

Company Registration No. 06537279 (England and Wales)

**Snap One EMEA Limited**  
**Annual Report and Financial Statements**  
**For the 52 Week Period Ended 30 December 2022**

# SNAP ONE EMEA LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr. J D Ellis Mr. M R Carlet Mr. M D Reynolds
<b>Secretary</b>	Mr. J D Ellis
<b>Company number</b>	06537279
<b>Registered office</b>	Unit 3 Green Park Business Centre Sutton-on-the-Forest York YO61 1ET
<b>Auditor</b>	Azets Audit Services Limited Statutory Auditor Triune Court York YO32 9GZ
<b>Bankers</b>	Barclays Bank plc 1-3 Parliament Street York YO1 8SE

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# SNAP ONE EMEA LIMITED

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# SNAP ONE EMEA LIMITED

## STRATEGIC REPORT

### FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022

The directors present the strategic report for the year ended 30 December 2022.

The financial statements for the year ended 30 December 2022 comprise the results for the 52 week period to 30 December 2022.

#### Core Strategy

The Company's core business continues to be the distribution of home automation and audio visual products. As at the balance sheet date, the parent company was Snap One LLC (formerly known as Wirepath LLC), a company registered in the United States of America. The primary distribution activities consist of identifying and qualifying dealers and other distributors in the United Kingdom, Europe and other countries in the region and providing training and technical support for these customers.

#### Analysis of performance and position

Our key performance indicators include turnover, gross profit margin, operating expenses and operating profit which are summarised for the annual periods ended 30 December 2022 and 31 December 2021:

Financial KPI's	2022 £'000	2021 £'000	Change %
Turnover	30,857	29,115	6
Gross profit	5,004	5,209	(4)
Administrative expenses	5,393	4,934	9
Operating profit	(388)	276	(241)
Revenue per dealer	20,175	19,444	4
Inventory turnover	2	3	(38)
Non-Financial KPI's	2022	2021	Change %
Employees	42	38	11
Employee Gender ratio (Female/Male)	1:3.8	1:2.8	3
No. of purchasing dealers/distributors	1,086	1,154	(6)
Dealer: Distributor ratio	42:1	51:1	(18)
New technicians trained	222	204	9

Turnover increased by 6% in 2022, compared to 2021. Some of this growth was as a result of higher selling prices following price adjustments across the product portfolio to combat increasing global costs.

Gross profit margin was 16% in 2022, compared with 18% in 2021. The decrease in gross profit margin was the result of transfer pricing arrangements to ensure operating activities continue to operate at an arm's length with the parent company.

Administrative expenses consist primarily of salaries and wages, marketing expenses, rent and travel expenses. The increase YoY is primarily due to foreign exchange losses of £755k compared to £335k losses in 2021.

Revenue per dealer increased by 7% in 2022, compared to 2021. This is a result of continued efforts to increase rack share with existing customers, driving spend in a wider range of product categories. In addition, price rises in the year have contributed to the increase. Unique buying partners decreased by 6% as a result of a change in strategy in the German market where there was a move from a direct relationship with dealers, to an indirect relationship through distributors. This also contributed to the decrease in Dealer:Distributor ratio 42 dealers per distributor in 2022 to 51 in 2021.

## **SNAP ONE EMEA LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

#### ***FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022***

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Inventory turnover has decreased by 1.2 turns from 3.2 in 2021 to 2.0 in 2022. Whilst direct product costs have increased in line with sales, inventory has increased from £6.8m in 2021 to 15.0m in 2022. This is a result of demand being less than expected throughout 2022, combined with new product ranges being released and efforts to increase inventory to mitigate supply chain uncertainties.

The cash position is retained at a reasonable level, leveraging intercompany debt repayment against the company's other current liabilities and obligations. The cash position at the balance sheet date is £1,357k (2021: £1,374k) a decrease on 2021 of 1.2%.

#### **Financial instruments**

The company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit, and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to a price risk or liquidity risk.

Sales in the United Kingdom are priced in Sterling and sales to other countries in the region are priced in either Euros, Swiss Francs or US dollars. The company maintains Euro, Swiss Francs and US Dollar bank accounts which are used to manage exchange rate risk, primarily through the payments to foreign subsidiaries for services provided.

