products, which would intensify the competition that we face and may also disrupt or lead to termination of our distribution, technology and content partnerships. 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.

Our 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 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. 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 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, 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 may have an adverse impact on our results of operations.

Our efforts to expand beyond our core product offerings and offer products 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 sound systems and develop products that have wider applications outside of home sound, such as commercial or office. For example, in April 2023, we introduced Sonos Pro, our new audio subscription service for businesses. Developing these products would require us to devote substantial additional resources, and our ability to succeed in developing such products to address such markets 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 may have less familiarity with consumer preferences for these products and less product or category knowledge, and we could encounter difficulties in attracting new customers due to lower levels of consumer familiarity with our brand. 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 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.

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.

Given the seasonal nature of our sales, accurate forecasting is critical to our business. Our fiscal year ends on the Saturday closest to September 30; the holiday shopping season occurs in the first quarter of our fiscal year, and the typically slower summer months occur in the fourth quarter of our fiscal year. Historically, our revenue has been significantly higher in our first fiscal quarter due to increased consumer spending patterns during the holiday season. Any shortfalls in expected first fiscal quarter revenue, due to macroeconomic conditions like the potential for an extended global recession, product release patterns, a decline in the effectiveness of our promotional activities, supply chain disruptions, inflationary pressures or for any other reason, 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.

The success of our business depends in part on the continued growth of the voice-enabled speaker market and our ability to establish and maintain market share.

We have increasingly focused our product roadmap on voice-enabled speakers. We introduced our first voice-enabled speaker in 2017 and since then have introduced a total of eight voice-enabled speakers, as well as Sonos Voice Control, our proprietary voice assistant. If the voice-enabled speaker markets do not continue to grow or grow in unpredictable ways, our revenue may fall short of expectations and our operating results may be harmed, particularly since we incur substantial costs to introduce new products in advance of anticipated sales. Additionally, even if the market for voice-enabled speakers does continue to grow, we may not be successful in developing and selling speakers that appeal to consumers or gain sufficient market acceptance. To succeed in this market, we will need to design, produce and sell innovative and compelling products and partner with other businesses that enable us to capitalize on new technologies, some of which have developed or may develop and sell voice-enabled speaker products of their own as further described herein.

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 proportion 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 significant 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.

We rely and expect to continue to rely on a combination of confidentiality and license agreements with our employees, consultants and third parties with whom we have relationships, as well as patent, trademark, copyright and trade secret protection laws, to protect our proprietary rights. 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, pending and future patent and trademark applications may not be approved, and we may not be able to prevent infringement 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 7. 8. Commitments and Contingencies of the notes to our condensed consolidated financial statements included elsewhere in this Form 10-Q for further details. The cost of defending our intellectual property has 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

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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 7. 8. Commitments and Contingencies of the notes to our condensed consolidated financial statements included elsewhere in this Form 10-Q 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. As our brand grows, we may 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.

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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 industries 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. As we gain an increasingly high profile and face more intense competition in our markets, and as we 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 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. Any damage to our brand or reputation may adversely affect our business, financial condition and operating results.

Conflicts with our channel and distribution partners could harm our business and operating results.

Several of our existing products compete, and products that we may offer in the future could compete, with the product offerings of some of our significant channel and distribution partners who have greater financial and technical resources than we do. 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. Any reduction in our ability to place and promote our products, or increased competition for available shelf or website placement, especially during peak retail periods, such as the holiday shopping season, would require us to increase our marketing expenditures and to seek other distribution channels to promote our products. 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.

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The expansion of our direct-to-consumer channel could alienate some of our channel partners and cause a reduction in product sales from these partners. Channel partners may perceive themselves to be at a disadvantage based on the direct-to-consumer sales offered through our website. Due to these and other factors, conflicts in our sales channels could arise and cause channel partners to divert resources away from the promotion and sale of our products. Further, to the extent we use our mobile app to increase traffic to our website and increase direct-to-consumer sales, we will rely on application marketplaces such as the Apple App Store and Google Play to drive downloads of our mobile app. Apple and Google, both of which sell products that compete with ours, may choose to use their marketplaces to promote their competing products over our products or may make access to our mobile app more difficult. Any of these situations could adversely impact our business and results of operations.

Competition with our technology partners could harm our business and operating results.

We are dependent on a number of technology partners for the development of our products, some of which have developed or may develop and sell products that compete with our products. These technology partners

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may cease doing business with us or disable the technology they provide our products for a variety of reasons, including to promote their products over our own. For example, we are currently manufacturing and developing voice-enabled speaker systems that are enhanced with the technology of our partners, including those who sell competing products. Our existing voice-enabled speakers are powered by Amazon’s Alexa or Google’s Google Assistant technology. One or more of our partners could disable their integration on one or all of our voice-enabled products, terminate or not renew their distribution agreement with us, or begin charging us for their integration with our voice-enabled products. For example, our current agreement with Amazon allows Amazon to disable the Alexa integration in our voice-enabled products with limited notice. We cannot assure you that we will be successful in establishing partnerships with other companies that have developed voice-control enablement technology or in developing such technology on our own.

If one or more of our technology partners do not maintain their integration with our products or seek to charge us for this integration, or if we have not developed alternative partnerships for similar technology or developed such technology on our own, our sales may decline, our reputation may be harmed and our business and operating results may suffer.

Competition with our content partners could cause these partners to cease to allow 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, podcast platforms and other content provided by our content partners is a key feature of our products. To date, all our arrangements have been entered into on a royalty-free basis. 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 to allow their content to be streamed on our products for a variety of reasons, including as a result of our offering competing services, to promote other partnerships or their products over our products, or to seek to charge us for this streaming. If this 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. We have also historically manufactured our products in China. In fiscal 2020, we began our efforts to diversify our supply chain through the addition of new contract manufacturers and geographic diversification, starting with Malaysia and extending such efforts into Vietnam in fiscal 2022. During fiscal 2023, we began the process of exiting We recently exited certain partnerships with two of our contract manufacturers, including our second-largest contract manufacturer, and may exit other partnerships with contract manufacturers from time to time. Our reliance on a limited number of contract manufacturers increases the risk that, in the event that any or all of such manufacturers experience an interruption in their operations, fail to perform their obligation in a timely manner or terminate agreements with us, we would not be able to maintain our production capacity without incurring material additional costs and substantial delays or we may be fully prevented from selling our products. Any material disruption in our relationship with our

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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.

In addition, there is no guarantee that our efforts to diversify manufacturers will be successful. Identifying and onboarding a new manufacturer takes a significant amount of time and resources. If we do not successfully coordinate the timely manufacturing and distribution of our products by such manufacturers, if such manufacturers are unable to successfully and timely process our orders or if we do not receive timely and accurate information from such manufacturers, we may have an insufficient supply of products to meet customer demand, we may lose sales, we may experience a build-up in inventory, we may incur additional costs, and our financial performance and reporting may be adversely affected. By adding manufacturers in other countries, we may experience increased transportation costs, fuel costs, labor unrest, impact of natural disasters and other adverse effects on our ability, timing and cost of delivering products, which may increase our inventory, decrease our margins, adversely affect our relationships with distributors and other customers and otherwise adversely affect our operating results and financial condition.

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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 or 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. For example, during the pandemic we increased our investments in, and purchase commitments for, components with longer lead times where possible to secure inventory in anticipation of shortages and strong demand, and we may need to do so again in the future. In the event that actual demand for our products differs from our forecast, we may end up with an excess component inventory, of components, as we saw in fiscal 2023 and the first quarter half of 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 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 17% of our revenue in fiscal 2023. We compete with other consumer products for placement and promotion of our products in the stores of our channel partners, including in some cases products of our channel partners. Our contracts with our channel partners allow them to exercise significant discretion in the

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placement and promotion of our products, and such contracts do not contain any long-term volume commitments. If one or several of our channel partners do not effectively market and sell our products, discontinue or reduce the inventory of our products, increase the promotions of or choose to 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. Many of our key channel partners temporarily closed or reduced operations in their retail stores at various times during the pandemic and may continue to do so in the future, which has had, and may continue to have, a material effect on our business and results of operations.

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, particularly in light of the impact of the pandemic on the retail sector, may consolidate with other channel partners or may have limited or ceased operations. Our business and results of operations have been, 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 direct-to-consumer channel, which may be time-consuming and expensive or we may be unsuccessful in our efforts to do so.

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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. 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 we expect to continue to expand our international presence, especially in Asia. In fiscal 2023, 41.3% 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;

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- 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;

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- 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. Entry into new international markets requires considerable management time and financial resources related to market, personnel and facilities development before any significant revenue is generated. As a result, initial operations in a new market may operate at low margins or may be unprofitable.

We have significant operations in China, where many of the risks listed above are particularly acute. China experiences high turnover of direct labor due to the intensely competitive and fluid market for labor, and if our labor turnover rates are higher than we expect in that region, or we otherwise fail to adequately manage our labor needs, then our business and results of operations could be adversely affected.

We will need to improve our financial and operational systems to manage our growth effectively and support our increasingly complex business arrangements, and an inability to do so could harm our business and results of operations.

To manage our growth and our increasingly complex business operations, especially as we move into new markets internationally, we will need to upgrade our operational and financial systems and procedures, which requires management time and has resulted, and in the future may result, in significant additional expense. We cannot be certain that we will institute, in a timely or efficient manner or at all, the improvements to our managerial, operational and financial systems and procedures necessary to support our anticipated increased levels of operations. Problems associated with, or disruptions resulting from, any improvement or expansion of our operational and financial systems could adversely affect our relationships with our suppliers, manufacturers, resellers and customers, inhibit our ability to expand or take advantage of market opportunities, cause harm to our reputation, result in errors in our financial and other reporting, and affect our ability to maintain an effective internal control environment and meet our external reporting obligations, any of which could harm our business and operating results and affect our stock price.

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

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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

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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 partners' 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.

Changes in how network operators manage data that travels across their networks or in net neutrality rules could harm our business.

We rely upon the ability of consumers to access our service through the internet. If network operators block, restrict or otherwise impair access to our service over their networks, our service and business could be negatively affected. To the extent that network operators implement usage-based pricing, including meaningful bandwidth caps, or otherwise try to monetize access to their networks by data providers, we could incur greater operating expenses. Furthermore, to the extent network operators create tiers of internet access service and either charge us for or prohibit us from being available through these tiers, our business could be negatively impacted.

Further, in the past, internet service providers ("ISPs") have attempted to implement usage-based pricing, bandwidth caps and traffic shaping or throttling. To the extent network operators create tiers of internet access service and charge our customers in direct relation to their consumption of audio content, our ability to attract and retain customers could be impaired, which would harm our business. Net neutrality rules, which were designed to ensure that all online content is treated the same by ISPs and other companies that provide broadband services, were repealed by the Federal Communications Commission ("FCC") effective June 2018. Although the FCC has preempted state jurisdiction over recently voted to restore net neutrality, and some states have taken executive action directed at reinstating

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Table or enacted legislation regulating the conduct of contents

aspects of broadband provider, we cannot predict whether such legislation, orders or initiatives will be modified, overturned or vacated in the FCC’s 2015 order. future. Further, while many countries, including across the EU, have implemented net neutrality rules, in others, the laws may be nascent or non-existent. The absence or repeal of the net neutrality rules could force us to incur greater operating expenses, cause our streaming partners to seek to shift costs to us or result in a decrease in the streaming-based usage of our platform by our customers, any of which would harm our results of operations. In addition, given uncertainty around these rules, including changing interpretations, amendments or repeal, coupled with potentially significant political and economic power of local network operators, we could experience discriminatory or anti-competitive practices that could impede our growth, cause us to incur additional expense or otherwise negatively affect our business.

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

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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.

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.

Under the previous administration, the U.S. government has imposed significant new 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 have 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. In particular, on December 16, 2022, in December 2023, the USTR granted an extension through September 30, 2023 May 31, 2024, of the exclusion for our core speaker products. To date, we have recovered virtually all refunds to which we are entitled on tariffs paid through fiscal 2022.

In the event that future tariffs are imposed on imports of our products, we are not successful in any future exemption requests, the amounts of existing tariffs are increased, our efforts to diversify our supply chain outside of China are delayed or otherwise not successful, or China or other countries take retaliatory trade measures in response to existing or future tariffs, 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. In response to future new tariffs, we may intensify our efforts to diversify outside of China, resulting in significant costs and disruption to our operations as we would need to pursue the time-consuming processes of recreating new supply chains, identifying substitute components and establishing new manufacturing locations.

