

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the month of May 2024

Commission File Number: 001-41754

SHARKNINJA, INC.
(Translation of registrant's name into English)

**89 A Street
Needham, MA 02494**
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.
Form 20-F ☒ Form 40-F ☐

Explanatory Note

On May 9, 2024, SharkNinja, Inc. (the “Company”) announced its financial results for the first quarter ended March 31, 2024. The announcement of the Company’s financial results for the first quarter ended March 31, 2024 is furnished as Exhibit 99.3 to this Report on Form 6-K.

Exhibit 99.1 and Exhibit 99.2 to this Report on Form 6-K of SharkNinja, Inc. are hereby incorporated by reference to the Company's Registration Statement on Form S-8 (File No. 333-273518) of SharkNinja, Inc., as amended or supplemented.

EXHIBIT INDEX

Exhibit	Description of Exhibit
<u>99.1</u>	<u>Unaudited Condensed Consolidated Interim Financial Statements as of March 31, 2024</u>
<u>99.2</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
<u>99.3</u>	<u>Press Release of SharkNinja, Inc. dated May 9, 2024</u>

SIGNATURE

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.

SHARKNINJA, INC.

Date: May 9, 2024

By: /s/ Patraic Reagan

Name: Patraic Reagan

Title: Chief Financial Officer

SHARKNINJA, INC.

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SHARKNINJA, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)
(unaudited)

	As of	
	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 131,894	\$ 154,061
Accounts receivable, net ⁽¹⁾	780,557	985,172
Inventories	750,032	699,740
Prepaid expenses and other current assets	61,350	58,311
Total current assets	1,723,833	1,897,284
Property and equipment, net	168,418	166,252
Operating lease right-of-use assets	137,524	63,333
Intangible assets, net	474,495	477,816
Goodwill	834,049	834,203
Deferred tax assets, noncurrent	7	12
Other assets, noncurrent	71,377	48,170
Total assets	\$ 3,409,703	\$ 3,487,070
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable ⁽²⁾	\$ 409,371	\$ 459,651
Accrued expenses and other current liabilities	412,141	620,333
Tax payable	45,088	20,991
Current portion of long-term debt	29,219	24,157
Total current liabilities	895,819	1,125,132
Long-term debt	765,647	775,483
Operating lease liabilities, noncurrent	139,994	63,043
Deferred tax liabilities, noncurrent	6,391	16,500
Other liabilities, noncurrent	28,282	28,019
Total liabilities	1,836,133	2,008,177
Commitments and contingencies (Note 9)		
Shareholders' equity:		
Ordinary shares, \$0.0001 par value per share, 1,000,000,000 shares authorized; 139,818,810 and 139,083,369 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	14	14
Additional paid-in capital	996,159	1,009,590
Retained earnings	579,931	470,319
Accumulated other comprehensive loss	(2,534)	(1,030)
Total shareholders' equity	1,573,570	1,478,893
Total liabilities and shareholders' equity	\$ 3,409,703	\$ 3,487,070

⁽¹⁾ Including amounts from a related party of \$4,838 and \$3,594 as of March 31, 2024 and December 31, 2023, respectively.

⁽²⁾ Including amounts to a related party of \$71,193 and \$101,538 as of March 31, 2024 and December 31, 2023, respectively.

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

SHARKNINJA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended March 31,	
	2024	2023
Net sales ⁽¹⁾	\$ 1,066,228	\$ 855,282
Cost of sales ⁽²⁾	539,611	454,739
Gross profit	526,617	400,543
Operating expenses:		
Research and development ⁽³⁾	69,596	58,725
Sales and marketing	214,568	152,120
General and administrative ⁽⁴⁾	87,511	67,068
Total operating expenses	371,675	277,913
Operating income	154,942	122,630
Interest expense, net	(14,722)	(8,489)
Other income (expense), net	3,248	(2,780)
Income before income taxes	143,468	111,361
Provision for income taxes	33,856	24,265
Net income	\$ 109,612	\$ 87,096
Net income per share, basic	\$ 0.79	\$ 0.63
Net income per share, diluted	\$ 0.78	\$ 0.63
Weighted-average number of shares used in computing net income per share, basic	139,448,556	138,982,872
Weighted-average number of shares used in computing net income per share, diluted	140,703,025	138,982,872

⁽¹⁾ Including amounts associated with related parties of \$948 and \$758 for the three months ended March 31, 2024 and 2023, respectively.