#### **Principal Risks and Uncertainties**

The markets in which we participate are highly competitive and many companies, including large technology companies, retailers, electronics distributors, broadband and security service providers, as well as other managed service providers, are actively targeting our markets. Our failure to differentiate ourselves and compete successfully against these companies would make it difficult for us to add and retain end consumers, and our sales and profitability could be adversely affected. To remain competitive and to maintain our position as a leading provider of professionally installed electronics solutions for connected homes and businesses, we will need to invest continuously in product development, marketing, integrator service and support, and product delivery infrastructure.

We currently rely on contract manufacturers to manufacture our products and on component vendors to supply parts used in our products. We also distribute products manufactured by other companies. Any disruption in our supply chain, or our failure to successfully manage our relationships with our suppliers or logistics partners could harm our business. Increased inventory has been invested in to mitigate any potential disruption, however, even when we effectively manage our suppliers and logistics partners, forces outside of our control may still disrupt our supply chain.

The conflict in Ukraine had a minimal impact on 2022. The decision to suspend all sales to Russia and Belarus was made in February 2022. Supply chain has not been noticeably impacted by this conflict at this time. There has likely been some impact of uncertain amount due to the government making the decision to freeze Russian assets in the UK.

Consumers may choose to adopt more so-called DIY (Do-It-Yourself) products instead of the professional install solution that Control4 offers. The attractive pricing, simplicity and choice of products makes it desirable for many. It is important that as a group we continue to develop and market a vast range of products which can be integrated into unified solution. If consumers do prefer the DIY solution, then the financial performance of the business will be harmed unless significant strategic change is made. It is therefore important that we provide attractive top-quality solutions in many areas, such as networking, lighting, audio, video, thermostats, surveillance, security, power, and remote monitoring and management, and establish broad market awareness and acceptance of these solutions as well as the advantages of integrating them in a unified solution supported by a professional integrator.

Home Automation products can take a significant amount of time to develop and manufacture, there is a risk that the business cannot keep up with the fast changing demands of consumers. If we cannot develop products quick enough or find suitable M&A options, there is a risk the brand will be negatively impacted and desire to have Control4 products will decrease. This would result in a decrease in revenue future viability. This is mitigated with continued spend on R&D and M&A.

## **SNAP ONE EMEA LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

***FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022***

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#### **Financial Risks**

The Company retains sufficient cash to ensure it has available operating funds. In addition, the Company has access to longer term funding through its parent, Snap One LLC. At year-end, the Company had outstanding intercompany borrowings totalling £24.2 million which carries no interest. There is no fixed repayment date on the intercompany borrowings.

The company monitors its exposure to credit risk particularly on its receivables. The company regularly reviews payment terms, credit history and has processes in place for dealing with overdue customers. The company continues to use credit rating agencies and will enlist third party debt collection agencies where appropriate. In general, customers terms are fulfilled without concern.

#### **Future Developments**

The directors expect success in subsequent years with high demand for our products as we move forward. To compliment this demand, a range of new products are expected to be launched throughout the following year bringing additional revenue. Global macroeconomic factors are expected to have an impact in 2023 with an expectation of minimal growth in the short term.

From a global perspective, the company is focused on delivering strong growth and margin expansion over the long-term, while also reinvesting in the success of Snap One and revolutionising smart living.

#### **Going Concern**

The directors have assessed the potential impact on the company of the risks identified above and have confidence that the company will continue to see the success it has seen in 2022. Management has reviewed forecast models and is satisfied that it has sufficient working capital to meet demands under unexpected future adverse circumstances as seen in 2020 with Covid-19.

For these reasons, the directors believe adopting a going concern basis of accounting is appropriate.

A letter of support has been issued by the parent company, Snap One LLC, confirming that financial support will be issued if necessary to allow the company to continue as a going concern for at least 12 months from the signed date of this report. Directors of the parent company are confident in the ability to provide such support if needed.

Approved by the board and signed on its behalf by

Mr M R Carlet  
**Director**

2 October 2023

# **SNAP ONE EMEA LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022***

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The directors present their annual report and financial statements for the 52 week period ended 30 December 2022.

The financial statements for the year ended 30 December 2022 comprise the results for the 52 week period to 30 December 2022. The financial statements for the year ended 31 December 2021 comprise the results for the 53 week period from 25 December 2020 to 31 December 2021.

#### **Principal activities**

The principal activity of the company continued to be that of the distribution of home automation and audio visual products.