We must comply with extensive regulatory requirements, and the cost of such compliance, and any 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

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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.

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

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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 30, 2023, we had gross state net operating loss carryforwards of $25.4 million, which expire beginning in 2032, as well as $46.9 million in foreign net operating loss carryforwards with an indefinite life. As of September 30, 2023, we also had U.S. federal research and development tax credit carryforwards as filed of $54.4 million, and state research and development tax credit carryforwards as filed of $47.0 million, which will expire beginning in 2038 and 2025, 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:

- overall performance of the equity markets and the economy as a whole;
- changes in the financial projections we or third parties may provide to the public or our failure to meet these projections;
- actual or anticipated changes in our growth rate relative to that of our competitors;
- announcements of new products, or of acquisitions, strategic partnerships, joint ventures or capital-raising activities or commitments, by us or by our competitors;
- additions or departures of key personnel;
- 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;
- rumors and market speculation involving us or other companies in our industry;
- 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

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- 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.

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,

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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 classified Board so that not all members of the Board are elected at one time;
- the ability of the Board to determine the number of directors and fill any vacancies and newly created directorships;
- a requirement that our directors may only be removed for cause;
- a prohibition on cumulative voting for directors;
- the requirement of a super-majority to amend some provisions in our restated certificate of incorporation and restated bylaws;
- authorization of the issuance of "blank check" preferred stock that the Board could use to implement a stockholder rights plan;

- an inability of our stockholders to call special meetings of stockholders; and
- 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,

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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 customers, and could decrease demand for our products, create delays and inefficiencies in our supply chain and make it difficult or impossible for

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us to deliver products to our customers. In particular, during the COVID-19 pandemic, consistent with its effects industry-wide, we experienced supply chain disruptions and challenges that increased costs and impacted our ability to meet demand and manage inventory levels. Any resurgence of the pandemic could have similar impacts on our business, operating results and financial condition. 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, which allows us to borrow up to $100.0 million, $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. We previously reported and remediated material weaknesses in internal control over financial reporting. Completion of remediation does not provide assurance that our remediation or other controls will continue to operate properly. 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.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

None.

None.Table of contents

Issuer Purchases of Equity Securities

The following table presents information with respect to the Company's repurchase of common stock during the quarter ended December 30, 2023 March 30, 2024.

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in thousands)
Oct 1 - Oct 28	—	$ —	—	$ —
Oct 29 - Nov 25	—	$ —	—	$ 200,000
Nov 26 - Dec 30	1,478,597	$ 15.87	1,478,597	$ 176,538
Total	1,478,597		1,478,597	

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in thousands)
Dec 31 - Jan 27	1,017,123	$ 16.10	1,017,123	$ 160,169
Jan 28 - Feb 24	823,663	$ 16.62	823,663	$ 146,476
Feb 25 - Mar 30	1,204,357	$ 18.82	1,204,357	$ 123,805
Total	3,045,143		3,045,143	

(1) In November 2023, the Board authorized a common stock repurchase program of up to $200.0 million. $200 million. During the three six months ended December 30, 2023 March 30, 2024, the Company repurchased 1,478,597 4,523,740 shares for an aggregate purchase price of $23.5 million $76.2 million at an average price of $15.87 $16.85 per share under the repurchase program. Aggregate purchase price and average price per share exclude commission and excise tax. See Note 8. *Stockholders'* 9. *Stockholders' Equity* of the Company's condensed consolidated financial statements for further information. Over the past three fiscal years, the Company has completed $300.0 million $300.0 million in share repurchases, for 14,528,681 shares, at an average price of $20.65 per share. 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.

Item 3. Default Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

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

On December 7, 2023February 16, 2024, Joanna Coles, Maxime Bouvat-Merlin, the Company's Chief Product Officer, adopted a member trading plan intended to satisfy the requirements of Rule 10b5-1(c). The plan provides that Mr. Bouvat-Merlin may sell up to 1) an aggregate of 49,299 shares of the Company's Board common stock, 2) an aggregate of Directors52,950 shares of common stock subject to options granted under our equity incentive plan and 3) an aggregate of 85,767 shares of common stock subject to restricted stock units granted under our equity incentive plan, as decreased by the number of shares withheld by the Company in connection with the vesting of such restricted stock units to satisfy applicable tax withholding requirements. The plan terminates on the earlier of the date all shares under the plan are sold or February 19, 2025.

On March 2, 2024, Shamayne Braman, the Company's Chief People Officer, adopted a trading plan intended to satisfy the requirements of Rule 10b5-1(c). The plan provides that Ms. Coles Braman may sell up to an aggregate of 27,838 shares of common stock subject to restricted stock units granted under our equity incentive plan,

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as decreased by the number of shares withheld by the Company in connection with the vesting of such restricted stock units to satisfy applicable tax withholding requirements. The plan terminates on the earlier of the date all shares under the plan are sold or March 4, 2025.

On March 4, 2024, Thomas Conrad, a member of the Company's Board of Directors, adopted a trading plan intended to satisfy the requirements of Rule 10b5-1(c). The plan provides that Mr. Conrad may sell up to an aggregate of 5,337 shares of the Company's common stock. The plan terminates on the earlier of the date all shares under the plan are sold or March 4, 2025.

On February 20, 2024, Nick Millington, the Company's Chief Innovation Officer, adopted a trading plan intended to satisfy the requirements of Rule 10b5-1(c). The plan provides that Mr. Millington may sell up to an aggregate of 7,730 shares of common stock subject to options granted under our equity incentive plan. The plan terminates on the earlier of the date all shares under the plan are sold or February 20, 2025.

April 4, 2025.

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Item 6. Exhibit Index

Incorporated by reference

Exhibit number	Exhibit title	Form	File no.	Exhibit	Filing date	Filing date		Filed or furnished herewith
10.1+	[Offer letter between Saori Casey and the Registrant, dated January 3, 2024]						X	
10.2+	[Form of Restricted Stock Unit Award Agreement between Saori Casey and the Registrant]						X	
10.3+	[Form of Performance Share Award Agreement between Saori Casey and the Registrant]						X	
31.1	[Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and Rule 15d-14(a) of the Exchange Act]							X
31.2	[Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and Rule 15d-14(a) of the Exchange Act]							X
32.1*	[Certification							X

	of Chief Executive Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
32.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X

101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended December 30, 2023 March 30, 2024, formatted in Inline XBRL: (i) Condensed consolidated balance sheets, (ii) Condensed consolidated statements of operations and comprehensive income, (iv) Condensed consolidated statements of stockholders' equity, (v) Condensed consolidated statements of cash flows and (vi) Notes to condensed consolidated financial statements, tagged as blocks of text and including detailed tags		X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)		X

**The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Form 10-Q and are not deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall they be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.*

+ Indicates a management contract or compensatory plan or arrangement.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Sonos, Inc.

Date: February 6, 2024 May 7, 2024	By:	/s/ Patrick Spence Patrick Spence Chief Executive Officer and Director *(Principal Executive Officer)*
Date: February 6, 2024 May 7, 2024	By:	/s/ Saori Casey Saori Casey Chief Financial Officer *(Principal Financial Officer)*
Date: February 6, 2024 May 7, 2024	By:	/s/ Chris Mason Chris Mason SVP Finance and Chief Accounting Officer Technology *(Principal Accounting Officer)*

Exhibit 10.1

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January 3, 2024

Dear Saori,

We're thrilled to offer you a position with Sonos!

In the exempt position of **Chief Financial Officer**, you'll be based in Santa Barbara, California reporting to Patrick Spence, our Chief Executive Officer.

This letter outlines information related to your compensation and benefits. Attached to this letter is an Addendum A and Addendum B which contains the "Employee Agreement" and Arbitration Agreement. The Employee Agreement describes additional material terms and conditions of your employment. You should read this offer letter and the attached Employee Agreement and Arbitration Agreement carefully.

Base Salary

If you decide to join Sonos, you will be paid an initial annual salary of **$550,000** (your "Base Salary"), which will be paid bi-weekly in accordance with the Sonos' normal payroll practices as established or modified from time to time. Your Base Salary shall be subject to all of the required and elected deductions, taxes and withholdings.

Bonus Eligibility

You will also be eligible for a discretionary target **65%** bonus of your annual base salary earned, which is based on the company's performance against its annual target for revenue growth (45%), operating profit (45%) and DEI goals (10%). In addition, you must commence employment prior to August 31 to be eligible to receive a prorated discretionary bonus for the current fiscal year which runs October to September and, in any case, you must remain employed by Sonos through the actual payment date to be eligible to receive any bonus payment. Sonos reserves the right to change its discretionary bonus criteria from time to time in Sonos's sole discretion.

Equity Award

If you decide to join Sonos, you will be eligible to participate in Sonos' 2018 Equity Incentive Plan (the "Plan"). The level of participation in the Plan will be determined by the Compensation, People, Diversity & Inclusion Committee (the "**Committee**") of Sonos' Board of Directors in its sole discretion, and awards granted under the Plan will be subject to and governed by the terms of the Plan documents and the applicable notice of award and award agreement.

It will be recommended that the Committee grant you awards of restricted stock units (“**RSUs**”) and Performance Share Units (“**PSUs**”), which awards will be settled in shares of Sonos’ Common Stock. Subject to approval by the Committee, the following is a general description of the RSU and PSU awards that are being recommended for you:

RSUs: The grant of RSUs will give you the right to receive shares of Common Stock in aggregate value of up to **$5,000,000**, as determined by the Committee, on the date of grant. Sonos currently intends that the number of RSUs awarded will be determined by dividing $5,000,000 by the average closing price of Sonos’ Common Stock over all trading days over the 30 calendar days immediately preceding the grant date. The RSUs will vest as follows: 33.33% of the RSUs will vest 12 months after your grant date, subject to your continuing employment with Sonos on such vesting date. The remaining RSUs will vest quarterly over the next two years in equal quarterly installments, in each case, however, subject to your continuing employment with Sonos on each such vesting date. The form of RSU agreement for such awards is attached hereto as Addendum C, which form includes a special definition of an “Involuntary Termination” event to include no longer being a public company Chief Financial Officer.

PSUs: The grant of PSUs will give you the right to receive shares of Common Stock in aggregate value of up to **$5,000,000**, as determined by the Committee, on the date of grant. Sonos currently intends that the number of PSUs awarded will be determined by dividing $5,000,000 by the average closing price of Sonos’ Common Stock over all trading days over the 30 calendar days immediately preceding the grant date. A percentage of the PSUs will vest if the Committee determines that certain performance criteria have been achieved following the completion of the performance period, which will consist of three consecutive fiscal years (i.e. 36 months); provided that you remain continually employed through the last day of such performance period. The performance criteria will be set by the Committee at the beginning of the performance period and may consist of financial, operational or other metrics, as determined by the Committee in its sole discretion. The form of PSU agreement for such awards is attached hereto as Addendum D, which form includes a special definition of an “Involuntary Termination” event to include no longer being a public company Chief Financial Officer.

Benefits

Regular full-time employees working 20 or more hours per week are eligible for benefits such as life and health (medical, dental & vision) insurance, paid time off, disability, and a 401(k) Retirement plan, and voluntary benefits as of their date of hire. For a more detailed understanding of the benefits and the eligibility requirements, please consult the summary plan descriptions for the programs and Sonos' Employee Handbook, which will be made available to you during your new hire orientation. Sonos reserves the right to discontinue, suspend, or to modify such plans, programs and practices at any time in Sonos' sole discretion. For travel required outside the U.S., you are permitted to fly business class with round trip airline tickets not to exceed $5,000, and one way tickets not to exceed $2,500. You will reimburse Sonos for any cost in excess of $5,000 for such round trip travel and $2,500 for one way travel.

Important Terms and Conditions of Employment

There are several important terms and conditions of employment at Sonos of which you should be aware. These terms, which are explained in the attached Employee Agreement, generally apply to all U.S. employees of Sonos in the same manner as they will apply to you. This offer of at-will employment is expressly conditioned upon a satisfactory background check, and your acceptance and execution of both the Employee Agreement and Arbitration Agreement (respectively attached as Addendum A and B).