⁽²⁾ Including amounts associated with related parties of \$67,696 and \$291,199 for the three months ended March 31, 2024 and 2023, respectively.

⁽³⁾ Including amounts associated with related parties of \$418 and \$861 for the three months ended March 31, 2024 and 2023, respectively.

⁽⁴⁾ Including amounts associated with related parties of (\$750) and \$0 for the three months ended March 31, 2024 and 2023, respectively.

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

SHARKNINJA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2024	2023
Net income	\$ 109,612	\$ 87,096
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	(3,374)	5,257
Unrealized gain (loss) on derivative instruments, net	1,870	(2,352)
Comprehensive income	<u>\$ 108,108</u>	<u>\$ 90,001</u>

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

SHARKNINJA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands, except share data)
(unaudited)

Three Months Ended March 31, 2024

	Ordinary shares		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount				
Balance as of December 31, 2023	139,083,369	\$ 14	\$ 1,009,590	\$ 470,319	\$ (1,030)	\$ 1,478,893
Share-based compensation	—	—	19,426	—	—	19,426
Vesting of restricted stock units, net of shares withheld for taxes	735,441	—	(32,857)	—	—	(32,857)
Other comprehensive loss, net of tax	—	—	—	—	(1,504)	(1,504)
Net income	—	—	—	109,612	—	109,612
Balance as of March 31, 2024	139,818,810	\$ 14	\$ 996,159	\$ 579,931	\$ (2,534)	\$ 1,573,570

Three Months Ended March 31, 2023

	Ordinary shares		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount				
Balance as of December 31, 2022	138,982,872	\$ 14	\$ 941,206	\$ 896,738	\$ (9,669)	\$ 1,828,289
Distribution paid to Former Parent	—	—	—	(60,283)	—	(60,283)
Share-based compensation	—	—	848	—	—	848
Recharge from Former Parent for share-based compensation	—	—	(848)	—	—	(848)
Other comprehensive income, net of tax	—	—	—	—	2,905	2,905
Net income	—	—	—	87,096	—	87,096
Balance as of March 31, 2023	138,982,872	\$ 14	\$ 941,206	\$ 923,551	\$ (6,764)	\$ 1,858,007