#### **Directors**

The directors who held office during the 52 week period and up to the date of signature of the financial statements (except as noted) were as follows:

Mr. R A J Fuller	(Resigned 9 February 2022)
Mr. J D Ellis	
Mr. M R Carlet	
Mr. M D Reynolds	(Appointed 9 February 2022)

#### **Results and dividends**

The results for the 52 week period are set out on page 9.

The directors do not recommend payment of a dividend. No dividends have been proposed after the year end (2021 - none).

#### **Qualifying third party indemnity provisions**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### **Post reporting date events**

There have been no significant events affecting the Company since the year end.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Approved by the board and signed on its behalf by

Mr. M R Carlet  
**Director**

2 October 2023

# **SNAP ONE EMEA LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022***

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



# **SNAP ONE EMEA LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF SNAP ONE EMEA LIMITED**

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#### **Opinion**

We have audited the financial statements of Snap One EMEA Limited (the 'company') for the 52 week period ended 30 December 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2022 and of its loss for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial 52 week period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## **SNAP ONE EMEA LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SNAP ONE EMEA LIMITED**

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# SNAP ONE EMEA LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF SNAP ONE EMEA LIMITED

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#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias; and
- Performing audit work over the timing and recognition of revenue and in particular whether it has been recorded in the correct accounting period.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Martin Davey**  
**Senior Statutory Auditor**  
**For and on behalf of Azets Audit Services Limited**

2 October 2023

**Chartered Accountants**  
**Statutory Auditor**

Triune Court  
Monks Cross Drive  
York  
YO32 9GZ

# SNAP ONE EMEA LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022

		52 weeks ended 30 December 2022 £	53 weeks ended 31 December 2021 £
	Notes		
Revenue	3	30,857,091	29,114,771
Cost of sales		(25,852,769)	(23,905,598)
<b>Gross profit</b>		<b>5,004,322</b>	<b>5,209,173</b>
Administrative expenses		(5,392,552)	(4,933,655)
<b>Operating (loss)/profit</b>	4	<b>(388,230)</b>	<b>275,518</b>
Investment income	7	308	534
Finance costs	8	(77)	(11,407)
<b>(Loss)/profit before taxation</b>		<b>(387,999)</b>	<b>264,645</b>
Taxation on profit	9	90,271	(82,862)
<b>(Loss)/profit for the period</b>		<b>(297,728)</b>	<b>181,783</b>

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

There are no other items of comprehensive income.

# SNAP ONE EMEA LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 30 DECEMBER 2022

		30 December 2022		31 December 2021	
	Notes	£	£	£	£
<b>Non-current assets</b>					
Property, plant and equipment	11		160,498		221,255
Investments	12		97,833		97,833
			<u>258,331</u>		<u>319,088</u>
<b>Current assets</b>					
Inventories	13	15,000,081		6,820,178	
Trade and other receivables falling due after more than one year	14	-		7,741,271	
Trade and other receivables falling due within one year	14	12,186,895		3,312,942	
Cash and cash equivalents		1,357,479		1,374,243	
		<u>28,544,455</u>		<u>19,248,634</u>	
<b>Current liabilities</b>	15	(26,090,208)		(15,641,701)	
<b>Net current assets</b>			<u>2,454,247</u>		<u>3,606,933</u>
<b>Total assets less current liabilities</b>			2,712,578		3,926,021
<b>Non-current liabilities</b>	16		(11,302)		(77,767)
<b>Provisions for liabilities</b>					
Provisions	17	514,000		1,390,040	
Deferred tax liability	18	-		33,083	
		<u>(514,000)</u>		<u>(1,423,123)</u>	
<b>Net assets</b>			<u>2,187,276</u>		<u>2,425,131</u>
<b>Equity</b>					
Called up share capital	19		1		1
Other reserves			82,247		22,374
Retained earnings			2,105,028		2,402,756
<b>Total equity</b>			<u>2,187,276</u>		<u>2,425,131</u>

The financial statements were approved by the board of directors and authorised for issue on 2 October 2023 and are signed on its behalf by:

Mr. M R Carlet  
Director

Company Registration No. 06537279

# SNAP ONE EMEA LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022

	Share capital	Capital contribution reserve	Profit and loss account	Total
	£	£	£	£
<b>Balance at 1 January 2021</b>	1	-	2,220,973	2,220,974
<b>Period ended 31 December 2021:</b>				
Profit and total comprehensive income for the period	-	-	181,783	181,783
Share based payment expenses	-	22,374	-	22,374
<b>Balance at 31 December 2021</b>	1	22,374	2,402,756	2,425,131
<b>Period ended 30 December 2022:</b>				
Loss and total comprehensive income for the period	-	-	(297,728)	(297,728)
Share based payment expenses	21	59,873	-	59,873
<b>Balance at 30 December 2022</b>	1	82,247	2,105,028	2,187,276

# SNAP ONE EMEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022**

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### **1 Accounting policies**

#### **Company information**

Snap One EMEA Limited is a private company limited by shares incorporated in England in the United Kingdom under Companies Act 2006. The registered office is Unit 3, Green Park Business Centre, Sutton-on-the-Forest, York, YO61 1ET.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

On the grounds that the company's results are consolidated into its parent, as disclosed in note 26, the company has taken advantage of certain exemptions conferred by section 1.11 of FRS 102 as follows:

- Exemption from FRS 102 3.17(d) and section 7; presenting a statement of cash flows as a primary note to the financial statements.
- Exemption from disclosing details of its financial instruments.
- Exemption from FRS 102 33.7; disclosure of transactions with key management personnel.

The company has taken advantage of the disclosure exemptions of Section 33.1A of FRS 102 which permit it to not present details of its transactions with members of the group headed by Snap One Holdings Corp. where relevant group companies are all wholly owned.

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Snap One EMEA Limited is a wholly owned subsidiary of Snap One Holdings Corp. (formerly known as Wirepath Home Systems LLC) and the results of Snap One EMEA Limited are included in the consolidated financial statements of Snap One Holdings Corp. which are publicly available from 1800 Continental Blvd Suite 200 Charlotte, North Carolina 28273.

#### **1.2 Business combinations**

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

# SNAP ONE EMEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### 1.3 Going concern

The directors have assessed the potential impact on the company of the risks identified under the strategic report and have confidence that the company will continue to see the success it has seen in 2022. Management has reviewed forecast models and is satisfied that it has sufficient working capital to meet demands under unexpected future adverse circumstances as seen in 2020 with Covid-19.

For these reasons, the directors believe adopting a going concern basis of accounting is appropriate.

A letter of support has been issued by the parent company, Snap One LLC, confirming that financial support will be issued if necessary to allow the company to continue as a going concern for at least 12 months from the signed date of this report. Directors of the parent company are confident in the ability to provide such support if needed.

#### 1.4 Revenue

Revenue represents amounts receivable for goods and services net of VAT and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Interest income

Interest income is in relation to bank interest and is recognised as it becomes due.

#### 1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 4 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

#### 1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development costs	25% straight line
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# SNAP ONE EMEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### 1.7 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	33-67% straight line
Plant and machinery	25% straight line
Fixtures, fittings and equipment	33-67% straight line
Computer equipment	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

#### 1.8 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.9 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# SNAP ONE EMEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022

### 1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.10 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

The first in first out (FIFO) method has been used meaning the earliest goods purchased are the first ones removed from the inventory account. This results in the remaining items in inventory being accounted for at the most recently incurred costs.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.12 Financial instruments

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# SNAP ONE EMEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables, loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

# SNAP ONE EMEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### 1.13 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior period retained earnings.

The capital contribution reserve relates to contributions received from the entity's parent company, Snap One LLC, specifically as a result of the share based payment scheme in place per note 21.

#### 1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.15 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

# SNAP ONE EMEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022**

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### **1 Accounting policies**

(Continued)

#### **1.16 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.17 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.18 Share-based payments**

For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At the balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the week period.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to the capital contribution reserve within equity to reflect that the awards relate to shares in the entity's ultimate parent, Snap One Holdings Corp.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

#### **1.19 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

The company has no finance leases.

#### **1.20 Foreign exchange**

Transactions in currencies other than the functional currency, pounds sterling, are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

# SNAP ONE EMEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022

### 2 Critical Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Specific judgments and estimates in the financial statements include, sales return provision, bad debt provision, warranty provision and inventory provision. The critical judgements are not considered to be significant. The key sources of estimation uncertainty are considered below.

#### Critical estimates

Even though not considered significant, the following estimates have had the most notable effects on the amounts recognised in the financial statements.