Please accept this offer by signing and dating below no later than 8th January, 2024. If you accept our offer, we anticipate that your first day of employment would be **22nd January, 2024.** In accepting this offer of employment, you represent and warrant that you are not relying upon any representation or statement except those terms set forth in this letter. You acknowledge that this letter supersedes all prior representations regarding the terms and conditions of your employment.

We look forward to having you join us as we lead the music-listening revolution.

ACCEPTED AND AGREED

Saori Casey:

EMPLOYEE SIGNATURE: /s/ Saori Casey

SIGNATURE DATE: January 3, 2024

Sonos, Inc.
image_1.jpg

Patrick Spence
Chief Executive Officer

Addendum A

Employee Agreement
(AtWill Employment, Confidential Information, and Invention Assignment Agreement)

As a condition of your employment with Sonos, Inc., its subsidiaries, affiliates, successors or assigns (collectively, "**Sonos**"), and in consideration of your employment with Sonos and your receipt of the compensation now and hereafter paid to you by Sonos, you agree to the following terms and conditions outlined in this At Will-Employment, Confidential Information, and Invention Assignment Agreement ("**Employee Agreement**"). This Employee Agreement shall be effective as of the date you sign below. Terms not defined herein shall have the meaning set forth in the accompanying offer letter.

1. Specifics of Employment.

A. *At-Will Employment*. Your employment shall be on an at-will basis. As an at-will employee, either you or Sonos can terminate your employment at any time and for any reason or no reason, with or without prior notice. As a result, nothing in the offer letter (including the Addendum(s)) is a promise or guarantee of employment for any specific period of time or continued employment. Any contrary representations, which may have been made to you, are superseded by this Employee Agreement. Sonos also retains the right to make all other decisions concerning your employment (e.g., changes to your position, title, level, responsibilities, compensation, job duties, reporting structure, work location, work schedule, goals or any other managerial decisions) at any time, with or without cause or advance notice, as it deems appropriate in its sole discretion. Although your job duties, title, compensation and benefits, as well as Sonos' personnel policies and procedures, may change from time to time, the "at will" nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of Sonos.

By signing this employment agreement, you understand and acknowledge that your employment with Sonos is for an unspecified duration and constitutes "at-will" employment. You also understand that any representation to the contrary is unauthorized and not valid unless obtained in writing and signed by the chief executive officer of Sonos. You acknowledge that this employment relationship may be terminated at any time, with or without good cause or for any or no cause, at the option either of Sonos or yourself, with or without notice.

B. *Compliance with Sonos Standards; Cooperation.* As a Sonos employee, you will be expected to abide by Sonos' policies, rules and standards of conduct outlined in the Employee Handbook, as well as this Employee Agreement. To this end, Sonos expects you to comply at all times with Sonos' policies, including without limitation standards of professionalism, respect for others, data security policy, facilities and IT systems policies, and Sonos Purchasing Policy. All relevant policies shall be provided to you following your start date. You may be required to acknowledge receipt of and intended compliance with any such policy statements provided to you.

You additionally represent and warrant that you shall observe and comply with all applicable laws, ordinances, codes and regulations of governmental agencies, including federal, provincial, state, municipal and local governing bodies, in performing your employment duties hereunder.

You also agree that, during the term of your employment with Sonos and at all times thereafter, upon reasonable request, you will fully cooperate with Sonos and/or its representatives, without additional compensation, concerning any business matters or disputes of any kind about which you have, or may have, any relevant information.

C. *Background Check.* Sonos reserves the right to conduct background investigations and/or reference checks on all of its potential employees prior to hire and during employment. The offer of employment may be rescinded at any time in the event of unsatisfactory background investigation and/or reference check results. If required by law, you will receive a disclosure regarding the nature and scope of the background check Sonos plans to conduct on you and a consent form to authorize Sonos to conduct such background check under separate cover.

2. Confidential Information.

A. *Sonos Confidential Information*. You agree at all times during your employment and thereafter, to hold in strictest confidence, and not to use (except for the benefit of Sonos), and not to disclose to any person, firm or corporation without written authorization of the Board of Directors of Sonos, any Confidential Information of Sonos, except under a non-disclosure agreement with a third party duly authorized and executed by Sonos. you understand that "**Confidential Information**" shall mean any and all confidential and/or proprietary knowledge, data or information of Sonos, its affiliates, parents and subsidiaries, whether having existed, now existing, or to be developed during your employment. By way of illustration but not limitation, "Confidential Information" includes: (a) trade secrets, inventions, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques and any other proprietary technology and all patents, copyrights and/or other proprietary rights therein; (b) information regarding research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, margins, discounts, credit terms, pricing and billing policies, quoting procedures, methods of obtaining business, forecasts, future plans and potential strategies, financial projections and business strategies, operational plans, financing and capital-raising plans, activities and agreements, internal services and operational manuals, methods of conducting Sonos business, suppliers and supplier information, and purchasing; (c) information regarding customers and potential customers of Sonos, including customer lists, names, representatives, their needs or desires with respect to the types of products or services offered by Sonos, proposals, bids, contracts and their contents and parties, the type and quantity of products and services provided or sought to be provided to customers and potential customers of Sonos and other non-public information relating to customers and potential customers; (d) information regarding any of Sonos' business partners and their services, including names; representatives, proposals, bids, contracts and their contents and parties, the type and quantity of products and services received by Sonos, and other non-public information relating to business partners; (e) information regarding personnel, contractors, employee lists, compensation, and employee and contractor skills; and (f) any other non-public information which a competitor of Sonos could use to the competitive disadvantage of Sonos. “Confidential Information” shall not include information that: (1) is or becomes a matter of public knowledge through no fault of yours or without violation of any duty of confidentiality by you; or (2) is rightfully received by you from a third party without a duty of confidentiality. Further, nothing in this Employee Agreement shall prohibit you from discussing the terms and conditions of my employment with others to the extent expressly permitted by Section 7 of the National Labor Relations Act.

B. *Former Employer Information*. You agree that you will not, during your employment with Sonos, improperly use or disclose any proprietary information or trade secrets of any former employer or other person or entity and that you will not bring onto the premises of Sonos any unpublished document or proprietary information belonging to any such employer, person or entity unless consented to in writing by such employer, person or entity.

C. *Third Party Information*. You recognize that Sonos has received and in the future will receive from third parties their confidential or proprietary information subject to a duty on Sonos’ part to maintain the confidentiality of such information and to use it only for certain limited purposes. You agree to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm or corporation or to use it except as necessary in carrying out your work for Sonos consistent with Sonos’ agreement with such third party.

3. Inventions.

A. *Inventions Retained and Licensed*. Upon signing the Employee Agreement, you will be prompted to review a separate attachment titled “List of Prior Inventions” where you will list all inventions, original works of authorship, developments, improvements, and trade secrets which were made by you prior to your employment with Sonos, which belong to (or are otherwise controlled by) you (collectively referred to as “**Prior Inventions**”), and which you do not wish to be assigned to Sonos hereunder; or, if no such list is outlined, you represent that there are no such Prior Inventions. Upon signing the Employee Agreement, the List of Prior Inventions will be provided electronically as a separate attachment. If, during your employment with Sonos, you incorporate into a Sonos product, process or service a Prior Invention, you hereby grant to Sonos a nonexclusive, royalty-free, fully paid-up, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or service, and to practice any method related thereto.

B. *Assignment of Inventions*. You agree that you will promptly make full written disclosure to Sonos, and will hold in trust for the sole right and benefit of Sonos, or its designee, all my right, title, and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, algorithms, databases, computer programs, formulae, techniques, graphics or images, audio or visual works, trademarks or trade secrets, in each case whether or not patentable or registrable under copyright or similar laws, which you may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the period of time you are in the employ of Sonos (collectively referred to as "**Inventions**"), except as provided in **Section 3.E** below. You further acknowledge that all Inventions which are made by you (solely or jointly with others) within the scope of and during the period of your employment with Sonos and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act and other intellectual property laws, and you hereby do assign and

transfer and, to the extent any such assignment cannot be made at present, will assign and transfer, to Sonos and its successors and assigns, without further compensation, all of your right, title and interest in all such Inventions, and all related patents, patent applications, trademarks and trademark applications, copyrights and copyright applications, and other intellectual property rights in all countries and territories worldwide and under any international conventions (collectively, "**Intellectual Property Rights**"). You understand and agree that the decision whether or not to commercialize or market any invention developed by you solely or jointly with others is within Sonos' sole discretion and for Sonos' sole benefit and that no royalty will be due to you as a result of Sonos' efforts to commercialize or market any such Invention. Further, you hereby waive all claims to any moral rights or other special rights which you may have or accrue in any Inventions or Intellectual Property Rights.

C. *Maintenance of Records*. You agree to keep and maintain adequate and current written records of and documentation underlying all Inventions made by you (solely or jointly with others) during the term of your employment with Sonos. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by Sonos. The records will be available to and remain the sole property of Sonos at all times.

D. *Patent and Copyright Registrations*. You agree to assist Sonos, or its designee, at Sonos' expense, in every proper way to secure Sonos' rights in the Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries, including the disclosure to Sonos of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which Sonos shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to Sonos, its successors, assigns, and nominees the sole and exclusive rights, title and interest in and to such Inventions or Intellectual Property Rights relating thereto. You further agree that your obligation to execute or cause to be executed, when it is in you power to do so, any such instrument or papers shall continue after the termination of this Employee Agreement and/or your employment with Sonos. If Sonos is unable because of your mental or physical incapacity or for any other reason to secure your signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions assigned to Sonos as above, then you hereby irrevocably designate and appoint Sonos and its duly authorized officers and agents as your agent and attorney in fact, to act for and in your behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by you.

E. *Exception to Assignments*. You understand that the provisions of this Employee Agreement requiring assignment of Inventions to Sonos do not apply to any invention that you developed entirely on my own time without using Sonos' equipment, supplies, facilities, or trade secrets, except for those inventions that either (i) relate to Sonos actual or anticipated business, research or development, or (ii) result from or are connected with work performed by you for Sonos. Specifically, you understand that my agreement to assign Inventions does not apply to any invention which qualifies fully for protection from assignment to Sonos under the provisions of California Labor Code Section 2870 or Washington state law as set forth in the Revised Code of Washington 49.44.140 (the text of which are attached hereto as Exhibit A) or any other similar applicable federal or state law related to the assignment of employee inventions (collectively, the "**Excluded Inventions Laws**"). You will advise Sonos promptly in writing of any inventions that You believe are excluded from assignment by virtue of meeting the criteria in California Labor Code Section 2870, the Revised Code of Washington 49.44.140 or any other applicable Excluded Inventions Law and are not otherwise disclosed on the List of Inventions.

F. *Obligation to Keep Sonos Informed About Post-Employment Inventions/Intellectual Property Rights.* For the six-month period following the termination of my employment from Sonos, you agree that you will promptly disclose to Sonos fully and in writing all inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, algorithms, databases, computer programs, formulae, techniques, graphics or images, audio or visual works, inventions authored, conceived or reduced to practice by me, either alone or jointly with others (the **"Post-Employment Inventions**") and/or all United States or foreign patent, copyright or other intellectual property right(s) filed by you (solely or with others) and/or on my behalf (the "**Post-Employment Intellectual Property Rights**") if such intellectual property or Intellectual Property Rights relate to products or projects on which you worked or to which you had access during your Sonos employment. You agree that Sonos will have the right to request information from you related to the Post-Employment Inventions or Post-Employment Intellectual Property Rights (including, information related to the date of conception and/or implementation) for purposes of determining whether the Post-Employment Invention at issue uses, is derived from, and/or otherwise misappropriates Sonos' trade secrets and/or Confidential Information and/or was developed during your Sonos employment and/or using Sonos' property. Nothing herein limits Sonos' right to pursue all remedies to protect its intellectual property. Sonos will keep in confidence and will not use for any purpose or disclose to third parties without your consent any confidential information disclosed in writing to Sonos pursuant to this subparagraph.

G. *Use of Image of Likeness.* You authorize Sonos to use your name, picture, voice, image and/or likeness during your employment by Sonos and at any time thereafter. Further, you waive all claims you may now have or may ever have against Sonos and its officers, directors, employees and agents arising out of Sonos' use, adaptation, reproduction, modification, distribution, exhibition or other commercial exploitation of your name, picture, signature, voice, image and/or likeness, including, but not limited to right of privacy, right of publicity and celebrity, use of voice, name or likeness and copyright infringement.