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

SHARKNINJA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 109,612	\$ 87,096
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	27,817	22,754
Share-based compensation	19,426	848
Provision for credit losses	3,004	744
Non-cash lease expense	4,524	3,881
Deferred income taxes, net	(10,014)	(5,115)
Other	508	202
Changes in operating assets and liabilities:		
Accounts receivable ⁽¹⁾	198,729	(8,813)
Inventories	(52,356)	40,644
Prepaid expenses and other assets ⁽²⁾	(25,233)	74,452
Accounts payable ⁽³⁾	(48,242)	(54,003)
Tax payable	24,097	6,764
Operating lease liabilities	(797)	(4,480)
Accrued expenses and other liabilities ⁽⁴⁾	(207,193)	(75,212)
Net cash provided by operating activities	43,882	89,762
Cash flows from investing activities:		
Purchase of property and equipment	(23,572)	(21,655)
Purchase of intangible asset	(2,835)	(2,288)
Capitalized internal-use software development	(479)	(333)
Cash receipts on beneficial interest in sold receivables	—	16,777
Other investing activities, net	—	(300)
Net cash used in investing activities	(26,886)	(7,799)
Cash flows from financing activities:		
Repayment of debt	(5,063)	(37,500)
Distribution paid to Former Parent	—	(60,283)
Recharge from Former Parent for share-based compensation	—	(848)
Net ordinary shares withheld for taxes upon issuance of restricted stock units	(32,857)	—
Net cash used in financing activities	(37,920)	(98,631)
Effect of exchange rates changes on cash	(1,243)	5,349
Net decrease in cash, cash equivalents, and restricted cash	(22,167)	(11,319)
Cash, cash equivalents, and restricted cash at beginning of period	154,061	218,770
Cash, cash equivalents, and restricted cash at end of period	\$ 131,894	\$ 207,451
Supplemental disclosures of noncash investing and financing activities:		
Purchase of property and equipment accrued and not yet paid	\$ 517	\$ 2,822
Unrealized loss on cash flow hedges	(303)	(2,352)
Reconciliation of cash, cash equivalents and restricted cash within the Condensed Consolidated Balance Sheets to the amounts shown in the Condensed Consolidated Statements of Cash Flows above:		
Cash and cash equivalents	\$ 131,894	\$ 181,537
Restricted cash	—	25,914

Total cash, cash equivalents and restricted cash	\$	131,894	\$	207,451
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- (1) Including changes in related party balances of \$(1,244) and \$(4,433) for the three months ended March 31, 2024 and 2023, respectively.
- (2) Including changes in related party balances of \$0 and \$8,279 for the three months ended March 31, 2024 and 2023, respectively.
- (3) Including changes in related party balances of \$(30,345) and \$(34,948) for the three months ended March 31, 2024 and 2023, respectively.
- (4) Including changes in related party balances of \$0 and \$730 for the three months ended March 31, 2024 and 2023, respectively.

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

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

1. Organization and Description of Business

SharkNinja, Inc. (the “Company”) is a global product design and technology company that creates innovative lifestyle product solutions across multiple sub-categories, including Cleaning Appliances, Cooking and Beverage Appliances, Food Preparation Appliances and Other products under the brands of “Shark” and “Ninja.” SharkNinja, Inc. is headquartered in Needham, Massachusetts, and distributes products throughout North America, Europe, and other select international markets.

SharkNinja, Inc. was incorporated in the Cayman Islands on May 17, 2023 as a wholly-owned subsidiary of JS Global Lifestyle Company Limited (“JS Global” or the “Former Parent”). The Company was formed for the purpose of completing the listing of the Company on the New York Stock Exchange (“NYSE”) and related transactions to carry on the business of SharkNinja Global SPV, Ltd., and its subsidiaries.

SharkNinja Global SPV, Ltd. was incorporated in 2017 as a wholly-owned subsidiary of JS Global. Prior to July 28, 2023, SharkNinja Global SPV, Ltd. operated as a combination of wholly-owned businesses of JS Global, which is a listed entity on the Hong Kong Stock Exchange.

On July 30, 2023, in connection with (1) the separation (the “separation”) of the Company from JS Global and (2) the distribution to the holders of JS Global ordinary shares of all of JS Global’s equity interest in SharkNinja Global SPV, LTD. in the form of a dividend of the Company’s ordinary shares, JS Global contributed all outstanding shares of SharkNinja Global SPV, Ltd. to SharkNinja, Inc. in exchange for shares of SharkNinja, Inc. On July 31, 2023, JS Global distributed 138,982,872 shares of common stock of SharkNinja, Inc. to the holders of JS Global ordinary shares and SharkNinja, Inc. began trading on the NYSE.

Because the separation and distribution was considered a transaction between entities under common control, the financial statements for periods prior to the transaction and the listing on the NYSE have been adjusted to combine the previously separate entities, SharkNinja, Inc. and SharkNinja Global SPV, Ltd., for presentation purposes. Further, the distributed share amount of SharkNinja, Inc. is reflected for all shares and related financial information in these condensed consolidated financial statements.