#### Warranty provision

The company offers a warranty on the majority of its sales that covers defective products. As of 30 December 2022 the company has accrued total reserves of £469,000 (2021 - £1,390,040), which are included in provisions for liabilities, for estimated product returns and costs related to product warranties (note 17). Provisions for return allowances and product warranties are recorded at the time revenue is recognised.

The provision is estimated by using warranty return rates based on historical sales and return data for each warranty group. The rates are applied to each warranty group's sales in the period to calculate an estimate value of goods to be returned under warranty. The provision is then reduced by the percentage of warranty returns that can be recovered and resold.

### 3 Revenue

An analysis of the company's revenue is as follows:

	2022 £	2021 £
<b>Revenue analysed by class of business</b>		
Product sales	30,857,091	29,114,771
	<u>          </u>	<u>          </u>
	2022 £	2021 £
<b>Other income</b>		
Interest income	308	534
	<u>          </u>	<u>          </u>

# SNAP ONE EMEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022

### 3 Revenue (Continued)

	2022	2021
	£	£
<b>Revenue analysed by geographical market</b>		
United Kingdom	19,892,240	18,142,810
Europe	9,741,272	10,617,915
Rest of the World	1,223,579	354,046
	<u>30,857,091</u>	<u>29,114,771</u>

### 4 Operating (loss)/profit

	2022	2021
	£	£
Operating (loss)/profit for the period is stated after charging/(crediting):		
Foreign currency exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	756,271	316,192
Fees payable to the company's auditor for the audit of the company's financial statements	49,000	52,989
Depreciation of owned property, plant and equipment	109,729	99,959
(Profit)/loss on disposal of property, plant and equipment	-	1,672
Share-based payments	(6,592)	104,286
Operating lease charges	118,110	93,838
	<u>118,110</u>	<u>93,838</u>

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the 52 week period was:

	2022	2021
	Number	Number
General and administration	11	11
Technical	8	6
Training	2	1
Sales	12	11
Logistics	9	8
Research & Development	1	1
Total	<u>43</u>	<u>38</u>

# SNAP ONE EMEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022

### 5 Employees (Continued)

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	2,352,516	2,146,307
Social security costs	275,873	260,880
Pension costs	65,563	65,022
	<u>2,693,952</u>	<u>2,472,209</u>

### 6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	414,880	169,501
Company pension contributions to defined contribution schemes	9,498	7,900
	<u>424,378</u>	<u>177,401</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	262,725	-
Company pension contributions to defined contribution schemes	6,800	-
	<u>269,525</u>	<u>-</u>

Two directors were remunerated through the company during the period. The remaining directors were remunerated through the parent company and received no remuneration or benefits from this company during the year.

### 7 Investment income

	2022 £	2021 £
Interest income		
Interest on bank deposits	308	534
	<u>308</u>	<u>534</u>

### 8 Finance costs

	2022 £	2021 £
Interest payable to group undertakings	-	11,407
Other interest	77	-
	<u>77</u>	<u>11,407</u>



# SNAP ONE EMEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022

### 9 Taxation on profit

	2022 £	2021 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	(4,121)	66,540
Adjustments in respect of prior periods	-	3,522
	<u>(4,121)</u>	<u>70,062</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(86,150)	4,860
Changes in tax rates	-	7,940
	<u>(86,150)</u>	<u>12,800</u>
<b>Total tax (credit)/charge</b>	<u>(90,271)</u>	<u>82,862</u>

The actual (credit)/charge for the 52 week period can be reconciled to the expected (credit)/charge for the 52 week period based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
(Loss)/profit before taxation	<u>(387,999)</u>	<u>264,645</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(73,720)	50,283
Tax effect of expenses that are not deductible in determining taxable profit	8,224	25,484
Tax effect of income not taxable in determining taxable profit	(1,252)	-
Adjustments in respect of prior years	(2,516)	3,522
Tax rate changes	(21,022)	7,940
Investment relief	-	(4,384)
Other	15	17
<b>Taxation (credit)/charge for the period</b>	<u>(90,271)</u>	<u>82,862</u>

The UK corporation tax rate was 19% throughout the year.

In the March 2021 Budget, a change to the future UK corporation tax rate was announced, indicating that the rate will increase to 25% from April 2023. Deferred tax balances at the reporting date are therefore measured at 25% (2021 - 25%).