4. Conflicts.

A. *Conflicting Employment.* You agree that, during the term of your employment with Sonos, you will not engage in any other employment, occupation or consulting directly related to the business in which Sonos is now involved or becomes involved during the term of your employment, nor will you engage in any other activities that conflict with your obligations to Sonos.

B. *Conflicting Obligations.* By accepting your offer of employment, you represent and warrant that your employment with Sonos and the performance by you of your duties as a Sonos employee do not and will not breach or contravene: (i) any agreement or contract (including, without limitation, any employment or consulting agreement, any agreement not to compete, or any confidentiality or nondisclosure agreement) to which you are a party; or (ii) any obligation you may otherwise have under applicable law to any former employer or to any person to whom you have provided consulting services. You further represent and warrant that you have disclosed to Sonos the

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details of all agreements, contracts and/or obligations relevant to clauses (i) and (ii) above.

5.Returning Company Documents. You agree that, at the time of leaving the employ of Sonos (or earlier, if requested), You will deliver to Sonos (and will not keep in my possession, recreate or deliver to anyone else) any and all devices, records, data, notes, reports, proposals, lists, correspondence, emails, specifications, drawings blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items (including electronic copies) developed by you pursuant to you employment with Sonos or otherwise belonging to Sonos, its successors or assigns, including, without limitation, those records maintained pursuant to **paragraph 3.C**.

6. Notification of New Employer. If you leave the employ of Sonos, you hereby grant consent to notification by Sonos to your new employer about your obligations under this Employee Agreement. If you am offered employment or the opportunity to enter into any business venture as owner, partner, consultant or other capacity, you agree to inform your potential employer, partner, co-owner and/or others involved managing the business with which you have an opportunity to be associated of your obligations under this Employee Agreement and also agree to provide such person or persons with a copy of this Employee Agreement (if so requested).

7. No Expectation of Privacy. You acknowledge and agree that you do not have any privacy interest in any items or material stored on Sonos' premises or property, including without limitation any files or data stored on Sonos' computers, network and/or phones (including cell phones), such as email, pictures or documents, whether in an active state, or obtained from restored backups, and regardless of whether such files or data had previously been deleted by me. Without limiting the foregoing, you further acknowledge that the full contents of you email and stored data may be made known to or disclosed to other Sonos employees as required in the normal course of Sonos' operations, both during and after your employment with Sonos. You authorize Sonos to monitor communications made by you using Sonos' property, facilities and resources, and the right to search and enter all areas of Sonos' premises, including any locked desks or drawers. You also authorize Sonos to search any of your personal computers, personal cell phones or other electronic or storage devices to the extent such devices are used by you: (i) to store or transmit Confidential Information; or (ii) to discharge your duties or conduct business on behalf of Sonos.

8. Remedies.

A. *Equitable Relief.* You understand that if You violate the terms of this Employee Agreement while You are employed by Sonos, you will be subject to disciplinary action up to and including discharge from your employment. You further agree and acknowledge that the non-disclosure and assignment of Invention covenants and undertakings in Sections 2 and 3 of this Employee Agreement relate to matters that are of a special, unique and extraordinary character and that a violation or breach of any of the restrictive covenants or assignment clauses in this Employee Agreement will cause irreparable harm to Sonos, the full amount of which will be impossible to estimate or determine and which cannot be adequately compensated. For that reason, you agree that if you breach any of your confidentiality or assignment obligations under this Employee Agreement, monetary compensation shall be inadequate to compensate Sonos for such breach. You therefore agree that, in the event of a breach or threatened breach of the confidentiality and/or assignment of Invention obligations by

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you, Sonos is entitled, in addition to any of the other rights, remedies or damages available to Sonos, to a temporary restraining order, a preliminary injunction and a permanent injunction in order to prevent or to restrain any breach or threatened breach by you or any of your partners, co-venturers, employers, employees, agents, representatives or any other persons directly or indirectly acting for you. Sonos may apply for such injunctive relief in any court of competent jurisdiction without the necessity of posting any bond or other security.

B. *Reimbursement.* You agree to reimburse Sonos for any costs resulting from or related to any claims, liabilities and damages arising from any claim brought against Sonos by a former employer(s) alleging that you are in breach of any legal obligations that you owe to any former employer(s). If such a claim is started against Sonos then Sonos shall have the option, exercisable in its sole discretion, to terminate your employment immediately, consistent with the at-will nature of our relationship.

C. *Attorneys' Fees.* If you breach this Employee Agreement, you agree that Sonos, if the prevailing party, shall be entitled to recover its reasonable attorneys' fees and costs, to the extent such recovery is not prohibited by law. This remedy shall be in addition to, and not as an alternative to, any other remedies at law or in equity available to Sonos.

9. General Provisions.

A. *Governing Law.* This Employee Agreement shall be governed by and construed and interpreted in accordance with the laws of the state in which you are employed by Sonos, without regard to its conflict of laws.

B. *Arbitration Agreement/Venue/Jury Waiver.* You acknowledge that you have executed an Arbitration Agreement contemporaneously with this Employee Agreement and agree that the Arbitration Agreement shall govern whether a particular dispute must be submitted to arbitration or may proceed in the courts. As set forth in the Arbitration Agreement and as reaffirmed herein, Sonos and you agree that any claims for equitable relief or declaratory judgment by either Sonos or you arising out of the non-disclosure or assignment of Inventions provisions set forth in Sections 2 and 3 of this Employee Agreement are expressly excluded from the agreement to arbitrate certain claims as provided in the Arbitration Agreement. Sonos and you further agree that any such causes of action shall be commenced and maintained in any state or federal court located within the state in which you are employed by Sonos and you hereby submit to the personal jurisdiction of such court. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS EMPLOYEE AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

C. *Entire Agreement*. This Employee Agreement sets forth the entire agreement and understanding between Sonos and you relating to the subject matter herein and supersedes all prior discussions or representations between us including, but not limited to, any representations made during your interview(s) or offer negotiations, whether written or oral, except for the Arbitration Agreement. No modification of or amendment to this Employee Agreement, nor any waiver of any rights under this Employee Agreement, will be effective unless in writing signed by an authorized representative of Sonos and you.

D. *Severability/Modification*. If any of the provisions of this Employee Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall not invalidate or render unenforceable the remainder of this Employee Agreement, but rather the remainder of this Employee Agreement shall be construed as if not containing the particular invalid or unenforceable provision or provisions, and the rights and obligations of the parties shall be enforced accordingly. Moreover, if one or more of the provisions contained in this Employee Agreement shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable at law, such provision or provisions shall be construed by the appropriate judicial body or arbitrator by limiting, revising or reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear. The parties hereby agree that the language of all parts of this Employee Agreement shall in all cases be construed as a whole according to its fair meaning and not strictly for or against any of the parties.

E. *Successors and Assigns*. This Employee Agreement will be binding upon your heirs, executors, administrators and other legal representatives. Sonos shall have the right to assign this Employee Agreement to its successors and assigns without consent by you, and all covenants and agreements hereunder shall ensure to the benefit of and be enforceable by said successors and assigns. You do not have the right to assign this Agreement.

F. *No Abandonment Regardless of Material Change.* You agree that Sonos may modify or change your position, duties, compensation, benefits, responsibilities, and/or any other terms and conditions of employment as it deems appropriate in its sole discretion. Any such changes to the terms and conditions of my employment (whether material or immaterial) shall not alter or modify your obligations as set forth herein and shall not be construed as an intent or agreement to abandon this agreement, to create a new employment relationship, and/or to relieve you of your obligations hereunder (unless such agreement or intent is expressly and specifically set forth in writing by Sonos). You acknowledge and agree that this Employment Agreement shall remain in full force and effect regardless of any change in the terms and conditions of my employment (whether material or immaterial).

G. *Waiver.* Sonos may waive any breach by you of any provision of this Employment Agreement expressly in writing in its sole discretion. Any waiver by Sonos of a breach of any provision of this Employment Agreement shall not operate or be construed as a waiver of any subsequent breach of such provision or any other provision hereof.

H. *Survival*. You understand and agree that your obligations under this Employment Agreement shall survive the termination of this Employment Agreement and/or your employment regardless of the manner of such termination and shall be binding upon your heirs, executors, administrators and legal representatives.

10. Acknowledgement/Independent Legal Advice. You acknowledge that you have carefully read and considered the provisions of this Employment Agreement. You further acknowledge that you have had the opportunity to seek legal advice, and have either obtained such advice with regard to this Employee Agreement, or have chosen not to do so. You agree that the restrictions and covenants set forth in this Employee Agreement are fair and reasonable and are necessary for the protection of the interests of Sonos and its business, officers, directors and employees.

Accepted and agreed:

Sonos, Inc.

/s/ Saori Casey

Patrick Spence

Saori Casey

Chief Executive Officer

[Employee SIGNATURE]

January 3, 2024

[SIGNATURE DATE]

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Addendum B

Arbitration Agreement

This Arbitration Agreement ("**Arbitration Agreement**") is entered into by and between Sonos, Inc. and its affiliates and successors (referred to herein as the "**Sonos**") and Saori Casey (referred to herein as "**You**").

1. Agreement to Arbitrate.

a. Mutual Agreement to Arbitrate Certain Claims/Issues. In consideration of Sonos' offer of employment and/or continued employment to You and your acceptance of the same, You and Sonos agree that any and all existing or future disputes or claims related to your employment with Sonos (including, but not limited to, the termination of your employment with Sonos), except those claims and disputes identified below in subparagraph (b) of this Section, will be resolved by final and binding arbitration and that no other forum for dispute resolution will be available to either party. Except as set forth in Section 1(b) or otherwise prohibited by applicable law, claims subject to arbitration include, but are not limited to:

(i) Claims related to your employment, change in employment status, and/or termination of employment with Sonos;

(ii) Claims under any California, Massachusetts, New York, Washington, or any other state, federal and/or municipal statute, regulation, ordinance, law and/or executive order (as amended) relating to employment, discrimination (including discrimination on the basis of race, color, religion, creed, sex, sex harassment, sexual orientation, age, gender identity, marital status, familial status, pregnancy, national origin, ancestry, alienage, handicap, disability, present or past history of mental disorders or physical disability, veteran's status, candidacy for or activity in a general assembly or other public office, or constitutionally protected acts of speech), fair employment practices, or other terms and conditions of employment, including, but not limited to, the Age Discrimination in Employment Act and Older Workers Benefit Protection Act (*29 U.S.C. § 621 et seq.*), the Civil Rights Acts of 1866 and 1871, Title VII of the Civil Rights Act of 1964 and the Civil Rights Act of 1991 (*42 U.S.C. § 2000e et seq.*), the Equal Pay Act (*29 U.S.C. § 201 et seq.*), the Americans With Disabilities Act (*42 U.S.C. § 12101 et seq.*), the Immigration Reform and Control Act (*8 U.S.C. § 1101 et seq.*), the Uniformed Services Employment and Reemployment Rights Act (*"USERRA"*); the California Fair Employment and Housing Act, the Massachusetts Fair Employment Practices Statute (*M.G.L. c. 151B § 1 et seq.*), the Massachusetts Equal Rights Act (*M.G.L. c. 93 §102*), the Massachusetts Civil Rights Act (*M.G.L. c. 12 §§ 11H & 11I*), the Massachusetts Privacy Statute (*M.G.L. c. 214 § 1B*), the Massachusetts Sexual Harassment Statute (*M.G.L. c. 214 § 1C*), the

Massachusetts law against retaliation (*M.G.L. c. 19C, §11*), the New York State Human Rights Law *(N.Y. Exec. Law § 290 et seq)*; the New York City Human Rights Law *(N.Y.C. Admin. Code § 8–101 et seq.);* the New York Equal Rights Law *(N.Y. Civ. Rights Law §§ 40 to 45)*; the Washington Law Against Discrimination *(RCW Chapter 49.60)*; and the Seattle Fair Employment Practices Ordinance *(Seattle Municipal Code 14.04)*;

(iii) Claims under any California, Massachusetts, New York, Washington, or any other state, federal and/or municipal statute, regulation, ordinance, law and/or executive