# SNAP ONE EMEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022

### 10 Intangible fixed assets

	Goodwill	Development costs	Total
	£	£	£
<b>Cost</b>			
At 1 January 2022 and 30 December 2022	251,278	337,000	588,278
<b>Amortisation and impairment</b>			
At 1 January 2022 and 30 December 2022	251,278	337,000	588,278
<b>Carrying amount</b>			
At 30 December 2022	-	-	-
At 31 December 2021	-	-	-

### 11 Property, plant and equipment

	Leasehold improvements	Plant and fixtures, fittings and machinery	Computer equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2022	423,593	93,704	189,042	1,080,771
Additions	4,569	-	2,589	48,972
At 30 December 2022	428,162	93,704	191,631	1,129,743
<b>Depreciation and impairment</b>				
At 1 January 2022	332,485	72,729	168,409	859,516
Depreciation charged in the 52 week period	34,492	11,585	9,785	109,729
At 30 December 2022	366,977	84,314	178,194	969,245
<b>Carrying amount</b>				
At 30 December 2022	61,185	9,390	13,437	160,498
At 31 December 2021	91,108	20,975	20,633	221,255

### 12 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries	24	97,833	97,833

# SNAP ONE EMEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022

### 12 Fixed asset investments (Continued)

#### Movements in non-current investments

#### Shares in group undertakings

Cost	£
At 1 January 2022 & 30 December 2022	97,833
<b>Carrying amount</b>	
At 30 December 2022	97,833
At 31 December 2021	97,833

### 13 Inventories

	2022 £	2021 £
Finished goods and goods for resale	15,000,081	6,820,178

The above finished goods and goods for resale have been held at historic cost which has no material difference to their replacement cost.

The stock provision in the year is £479k (2021: £974k).

### 14 Trade and other receivables

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade receivables	2,043,557	2,809,311
Amounts owed by group undertakings	8,684,501	-
Other receivables	754,991	444,808
Prepayments and accrued income	50,394	58,823
	12,133,443	3,312,942
Deferred tax asset (note 18)	53,452	-
	12,186,895	3,312,942
<b>Amounts falling due after more than one year:</b>		
Amounts owed by group undertakings	-	7,741,271
<b>Total debtors</b>	12,186,895	11,054,213

# SNAP ONE EMEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022

### 14 Trade and other receivables

(Continued)

Amounts owed by group undertakings are unsecured short term lending. The balance is not interest bearing and is repayable on demand.

### 15 Current liabilities

	2022 £	2021 £
Trade payables	281,874	498,476
Amounts owed to group undertakings	24,803,271	13,946,674
Corporation tax	-	54,733
Other payables	487,971	478,553
Accruals and deferred income	517,092	663,265
	<u>26,090,208</u>	<u>15,641,701</u>

Accruals and deferred income includes £63,726 (2021: £71,059) of other taxation and social security.

Amounts owed to group undertakings include borrowings consisting of unsecured loans from the parent company which previously carried interest at an arms length rate. In the financial year, no interest is being charged on intercompany loans. There is currently no fixed repayment date on the loans. The balance also includes other group loans owed that carry no interest and are repayable on demand.

### 16 Non-current liabilities

	Notes	2022 £	2021 £
Liability for share based payments	21	<u>11,302</u>	<u>77,767</u>

### 17 Provisions for liabilities

	2022 £	2021 £
Dilapidations	45,000	-
Warranty	469,000	1,390,040
	<u>514,000</u>	<u>1,390,040</u>

The dilapidations provision of £45k is expected to be realised in greater than 1 year.

Included in the warranty reserve is £395k expected to be realised within 1 year with the remaining £74k to be realised in greater than 1 year.

# SNAP ONE EMEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022

### 17 Provisions for liabilities

(Continued)

Movements on provisions:

	Dilapidations £	Warranty £	Total £
At 1 January 2022	-	1,390,040	1,390,040
Additional provisions in the year	45,000	27,148	72,148
Utilisation of provision	-	(948,188)	(948,188)
At 30 December 2022	45,000	469,000	514,000

The company offers a warranty on its product sales that covers defective products. A reserve is included in the financial statements to provide for estimated product returns and costs related to product warranties. Provisions for return allowances and product warranties are recorded at the time revenue is recognised. At each year end the provision is assessed and amended accordingly.

### 18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
<b>Balances:</b>				
Accelerated capital allowances	-	-	(28,094)	-
Tax losses	-	-	68,709	-
Other timing differences	-	33,083	12,837	-
	-	33,083	53,452	-
<b>Movements in the 52 week period:</b>				2022 £
Liability at 1 January 2022				33,083
Credit to profit or loss				(86,535)
Asset at 30 December 2022				(53,452)

The deferred tax asset set out above is expected to reverse within one year and relates to the utilisation of tax losses against future expected profits of the same period.

# SNAP ONE EMEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022

### 19 Share capital

	2022 £	2021 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1 Ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

### 20 Retirement benefit schemes

	2022 £	2021 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	65,563	65,022
	<u>65,563</u>	<u>65,022</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. There was £6,332 (2021: £5,476) unpaid employer contributions at year end and £6,352 (2021: £5,106) unpaid employee contributions at year end. The pension cost charge represents contributions payable by the company to the fund.

### 21 Share-based payment transactions

The company has a share option scheme for certain employees of the group. The company takes part in this group share-based payment plan, and recognises and measures its allocation of the share-based payment expense on a pro-rata basis.

Options are exercisable at a price equal to the estimated fair value of the parent company's shares on the date of grant. The vesting period is from one to five years. If the options remain unexercised after a period of five years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

	Number of share options		Weighted average exercise price	
	2022 Number	2021 Number	2022 £	2021 £
Outstanding at 1 January 2022	14,913	-	14.88	-
Granted	11,496	15,604	14.88	14.88
Forfeited	(3,531)	(419)	14.88	14.88
Exercised	(2,334)	(272)	14.88	14.88
	<u>20,544</u>	<u>14,913</u>	<u>14.88</u>	<u>14.88</u>
Outstanding at 30 December 2022	20,544	14,913	14.88	14.88
	<u>20,544</u>	<u>14,913</u>	<u>14.88</u>	<u>14.88</u>
Exercisable at 30 December 2022	4,826	3,861	14.88	14.88
	<u>4,826</u>	<u>3,861</u>	<u>14.88</u>	<u>14.88</u>

# SNAP ONE EMEA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022

### 21 Share-based payment transactions

(Continued)

Share options have been calculated using the Black-Scholes model, which is considered to be the most appropriate generally accepted valuation method of measuring fair value.

During 2022, the group granted new options with a fair value determined of £15.53 (\$19.14).

The group recognised total expenses of £59,873 related to equity-settled share-based payment transactions in 2022. The expense was recognised within the capital contribution reserve.

#### Cash-settled share option schemes

The group issues share appreciation rights (SARs) to certain employees that require the group to pay the intrinsic value of the SAR to the employee at the date of exercise. Fair value of the SARs is determined by using the Black-Scholes model. The group recorded total expenses of £66,465 in 2022. The carrying value of the associated liability was £11,302 at 31 December 2022.

### 22 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	78,000	79,937
Between one and five years	97,500	175,500
	<u>175,500</u>	<u>255,437</u>

### 23 Financial commitments, guarantees and contingent liabilities

At 30 December 2022 the company had no contingent liabilities, financial or capital commitments.

## **SNAP ONE EMEA LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE 52 WEEK PERIOD ENDED 30 DECEMBER 2022**

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#### **24 Subsidiaries**

Details of the company's subsidiaries at 30 December 2022 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Snap One Doo (formerly Control4 Europe Doo)	2	Business and domestic software development	Ordinary	100.00	0
Control4 Germany GmbH	1	Sales and technical support	Ordinary	100.00	0

#### **Registered Office addresses:**

- 1** Mergenthalerallee 77, 65760 Eschborn, Germany
- 2** Omladinskih brigada 90d, 11070 Belgrade, Serbia

#### **25 Related party transactions**

The company has taken advantage of the disclosure exemptions of Section 33.1A of FRS 102 which permit it to not present details of its transactions with members of the group headed by Snap One Holdings Corp., where relevant group companies are all wholly owned. Details of outstanding balances as at the year end are given in notes 14 and 15.

#### **26 Ultimate controlling party**

The immediate parent company as at the balance sheet date was Snap One LLC, a company registered in the United States of America. The ultimate parent and controlling company as at the balance sheet date was Snap One Holdings Corp., a company registered in the United States of America. The smallest and largest group to consolidate these financial statements is Snap One Holdings Corp. and these can be obtained from its registered office at 1800 Continental Blvd, Suite 300, Charlotte, NC 28273.



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