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order (as amended) relating to leaves of absence, layoffs or reductions-in-force, wages, hours, or other terms and conditions of employment, including, but not limited to, the National Labor Relations Act (*29 U.S.C. § 151 et seq.*), the Family and Medical Leave Act (*29 U.S.C. § 2601 et seq.*), the Employee Retirement Income Security Act of 1974 (*29 U.S.C. § 1000 et seq.*), COBRA (*29 U.S.C. § 1161 et seq.*), the Fair Labor Standards Act (*29 U.S.C. § 201 et seq.*), the Occupational Safety and Health Act (*29 U.S.C. § 651 et seq.*), the Worker Adjustment and Retraining Notification Act (*29 U.S.C. § 2101et seq.*), the California Family Rights Act (*Cal. Gov. Code §§ 12945.1- 12945.2*), the California Pregnancy Disability Leave Act (*Cal. Gov. Code § 12945*), the California School Activities Act (*Cal. Labor Code § 230.8*), the California Healthy Workplace Health Family Act (*Cal. Labor Code §§ 245-249*), the Cal-WARN Act (*Cal. Labor Code §§ 1400-1408*), the California wage payment laws (Cal. Labor Code §§ 200 through 244); the California Overtime Law (*Cal. Labor Code §§ 500-552*), the California Minimum Wage Law (*Cal. Labor Code § 1182.12*), the Massachusetts Small Necessities Leave Act (*M.G.L. c. 149, §52D)*, the Massachusetts Parental Leave Law (*M.G.L. c. 149, §105D*), the Massachusetts Wage Act (*M.G.L. c. 149 § 148 et. seq.)*, the Massachusetts Minimum Fair Wages Act (*M.G.L. c. 151 § 1 et. seq.*), the Massachusetts Equal Pay Act (*M.G.L. c. 149 § 105A*), the Massachusetts Paid Sick Leave law (*M.G.L. c. 149, §§ 148C; 148D*); Article 6 of the New York Labor Law *(N.Y. Lab. Law §§ 190-199-A)*, including the New York Wage Payment Act *(N.Y. Lab. Law § 190, et seq.)*; the New York State Minimum Wage Law; all New York Labor Standards; all New York Wage and Hour Laws; the Washington Payment of Wages Law *(RCW 49.48.010 and 49.52.050)*; **the Washington Overtime Law *(RCW 49.46.130)*; the Seattle Minimum Wage Ordinance;** the Washington State Family Care Act*(RCW 49.12.265 et seq)*; and the Washington Family Leave Act *(RCW 49.78)*;

(iv) Claims under any California, Massachusetts, New York, Washington, or any other state, federal and/or any other common law theory, including, without limitation, wrongful discharge, breach of express or implied contract, promissory estoppel, unjust enrichment, breach of a covenant of good faith and fair dealing, violation of public policy, defamation, interference with contractual relations, intentional or negligent infliction of emotional distress, invasion of privacy, misrepresentation, deceit, fraud, negligence, or any claim to attorneys' fees under any applicable statute or common law theory of recovery;

(v) Claims under any California, Massachusetts, New York, Washington, or any other state, federal and/or municipal statute, regulation, ordinance, law or executive order (as amended) relating to whistleblower protections, violation of public policy, or any other form of retaliation or wrongful termination, including but not limited to the Sarbanes-Oxley Act of 2002; the New York Whistleblower & Retaliation Laws *(N.Y. Lab. Law §§ 740, 741, and 215)*; the New York Nondiscrimination for Legal Actions Laws;

(vi) Claims under any Sonos' compensation, benefit, stock option, incentive compensation, bonus, restricted stock, and/or equity plan, program, policy, practice or agreement, or any other type of employment-related agreement, contract or policy; and/or

(vii) Any other claim arising under other state, federal, municipal or other local law not specifically itemized herein.

The parties also agree that the arbitrator shall have the power and authority to interpret this Agreement and to decide whether a certain dispute or claim is subject to arbitration under this Agreement. This power and authority to determine arbitrability is hereby expressly delegated to

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the appointed arbitrator and not to any judge or court. The parties agree that this agreement to arbitrate also covers claims brought by You against Sonos' agents, officers or other employees for actions they may have taken in connection with your employment.

b. **<u>Claims Excluded from Agreement to Arbitrate/Choice of Venue for Such Claims</u>:** The agreement to arbitrate in Section 1(a) does not apply to claims for benefits under state unemployment insurance or workers compensation programs. In addition, this Agreement does not prohibit You from filing a claim or participating in an investigation, hearing or proceeding with a local, state or federal administrative agency, including the EEOC, the Department of Labor, the National Labor Relations Board, the Massachusetts Commission Against Discrimination, the California Department of Fair Employment and Housing, the New York City Commission on Human Rights, the New York State Division of Human Rights, the Washington State Human Rights Commission and/or any other federal or state administrative agency. (However, this Agreement does preclude You from pursuing any such claim in court).

In addition, this agreement to arbitrate expressly excludes and does not apply to claims for equitable relief or declaratory judgment by either You or Sonos arising out of: (i) the non-disclosure or assignment of inventions provisions set forth in Sections 2 and 3 of theAt Will Employment, Confidential Information, and Invention Assignment Agreement (the “**Employee Agreement**”); (ii) state or federal trade secret laws; and/or (iii) state or federal intellectual property laws. You understand and agree that violations of the non-disclosure or assignment of inventions provisions ofthe Employee Agreement, state or federal trade secret laws and/or state or federal intellectual property laws could cause irreparable and unique injury and that money damages would not provide an adequate remedy for such injury. Accordingly, You and Sonos agree that the parties could not effectively pursue all available rights and remedies (including equitable relief) for such claims in an arbitration proceeding and that such claims must therefore be excluded from the agreement to arbitrate. All claims excluded from arbitration under this Section shall be commenced and maintained in any state or federal court located within the state in which You are employed by Sonos.

2. No Class Actions or Arbitrations. You and Sonos agree that the arbitrator may only hear the parties' individual claims and will not have the authority: (i) to consolidate the claims of other employees; (ii) to fashion a proceeding as a class or collective action; and/or (iii) to award relief to a group or class of employees in one arbitration proceeding. **In other words, You must pursue all claims subject to arbitration as an individual and may not pursue such claims as part of a class.** You represent, agree, and acknowledge that You will be able to effectively pursue your rights and any and all claims against Sonos in an individual arbitration according to the terms of this Arbitration Agreement.

3. Procedure, Deadline for Filing Of Claims Subject to Agreement to Arbitrate, Rules of Arbitration, Confidentiality. You and Sonos agree that arbitration proceedings shall be conducted by the American Arbitration Association (“**AAA**”) pursuant to the Federal Arbitration Act, and in accordance with the Employment Arbitration Rules and Mediation Procedures, (available on-line at www.adr.org), which are incorporated herein by reference.

The parties agree that any and all claims subject to arbitration under this Agreement must be initiated with the AAA within the statute of limitations period prescribed for such claims under applicable law. As set forth in Rule 4 of the Employment Arbitration Rules and Mediation Procedures, a party may initiate arbitration by filing a Demand for Arbitration in writing with the

AAA. If You file such a Demand, please also send a copy to Sonos’ Legal Department, Attention: General Counsel. Alternatively, the parties may submit a joint request for arbitration in writing. No demand for arbitration may be made after the date when the institution of legal or equitable proceedings based on such claim or dispute would be barred by the applicable statute of limitation.

The parties agree that a neutral arbitrator will be selected in accordance with the Employment Arbitration Rules and Mediation Procedures and further agree that the arbitrator shall have the power to decide any motions brought by any party to the arbitration, including motions for summary judgment or motions to dismiss prior to any arbitration hearing. The parties also agree that the arbitrator shall have the power to award any remedies, including attorney’s fees and costs, available under applicable law. The parties agree that any decision of the arbitrator must be in writing. The arbitrator’s decision shall be final and binding on both You and Sonos and shall be enforceable by any court having proper jurisdiction. The arbitrator shall maintain the confidentiality of the arbitration and shall have the authority to make appropriate rulings to safeguard that confidentiality, *unless the parties agree otherwise or the law provides to the contrary.*

4. Governing Law/Location of Arbitration. This Agreement shall be governed by and construed and interpreted in accordance with the Federal Arbitration Act, 9 U.S.C. §§ 1-16. You and Sonos agree that any and all arbitrations between the parties compelled and contemplated by this Agreement shall be held within the state in which You are employed by Sonos.

5. Cost of Arbitration. The parties agree that Sonos shall pay for any administrative or hearing fees and/or costs charged by the arbitrator or the AAA.

6. Attorney’s Fees. You and Sonos each shall bear your own attorneys’ fees incurred in connection with the arbitration, and the arbitrator will not have the authority to order attorneys’ fees unless an agreement between You and Sonos or a statute or law at issue in the dispute authorizes the award of attorneys’ fees to the prevailing party, in which case the arbitrator shall have the authority to make an award of attorneys’ fees as permitted under the applicable law or agreement.

7. Jury Waiver. YOU AND SONOS HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING IN ANY WAY TO YOUR EMPLOYMENT.

8.Consideration to Support Agreement. You and Sonos agree that there is sufficient and adequate consideration to support your mutual obligations under this Agreement. Specifically, You acknowledge that You are offered employment or continued employment in consideration of your promise to arbitrate certain claims related to your employment as set forth in this Agreement. In addition, the mutual promises of Sonos and You to resolve certain claims by arbitration in accordance with the provisions of this Arbitration Agreement, rather than through the courts, provide consideration for this Agreement.

9.Acknowledgement of Waiver of Rights. YOU UNDERSTAND AND ACKNOWLEDGE THAT BY SIGNING THIS AGREEMENT, YOU ARE WAIVING THE FOLLOWING RIGHTS: (I) YOUR RIGHT TO PURSUE CLASS OR COLLECTIVE ACTION AGAINST SONOS IN ANY FORUM, WHETHER THROUGH THE COURTS OR THROUGH ARBITRATION; (II) YOUR

RIGHT TO A TRIAL OR HEARING BEFORE A COURT OF ANY AND ALL PRESENT OR FUTURE CLAIMS AGAINST SONOS SUBJECT TO ARBITRATION UNDER THIS ARBITRATION AGREEMENT; AND (III) ANY RIGHT TO TRIAL BY JURY FOR ANY AND ALL PRESENT OR FUTURE CLAIMS RELATED TO YOUR EMPLOYMENT.

10. Voluntary Agreement. You represent that You have read the terms of the foregoing agreement, that You fully understand its terms, and are voluntarily executing the same. You acknowledge that You have been advised to consult with an attorney before signing this agreement and that You have had a sufficient opportunity to do so.

11. Complete Agreement. This Arbitration Agreement contains the complete agreement between Sonos and You regarding the subject of arbitration and dispute resolution, and supersedes any and all prior written, oral or other types of representations and agreements between Sonos and You, if any, related to the subject of dispute resolution of any kind, except for the Employee Agreement.

12. Severability. If any provision of this Agreement, or part thereof, is held invalid, void or voidable as against public policy or otherwise, the invalidity shall not affect other provisions, or parts thereof, which may be given effect without the invalid provision or part. To this extent, the provisions, and parts thereof, of this

Arbitration Agreement are declared to be severable. Moreover, if one or more of the provisions contained in this Arbitration Agreement shall for any reason be held to be unenforceable at law, such provision or provisions shall be construed by the appropriate judicial body by limiting, revising or reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear. The parties hereby agree that the language of all parts of this Arbitration Agreement shall in all cases be construed as a whole according to its fair meaning and not strictly for or against any of the parties.

13.Modification. This Arbitration Agreement may be modified only in writing, which expressly refers to this Agreement and You by full name and which is signed by You and an authorized representative of Sonos.

14.Successors and Assigns. This Arbitration Agreement will be binding upon Your heirs, executors, administrators and other legal representatives. Sonos shall have the right to assign this Arbitration Agreement to its successors and assigns without consent by You, and all covenants and agreements hereunder shall ensure to the benefit of and be enforceable by said successors and assigns. You do not have the right to assign this Arbitration Agreement.

You represent that you have read the foregoing Arbitration Agreement, fully understand its terms and conditions, and are voluntarily executing the same. In entering into this Arbitration Agreement, you did not rely on any representation, promise or inducement made by Sonos with the exception of the terms and conditions set forth in this document.

Accepted and agreed:

/s/ Saori Casey

Saori Casey

Sonos, Inc.

Patrick Spence
Chief Executive Officer

[Employee SIGNATURE]

January 3, 2024
[SIGNATURE DATE]

Addendum C

Form of RSU Agreement

Addendum D

Form of PSU Agreement

Exhibit 10.2

NOTICE OF RESTRICTED STOCK UNIT AWARD

SONOS, INC.
2018 EQUITY INCENTIVE PLAN

Unless otherwise defined herein, the terms defined in the Sonos, Inc. (the "***Company***"), 2018 Equity Incentive Plan (as amended from time to time, the "***Plan***") shall have the same meanings in this Notice of Restricted Stock Unit Award (the "***Notice***") and the attached Award Agreement, including the International Supplement attached thereto (the "***Supplement***") (which is generally applicable to you if you live or work outside the United States) and any special terms and conditions for your country set forth therein (collectively, the "***RSU Agreement***"). You ("***you***") have been granted an award of Restricted Stock Units ("***RSUs***") under the Plan subject to the terms and conditions of the Plan, this Notice and the attached RSU Agreement. Each RSU represents the conditional right to receive, without payment but subject to the terms, conditions and limitations set forth in this Notice, the RSU Agreement and in the Plan, one Share, subject to adjustment pursuant to Section 2.6 of the Plan in respect of transactions or events occurring after the Date of Grant.

Name: Saori Casey

Grant ID: Client Grant ID

Number of RSUs: [Number of Awards Granted]

Date of Grant: [Grant Date]

Vesting Schedule: See Appendix A

Vesting Acceleration: Notwithstanding the foregoing and anything contrary in the RSU Agreement or the Plan, if your Service is terminated by the Company or a successor corporation as a result of an Involuntary Termination (as defined below) within the period of time commencing two (2) months prior to a Corporate Transaction and ending twelve (12) months following a Corporate Transaction, to the extent that the RSUs are then outstanding, you shall also fully vest in the Accelerated RSUs (as defined below).

Notwithstanding anything contrary in the RSU Agreement or the Plan, if you are subject to an Involuntary Termination prior to a Corporate Transaction, your then-unvested RSUs shall remain outstanding for two (2) months, but shall not continue to vest following such Involuntary Termination, other than pursuant to the vesting

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acceleration described immediately above upon a Corporate Transaction that occurs within such period.

"***Involuntary Termination***" means, without your express written consent, any of the following: (i) your resignation following (A) a significant reduction of your duties, position or responsibilities relative to your duties, position or responsibilities in effect immediately prior to such reduction, which shall include no longer being the Chief Financial Officer of a public company; (B) a material reduction by the Company of your base salary, as in effect immediately prior to such reduction; and/or (C) your relocation by the Company to a facility or a location more than fifty (50) miles from your current location; or (ii) any termination of your Service by the Company other than for Cause (as defined below); in either of the foregoing cases, to the extent required by Section 409A, provided that such resignation or termination constitutes a "separation from service" within the meaning of Section 409A.

"***Cause***" means any of the following: (i) any act of personal dishonesty, taken by you in connection with your responsibilities as a service provider of the Company, which is intended to result in your personal enrichment, (ii) your conviction of, or plea of nolo contendere to, a felony, (iii) any act by you that constitutes material misconduct and is injurious to the Company, or (iv) continued violations by you of your obligations to the Company.

"***Accelerated RSUs***" means 100% of the then-unvested RSUs.

This Grant Notice may be executed and delivered electronically, whether via the Company's intranet or the Internet site of a third party or via email or any other means of electronic delivery specified by the Company. You acknowledge that the vesting of the RSUs pursuant to this Notice is earned only by continuing Service, but you understand that your employment or consulting relationship with the Company or a Parent, Subsidiary or Affiliate is for an unspecified duration, can be terminated at any time, and that nothing in this Notice of Grant, the RSU Agreement or the Plan changes the nature of that relationship. By accepting this award, you and the Company agree that this award is granted under and governed by the terms and conditions of the Plan, this Notice and the RSU Agreement. By accepting this award of RSUs, you consent to the electronic delivery and acceptance as further set forth in the RSU Agreement.

RESTRICTED STOCK UNIT AWARD AGREEMENT

SONOS, INC.
2018 EQUITY INCENTIVE PLAN

You have been granted Restricted Stock Units ("***RSUs***") by Sonos, Inc. (the "***Company***"), subject to the terms, restrictions and conditions of the Sonos, Inc. 2018 Equity Incentive Plan (the "***Plan***"), the attached Notice of Restricted Stock Unit Award (the "***Notice***") and this Restricted Stock Unit Award Agreement, including the International Supplement attached hereto (the "***Supplement***") (which is generally applicable to you if you live or work outside the United States) and any special terms and conditions for your country set forth therein (collectively, this "***RSU Agreement***").

1. **Nature of Grant**. In accepting this award of RSUs, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future awards of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;

(c) all decisions with respect to future RSUs or other grants, if any, will be at the sole discretion of the Company;

(d) you are voluntarily participating in the Plan;

(e) the RSUs and the Shares subject to the RSUs, and the income and value of same, are not intended to replace any pension rights or compensation;

(f) the RSUs and the Shares subject to the RSUs, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(g) unless otherwise agreed with the Company, the RSUs and any Shares acquired under the Plan, and the income and value of same, are not granted as consideration for, or in connection with, any service you may provide as a director of the Company or of a Parent or Subsidiary of the Company;

(h) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from the termination of your Service (for any reason whatsoever whether or

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not later found to be invalid or in breach of labor laws in the jurisdiction where you are providing Service or the terms of your employment or service agreement, if any), and in consideration of the grant of the RSUs to which you are otherwise not entitled, you irrevocably agree never to institute any claim against the Company, the Employer (as defined below), or any other Parent or Subsidiary of the Company, waive your ability, if any, to bring any such claim, and release the Company, the Employer and its Parent or Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim; and

(j) the following provisions apply only if you are providing Service outside the United States:

(i) the RSUs and the Shares subject to the RSUs, and the income and value of same, are not part of normal or expected compensation or salary for any purpose; and

(ii) neither the Company, the Employer nor any Parent or Subsidiary of the Company shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the RSUs or the subsequent sale of any Shares acquired upon settlement.

2. **Settlement**. Settlement of RSUs shall be made, in any case, on or before March 15 of the calendar year following the calendar year of the applicable date of vesting under the vesting schedule set forth in the Notice. Settlement of RSUs shall be in Shares. Settlement means the delivery to you of the Shares vested under the RSUs. Fractional Shares will not be issued.

3. **No Stockholder Rights**. Unless and until such time as Shares are issued in settlement of vested RSUs, you shall have no ownership of the Shares allocated to the RSUs and shall have no right to dividends or to vote such Shares.

4. **Dividend Equivalents**. Dividend equivalents, if any, shall not be credited to you, except as otherwise permitted by the Committee.

5. **No Transfer**. RSUs may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of in any manner, other than by will or by the laws of descent or distribution, by court order, or as otherwise permitted by the Committee on a case-by-case basis.

6. **Termination**. Except as otherwise expressly provided in the Notice, if your Service terminates for any reason, all unvested RSUs shall be forfeited to the Company forthwith, and all rights you have to such RSUs shall immediately terminate, without payment of any consideration to you. For purposes of this award of RSUs, your Service will be considered terminated as of the date you are no longer providing Service (regardless of the reason for such termination and whether or not later found to be invalid or in breach of labor laws in the jurisdiction where you are employed or the terms of your employment or service agreement, if any) and will not be extended by any notice period mandated under local employment laws (e.g., Service would not

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include a period of “garden leave” or similar period). In case of any dispute as to whether your termination of Service has occurred, the Committee shall have sole discretion to determine whether such termination has occurred (including whether you may still be considered to be providing Services while on a leave of absence) and the effective date of such termination.

7. **<u>Tax Consequences</u>**. You acknowledge that there will be certain consequences with regard to income tax, national or social insurance contributions, payroll tax, fringe benefits tax, payment on account or other tax-related items ("***Tax-Related Items***") upon vesting and/or settlement of the RSUs or disposition of the Shares, if any, received in connection therewith, and you should consult a tax adviser regarding such tax obligations in the jurisdiction where you are subject to tax.

8. **<u>Responsibility for Taxes</u>**. Regardless of any action the Company or, if different, your actual employer (the "***Employer***") takes with respect to any or all Tax-Related Items withholding or required deductions, you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the award, including the grant, vesting or settlement of the RSUs, the subsequent sale of Shares acquired pursuant to such settlement, and the receipt of any dividends; and (ii) do not commit to structure the terms of the award or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. You acknowledge that if you are subject to Tax-Related Items in more than one jurisdiction, the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

You acknowledge that the Company's obligation to issue or deliver Shares shall be subject to your satisfaction of all Company and/or Employer withholding obligations for Tax-Related Items that arise as a result of this Award and the vesting and/or settlement of the RSUs that are subject to this Award. In this regard, you authorize the Company and/or the Employer, and their respective agents, to withhold Shares that otherwise would be issued to you upon settlement of the RSUs to satisfy the Company and/or the Employer's tax withholding obligations. You acknowledge that you will not receive a refund in cash or Shares from the Company and/or the Employer with respect to any withheld Shares, the value of which exceeds the Company and/or the Employer's withholding obligations for Tax-Related Items, and that the Company and/or the Employer will include such excess amount in the taxes that the Company will pay to the applicable tax authorities on your behalf. You must pay to the Company and/or the Employer any amount of the Tax-Related Items that the Company and/or the Employer may be required to withhold that cannot be satisfied through share withholding. For tax purposes, you will be deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back for the purpose of paying the Tax-Related Items. You acknowledge that the Company has no obligation to deliver Shares to you until you have satisfied the obligations in connection with the Tax-Related Items as described in this Section 8.

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9. **Acknowledgement**. The Company and you agree that the RSUs are granted under and governed by the Notice, this RSU Agreement and the provisions of the Plan. You: (i) acknowledge receipt of a copy of the Plan and the Plan's prospectus,; (ii) represent that you have carefully read and are familiar with the provisions in the grant documents; and (iii) hereby accept the RSUs subject to all of the terms and conditions set forth in the Plan, the Notice and this RSU Agreement. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this RSU Agreement.

10. **Entire Agreement; Enforcement of Rights**. This RSU Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No modification of or amendment to this RSU Agreement, nor any waiver of any rights under this RSU Agreement, shall be effective unless in writing and signed by the parties to this RSU Agreement. The failure by either party to enforce any rights under this RSU Agreement shall not be construed as a waiver of any rights of such party.

11. **Compliance with Laws and Regulations**. The issuance of Shares will be subject to and conditioned upon compliance by the Company and you with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Common Stock may be listed or quoted at the time of such issuance or transfer, which compliance the Company shall, in its absolute discretion, deem necessary or advisable. You understand that the Company is under no obligation to register or qualify the Common Stock with any state, federal or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, you agree that the Company shall have unilateral authority to amend the Plan and this

RSU Agreement without your consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares. Finally, the Shares issued pursuant to this RSU Agreement shall be endorsed with appropriate legends, if any, determined by the Company.

12. **No Advice Regarding Grant**. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

13. **Governing Law; Venue**. This RSU Agreement, the Notice and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that may arise directly or indirectly from the Plan, the Notice and this RSU Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California in Santa Barbara County,

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California, or the federal courts of the United States for the Southern District of California and no other courts.

14. **Severability**. If one or more provisions of this RSU Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this RSU Agreement; (ii) the balance of this RSU Agreement shall be interpreted as if such provision were so excluded; and (iii) the balance of this RSU Agreement shall be enforceable in accordance with its terms.

15. **No Rights as Employee, Director or Consultant**. Nothing in this RSU Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent or Subsidiary of the Company, to terminate your Service, for any reason, with or without Cause.

16. **Consent to Electronic Delivery and Acceptance of All Plan Documents and Disclosures**. By your acceptance of this award of RSUs, you consent to the electronic delivery of the Notice, this RSU Agreement, the Plan, account statements, Plan prospectuses required by the United States Securities and Exchange Commission, United States financial reports of the Company, and all other documents that the Company is required to deliver to its stockholders (including, without limitation, annual reports and proxy statements) or other communications or information related to the RSUs. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via email or such other delivery determined at the Company's discretion. You acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost if you contact the Company by telephone, through a postal service or email at sonos-stockadmin@sonos.com. You further acknowledge that you will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, you understand that you must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. You agree to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company. Also, you understand that your consent may be revoked or changed, including any change in the email address to which documents are delivered (if you have provided an email address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service or email at sonos-stockadmin@sonos.com. Finally, you understand that you are not required to consent to electronic delivery.

17. **Insider Trading Restrictions/Market Abuse Laws**. You acknowledge that, depending on your country, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell the Shares or rights to Shares under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in your country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you are advised to speak to your personal advisor on this matter.

18. **<u>Language</u>**. If you have received this RSU Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

19. **<u>International Supplement</u>**. Notwithstanding any provisions in this RSU Agreement, this award of RSUs shall be subject to the Supplement if you live or work outside the United States, including any special terms and conditions set forth therein for your country. Moreover, if you relocate to a country other than the United States, then the Supplement, including the special terms and conditions for such country will, apply to you to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Supplement constitutes part of this RSU Agreement.

20. **<u>Imposition of Other Requirements</u>**. The Company reserves the right to impose other requirements on your participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

21. **<u>Waiver</u>**. You acknowledge that a waiver by the Company of breach of any provision of this RSU Agreement shall not operate or be construed as a waiver of any other provision of this RSU Agreement, or of any subsequent breach by you or any other Participant.

22. **<u>Code Section 409A</u>**. For purposes of this RSU Agreement, a termination of employment will be determined consistent with the rules relating to a "separation from service" as defined in Section 409A of the Code and the regulations thereunder ("***Section 409A***"). Notwithstanding anything else provided herein, to the extent any payments provided under this RSU Agreement in connection with your termination of employment constitute deferred compensation subject to Section 409A, and you are deemed at the time of such termination of employment to be a "specified employee" under Section 409A, then such payment shall not be made or commence until the earlier of (i) the expiration of the six- (6) month period measured from your separation from service from the Company and (ii) the date of your death following such a separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to you including, without limitation, the additional tax for which you would otherwise be liable under Section 409A(a)(1)(B) in the absence of such a deferral. To the extent any payment under this RSU Agreement may be classified as a “short-term deferral” within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this Section 22 are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

23. **Award Subject to Company Clawback or Recoupment**. To the extent permitted by applicable law, the RSUs shall be subject to clawback or recoupment pursuant to any clawback or recoupment policy adopted by the Board or required by law during the term of your employment or other Service that is applicable to you. In addition to any other remedies available under such policy, applicable law may require the cancellation of the RSUs (whether vested or unvested) and the recoupment of any gains realized with respect to the RSUs.

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BY ACCEPTING THIS RESTRICTED STOCK UNIT AWARD, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

SONOS, INC.

By:
Name: Patrick Spence
Title: Chief Executive Officer

Accepted and agreed:

PARTICIPANT NAME: Saori Casey

ELECTRONIC SIGNATURE:

ACCEPTANCE DATE: [Acceptance Date]

[*Signature Page to RSU Award Agreement*]

INTERNATIONAL SUPPLEMENT

SONOS, INC.
2018 EQUITY INCENTIVE PLAN

(attached)

Appendix A

Vesting Schedule

[Vesting Schedule (Dates & Quantities)]

Exhibit 10.3

NOTICE OF PERFORMANCE SHARE AWARD

SONOS, INC.

2018 EQUITY INCENTIVE PLAN

Unless otherwise defined herein, the terms defined in the Sonos, Inc. (the “***Company***”) 2018 Equity Incentive Plan (the “***Plan***”) shall have the same meanings in this Notice of Performance Share Award (the “***Notice***”) and the attached Performance Share Award Agreement, including the International Supplement attached thereto (the “***Supplement***”) (which is generally applicable to you if you live or work outside the United States) and any special terms and conditions for your country set forth therein (collectively, the “***Performance Share Agreement***”). You (“***you***”) have been granted an award of Performance Shares (“***Performance Shares***”) under the Plan subject to the terms and conditions of the Plan, this Notice and the Performance Share Agreement. Each Performance Share represents the conditional right to receive, without payment but subject to the terms, conditions and limitations set forth in this Notice, the Performance Share Agreement and in the Plan, one Share, subject to adjustment pursuant to Section 2.6 of the Plan in respect of transactions or events occurring after the Date of Grant.

Name: Saori Casey

Grant ID: Client Grant ID

Target Number of Performance Shares: **[**Number of Awards Granted]

Date of Grant: [Grant Date]

Performance Period: The period beginning[DATE] and ending [DATE].

Vesting of Earned Performance Shares: The Performance Shares shall be eligible to become earned and shall vest, following the end of the Performance Period, in accordance with the terms set forth on Exhibit A hereto.

Vesting Acceleration: Notwithstanding the foregoing and anything contrary in the Performance Share Agreement or the Plan, if your Service is terminated by the Company or a successor corporation as a result of an Involuntary Termination (as defined below) within the period of time commencing two (2) months prior to a Corporate Transaction and ending twelve (12) months following a Corporate

Transaction, to the extent that the Performance Shares are then outstanding, you shall fully vest in the Earned Performance Shares (as determined in accordance with Exhibit A) upon such Involuntary Termination (or, in the case of an Involuntary Termination occurring within the two (2)-month period prior to a Corporate Transaction, upon such Corporate Transaction), in all cases, as determined as set forth in Exhibit A.

Notwithstanding anything contrary in the Performance Share Agreement or the Plan, if you are subject to an Involuntary Termination prior to a Corporate Transaction, your then-unvested Performance Shares shall remain outstanding for two (2) months, but shall not continue to vest following such Involuntary Termination other than pursuant to the vesting acceleration described immediately above.

"***Involuntary Termination***" means, without your express written consent, any of the following: (i) your resignation following (A) a significant reduction of your duties, position or responsibilities relative to your duties, position or responsibilities in effect immediately prior to such reduction, which shall include no longer being the Chief Financial Officer of a public company; (B) a material reduction by the Company of your base salary, as in effect immediately prior to such reduction; and/or (C) your relocation by the Company to a facility or a location more than fifty (50) miles from your current location; or (ii) any termination of your Service by the Company other than for Cause (as defined below); in either of the foregoing cases, provided that such resignation or termination constitutes a "separation from service" within the meaning of Section 409A of the Code and the Treasury regulations promulgated thereunder.

"***Cause***" means any of the following: (i) any act of personal dishonesty taken by you in connection with your responsibilities as a service provider of the Company, which is intended to result in your personal enrichment; (ii) your conviction of, or plea of nolo contendere to, a felony; (iii) any act by you that constitutes material misconduct and is injurious to the Company; or (iv) continued violations by you of your obligations to the Company.

This Grant Notice may be executed and delivered electronically, whether via the Company's intranet or the Internet site of a third party or via email or any other means of electronic delivery specified by the Company. You acknowledge that the vesting of the Performance Shares pursuant to this Notice is earned by continuing Service (in addition to the satisfaction of performance conditions as described in the Performance Share Agreement), but you understand that your employment or consulting relationship with the Company or a Parent, Subsidiary or Affiliate is for an unspecified duration, can be terminated at any time, and that nothing in this Notice of Grant, the Performance Share Agreement or the Plan changes the nature of that relationship. By accepting this award, you and the Company agree that this award is granted under and governed by the terms and conditions of the Plan, this Notice and the Performance Share Agreement. By accepting this award, you consent to the electronic delivery and acceptance as further set forth in the Performance Share Agreement.

* * * *

Exhibit A

VESTING OF EARNED PERFORMANCE SHARES

1.Annual Performance Periods. Except as otherwise provided in the Notice, the Performance Shares will become earned (if at all) on the basis of the Company's performance with respect to three (3) separate fiscal years of the Company during the Performance Period (each, an "***Annual Performance Period***"). The first Annual Performance Period will comprise the fiscal year of the Company beginning on [DATE], and ending on [DATE], the second Annual Performance Period will comprise the fiscal year of the Company beginning on [DATE], and ending on [DATE], and the third Annual Performance Period will comprise the fiscal year of the Company beginning on [DATE], and ending on [DATE].

2.Performance Criteria. Within ninety (90) days following the commencement of each Annual Performance Period, the Committee shall determine the performance criteria and goals applicable thereto, which may consist of financial, operational or other metrics as determined in the Committee's sole discretion (the "***Performance Criteria***"), as well as the applicable threshold ("***Threshold***"), target ("***Target***") and maximum ("***Maximum***") achievement levels.

3.Determination of Performance. Within ninety (90) days following the end of each Annual Performance Period, the Committee shall determine the extent (if any) to which the Performance Criteria have been achieved with respect to such Annual Performance Period, assigning an earning percentage ("***Annual Earning Percentage***") as follows (except as otherwise determined by the Committee at the time the Performance Criteria for the applicable Annual Performance Period are established):

Performance Achievement Level	Annual Earning Percentage
Less than Threshold	0%
Threshold	50%
Target	100%
Maximum	200%

Unless otherwise determined by the Committee at the time the Performance Criteria for the applicable Annual Performance Period are established, the Annual Earning Percentage will be interpolated on a straight-line basis for achievement between each performance level. Following the end of the Performance Period, a percentage of the target number of Performance Shares (as set forth in the Notice), if any, shall become earned based on the average of the Annual Earning Percentage with respect to each Annual Performance Period within the Performance Period, or on such other basis to be determined by the Committee at the time the Performance Criteria for such year are established (any such Performance Shares that become earned hereunder, the "***Earned Performance Shares***").

4.<u>Corporate Transactions</u>

(a)If, prior to the end of the Performance Period, a Corporate Transaction occurs, to the extent the Performance Shares are outstanding immediately prior to such Corporate Transaction, a number of Performance Shares shall be deemed Earned Performance Shares as of immediately prior to such Corporate Transaction, determined in accordance with the principles set forth in this <u>Exhibit A</u>, based on the Annual Earning Percentage with respect to each Annual Performance Period as follows: (i) the Annual Earning Percentage with respect to an Annual Performance Period that has not commenced or that has not been completed as of the date such Corporate Transaction is consummated shall be deemed to be 100%; and (ii) the Annual Earning Percentage with respect to an Annual Performance Period that has been completed as of the date such Corporate Transaction is consummated shall be the percentage as previously determined by the Committee with respect to such Annual Performance Period. The Earned Performance Shares shall continue to vest based solely on continued Service and shall vest on [DATE], subject to your remaining in continuous Service through such date, except as otherwise provided in the Notice with respect to an Involuntary Termination that occurs within twelve (12) months following such Corporate Transaction.

(b)If, in connection with a Corporate Transaction described in subsection (a) above, the Earned Performance Shares are not assumed or continued, or a new award is not substituted for the Earned Performance Shares, by the successor or acquiring entity in such Corporate Transaction (or by its parents, if any), as contemplated by Section 21.1 of the Plan, the Earned Performance Shares will automatically vest immediately prior to, but subject to the consummation of, such

Corporate Transaction, and the Company shall deliver to you any shares in respect of Earned Performance Shares in a manner that will allow you to participate in the Corporation Transaction on the same basis as other stockholders.

(c)In the event a Corporate Transaction occurs within two (2) months following a termination of your employment due to an Involuntary Termination as provided for in the Notice, (i) the Performance Shares shall become Earned Performance Shares in connection with such Corporate Transaction as provided for in Section 4(a) above;(ii) the Earned Performance Shares will automatically vest in full immediately prior to, but subject to the consummation of, the occurrence of such Corporate Transaction; and (iii) the Company shall deliver to you any shares in respect of Earned Performance Shares in a manner that will allow you to participate in the Corporate Transaction on the same basis as other stockholders.

5.Vesting and Settlement. Except as otherwise provided in the Notice, Earned Performance Shares shall vest on the date the Committee determines performance achievement with respect to the Third Annual Performance Period, which date shall not be later than the date set forth above, subject to your continued Service through such date. Any Earned Performance Shares shall be settled no later than thirty (30) days after the date they becomes vested as

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provided for in this Exhibit A (or such earlier time as provided for in Section 4 of this Exhibit A).

* * * *

PERFORMANCE SHARE AWARD AGREEMENT

SONOS, INC.

2018 EQUITY INCENTIVE PLAN

You have been granted Performance Shares ("***Performance Shares***") by Sonos, Inc. (the "***Company***"), subject to the terms, restrictions and conditions of the Sonos, Inc. 2018 Equity Incentive Plan (the "***Plan***"), the attached Notice of Performance Share Award (the "***Notice***") and this Performance Share Award Agreement, including the International Supplement attached hereto (the "***Supplement***") (which is generally applicable to you if you live or work outside the United States) and any special terms and conditions for your country set forth therein (collectively, the "***Performance Share Agreement***").

1.<u>Nature of Grant</u>. In accepting this award of Performance Shares, you acknowledge, understand and agree that:

(a)the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b)the grant of the Performance Shares is voluntary and occasional and does not create any contractual or other right to receive future awards of Performance Shares, or benefits in lieu of Performance Shares, even if Performance Shares have been granted in the past;

(c)all decisions with respect to future Performance Shares or other grants, if any, will be at the sole discretion of the Company;

(d)you are voluntarily participating in the Plan;

(e)the Performance Shares and the Shares subject to the Performance Shares, and the income and value of same, are not intended to replace any pension rights or compensation;

(f)the Performance Shares and the Shares subject to the Performance Shares, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(g)unless otherwise agreed with the Company, the Performance Shares and any Shares acquired under the Plan, and the income and value of same, are not granted as consideration for, or in connection with, any service you may provide as a director of the Company or of a Parent or Subsidiary of the Company;

(h)the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(i)no claim or entitlement to compensation or damages shall arise from forfeiture of the Performance Shares resulting from the termination of your Service (for any reason whatsoever whether or not later found to be invalid or in breach of labor laws in the jurisdiction where you are providing Service or the terms of your employment or service agreement, if any), and, in consideration of the grant of the Performance Shares to which you are otherwise not entitled, you irrevocably agree never to institute any claim against the Company, the Employer (as defined below) or any other Parent or Subsidiary of the Company, waive your ability, if any, to bring any such claim, and release the Company, the Employer and its Parent or Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim; and

(j)the following provisions apply only if you are providing Service outside the United States:

> (i)the Performance Shares and the Shares subject to the Performance Shares, and the income and value of same, are not part of normal or expected compensation or salary for any purpose; and
>
> (ii)neither the Company, the Employer nor any Parent or Subsidiary of the Company shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the Performance Shares or the subsequent sale of any Shares acquired upon settlement.

2.[Reserved].

3.No Stockholder Rights. Unless and until such time as Shares are issued in settlement of the Earned Performance Shares, you shall have no ownership of the Shares allocated to the

Performance Shares and shall have no right to dividends or to vote such Shares.

4.__**Dividend Equivalents**__. Dividend equivalents, if any, shall not be credited to you, except as otherwise permitted by the Committee.

5.__**No Transfer**__. Performance Shares may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of in any manner, other than by will or by the laws of descent or distribution, by court order, or as otherwise permitted by the Committee on a case-by-case basis.

6.__**Termination**__. Except as otherwise provided in the Notice, if your Service terminates for any reason, all unvested Performance Shares shall be forfeited to the Company forthwith, and all rights you have to such Performance Shares shall immediately terminate, without payment of any consideration to you. For purposes of this award of Performance Shares, your Service will be considered terminated as of the date you are no longer providing Service (regardless of the reason for such termination and whether or not later found to be invalid or in breach of labor laws in the jurisdiction where you are employed or the terms of your employment or service agreement, if any) and will not be extended by any notice period mandated under local employment laws (e.g., Service would not include a period of "garden leave" or similar period). In case of any dispute as to whether your termination of Service has occurred, the Committee shall have sole discretion to determine whether such termination has occurred (including whether you may still be considered to be providing Services while on a leave of absence) and the effective date of such termination.

7.__**Tax Consequences**__. You acknowledge that there will be certain consequences with regard to income tax, national or social insurance contributions, payroll tax, fringe benefits tax, payment on account or other tax-related items ("***Tax-Related Items***") upon vesting and/or settlement of the Performance Shares or disposition of the Shares, if any, received in connection therewith, and you should consult a tax adviser regarding such tax obligations in the jurisdiction where you are subject to tax.

8. **Responsibility for Taxes**. Regardless of any action the Company or, if different, your actual employer (the "***Employer***") takes with respect to any or all Tax-Related Items withholding or required deductions, you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the award, including the grant, vesting or settlement of the Performance Shares, the subsequent sale of Shares acquired pursuant to such settlement, and the receipt of any dividends; and (ii) do not commit to structure the terms of the award or any aspect of the Performance Shares to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. You acknowledge that if you are subject to Tax-Related Items in more than one jurisdiction, the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

You acknowledge that the Company's obligation to issue or deliver Shares shall be subject to your satisfaction of all Company and/or Employer withholding obligations for Tax-Related Items that arise as a result of this Award and the vesting and/or settlement of the Performance Shares that are subject to this Award. In this regard, you authorize the Company and/or the Employer, and their respective agents, to withhold Shares that otherwise would be issued to you upon settlement of the Performance Shares to satisfy the Company and/or the Employer's tax withholding obligations. You acknowledge that you will not receive a refund in cash or Shares from the Company and/or the Employer with respect to any withheld Shares the value of which exceeds the Company and/or the Employer's withholding obligations for Tax-Related Items, and that the Company and/or the Employer will include such excess amount in the taxes that the Company will pay to the applicable tax authorities on your behalf. You must pay to the Company and/or the Employer any amount of the Tax-Related Items that the Company and/or the Employer may be required to withhold that cannot be satisfied through share withholding. For tax purposes, you will be deemed to have been issued the full number of Shares subject to the vested Performance Shares, notwithstanding any number of the Shares held back for the purpose of paying the Tax-Related Items. You acknowledge that the Company has no obligation to deliver Shares to you until you have satisfied the obligations in connection with the Tax-Related Items as described in this Section 8.

9.**Acknowledgement**. The Company and you agree that the Performance Shares are granted under and governed by the Notice, this Performance Share Agreement and the provisions of the Plan. You: (i) acknowledge receipt of a copy of the Plan; (ii) represent that you have carefully read and are familiar with the provisions in the grant documents; and (iii) hereby accept the Performance Shares subject to all of the terms and conditions set forth in the Plan, the Notice and this Performance Share Agreement. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this Performance Shares Agreement.

10.**Entire Agreement; Enforcement of Rights**. This Performance Share Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No modification of or amendment to this Performance Share Agreement, nor any waiver of any rights under this Performance Share Agreement, shall be effective unless in writing and signed by the parties to this Performance Share Agreement. The failure by either party to enforce any rights under this Performance Share Agreement shall not be construed as a waiver of any rights of such party.

11.**Compliance with Laws and Regulations**. The issuance of Shares will be subject to and conditioned upon compliance by the Company and you with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or

automated quotation system on which the Company's Common Stock may be listed or quoted at the time of such issuance or transfer, which compliance the Company shall, in its absolute discretion, deem necessary or advisable. You understand that the Company is under no obligation to register or qualify the Common Stock with any state, federal or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, you agree that the Company shall have unilateral authority to amend the Plan and this Performance Share Agreement without your consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares. Finally, the Shares issued pursuant to this Performance Share Agreement shall be endorsed with appropriate legends, if any, determined by the Company.

12.<u>No Advice Regarding Grant</u>. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

13.<u>Governing Law; Venue</u>. This Performance Share Agreement, the Notice and all acts and transactions pursuant hereto and thereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that may arise directly or indirectly from the Plan, the Notice and this Performance Share Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California in Santa Barbara County, California, or the federal courts of the United States for the Southern District of California and no other courts.

14.<u>Severability</u>. If one or more provisions of this Performance Share Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Performance Share Agreement; (ii) the balance of this Performance Share Agreement shall be interpreted as if such provision were so excluded; and (iii) the balance of this Performance Share Agreement shall be enforceable in accordance with its terms.

15.<u>No Rights as Employee, Director or Consultant</u>. Nothing in this Performance Share Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent or Subsidiary of the Company, to terminate your Service, for any reason, with or without Cause.

16.<u>Consent to Electronic Delivery and Acceptance of All Plan Documents and Disclosures</u>. By your acceptance of this award of Performance Shares, you consent to the electronic delivery of the Notice, this Performance Share Agreement, the Plan, account statements, Plan prospectuses required by the United States Securities and Exchange Commission, United States financial reports of the Company, and all other documents that the Company is required to deliver to its stockholders (including, without limitation, annual reports and proxy statements) or other communications or information related to the Performance Shares Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via email or such other delivery determined at the Company's discretion. You acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost if you contact the Company by telephone, through a postal service or email at sonos-stockadmin@sonos.com. You further acknowledge that you will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, you understand that you must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. You agree to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company. Also, you understand that your consent may be revoked or changed, including any change in the email address to which documents are delivered (if you have provided an email address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service or email at sonos-stockadmin@sonos.com. Finally, you understand that you are not required to consent to electronic delivery.

17.Insider Trading Restrictions/Market Abuse Laws. You acknowledge that, depending on your country, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell the Shares or rights to Shares under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in your country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you are advised to speak to your personal advisor on this matter.

18. **<u>Language</u>**. If you have received this Performance Share Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

19. **<u>International Supplement</u>**. Notwithstanding any provisions in this Performance Share Agreement, this award of Performance Shares shall be subject to the Supplement if you live or work outside the United States, including any special terms and conditions set forth therein for your country. Moreover, if you relocate to a country other than the United States, then the Supplement, including the special terms and conditions for such country will apply to you to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Supplement constitutes part of this Performance Share Agreement.

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20. **<u>Imposition of Other Requirements</u>**. The Company reserves the right to impose other requirements on your participation in the Plan, on the Performance Share and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

21. **<u>Waiver</u>**. You acknowledge that a waiver by the Company of breach of any provision of this Performance Share Agreement shall not operate or be construed as a waiver of any other provision of this Performance Share Agreement, or of any subsequent breach by you or any other Participant.

22. **<u>Code Section 409A</u>**. For purposes of this Performance Share Agreement, a termination of employment will be determined consistent with the rules relating to a "separation from service" as defined in Section 409A of the Code and the regulations thereunder ("***Section 409A***"). Notwithstanding anything else provided herein, to the extent any payments provided under this Performance Share Agreement in connection with your termination of employment constitute deferred compensation subject to Section 409A, and you are deemed at the time of such termination of employment to be a "specified employee" under Section 409A, then such payment shall not be made or commence until the earlier of (i) the expiration of the six- (6) month period measured from your separation from service from the Company and (ii) the date of your death following such a separation from service; *provided*, *however*, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to you including, without limitation, the additional tax for which you would otherwise be liable under Section 409A(a)(1)(B) in the absence of such a deferral. To the extent any payment under this Performance Share Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this Section 22 are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

23.Award Subject to Company Clawback or Recoupment. To the extent permitted by applicable law, the Performance Shares shall be subject to clawback or recoupment pursuant to any clawback or recoupment policy adopted by the Board or required by law during the term of your employment or other Service that is applicable to you. In addition to any other remedies available under such policy, applicable law may require the cancellation of the Performance Shares (whether vested or unvested) and the recoupment of any gains realized with respect to the Performance Shares.

* * * *

BY ACCEPTING THIS PERFORMANCE SHARE AWARD, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

SONOS, INC.
By:
Name: Patrick Spence
Title: Chief Executive Officer

Accepted and agreed:
PARTICIPANT NAME: Saori Casey

ELECTRONIC SIGNATURE:

ACCEPTANCE DATE: [Acceptance Date]

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Patrick Spence, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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 registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e))

and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 6, 2024 May 7, 2024

/s/ Patrick Spence

Patrick Spence

Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Saori Casey, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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 registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report)

that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 6, 2024 May 7, 2024

/s/ Saori Casey

Saori Casey

Chief Financial Officer

(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Patrick Spence, Chief Executive 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 Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended December 30, 2023 March 30, 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 Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 6, 2024 May 7, 2024	By:	By:	/s/ Patrick Spence
			Patrick Spence
			Chief Executive Officer
			(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Saori Casey, Chief Financial 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 Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended December 30, 2023 March 30, 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 Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 6, 2024 May 7, 2024	By:	By:	/s/ Saori Casey
			Saori Casey
		Chief Financial Officer	
		(Principal Financial Officer)	

DISCLAIMER

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