SharkNinja Global SPV, Ltd. prior to the separation and distribution, together with SharkNinja, Inc. and its subsidiaries subsequent to the separation and distribution are herein referred to as “SharkNinja” or the “Company”.

2. Summary of Significant Accounting Policies

Basis of Presentation

The condensed consolidated financial statements that accompany these notes have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include the accounts of SharkNinja, Inc. and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. For the purposes of comparability, certain prior period amounts have been reclassified to conform to current period presentation.

The condensed consolidated balance sheet as of December 31, 2023 was derived from the audited consolidated financial statements as of that date, but does not include all of the disclosures, including certain notes required by U.S. GAAP on an annual reporting basis. Certain information and note disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations of the Securities and Exchange Commission (“SEC”). Therefore, these unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes thereto as of and for the year ended December 31, 2023.

In management’s opinion, the unaudited condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and reflect all adjustments, which include only

normal recurring adjustments, necessary for the fair presentation of the Company’s financial position as of March 31, 2024 and the Company’s condensed consolidated statements of income, comprehensive income, shareholders’ equity and cash flows for the three months ended March 31, 2024 and 2023. The results for the three months ended March 31, 2024 are not necessarily indicative of the operating results expected for the year ended December 31, 2024 or any future operating periods.

The Company has identified the significant accounting policies that are critical to understanding its business and results of operations. There have been no significant changes during the three months ended March 31, 2024 to the significant accounting policies disclosed in the Company’s audited consolidated financial statements and related notes thereto as of and for the year ended December 31, 2023 within the Form 20-F filed on March 1, 2024.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of net sales and expenses during the reporting periods and accompanying notes. Significant items subject to such estimates and assumptions include but are not limited to variable consideration for returns, sales rebates and discounts, the allowance for credit losses, reserve for product warranties, the fair value of financial assets and liabilities including the accounting and fair value of derivatives, valuation of inventory, the fair value of acquired intangible assets and goodwill, the useful lives of acquired intangible assets, determination of incremental borrowing rate for leases, share-based compensation, including probability of the attainment of awards with performance conditions and grant-date fair value of awards with market conditions, and the valuation of deferred tax assets and uncertain tax positions. Actual results could differ from those estimates.

Concentration of Credit Risks

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents, accounts receivable, and forward contracts. The Company maintains its cash and cash equivalents with high-quality financial institutions, the composition and maturities of which are regularly monitored by the Company.

The Company has outstanding accounts receivable balances with retailers, distributors and direct-to-consumer (“DTC”) customers. The Company is exposed to credit risk in the event of nonpayment by customers to the extent of the amounts recorded in the condensed consolidated balance sheets. The Company extends different levels of credit to customers, without requiring collateral deposits, and when necessary, maintains reserves for potential credit losses based upon the expected collectability of accounts receivable. The Company manages credit risk related to its customers by performing periodic evaluations of credit worthiness and applying other credit risk monitoring procedures.

The Company sells a significant portion of its products through retailers and, as a result, maintains individually significant receivable balances with these parties. If the financial condition or operations of these retailers deteriorates substantially, the Company’s operating results could be adversely affected.

The following table summarizes the Company’s customers that represented 10% or more of accounts receivable, net:

	As of	
	March 31, 2024	December 31, 2023
Customer A	16.3 %	22.4 %
Customer B	18.1	16.7
Customer C	10.7	*

* Represents less than 10%

The following table summarizes the Company's customers that represented 10% or more of net sales:

	Three Months Ended March 31,	
	2024	2023
Customer A	18.0 %	15.2 %
Customer B	11.7	11.6
Customer C	14.6	15.3

* Represents less than 10%

Accounts Receivable, Net

Accounts receivable are presented net of allowance for credit losses and allowance for chargebacks. Accounts receivable are presented net of liabilities when a right of setoff exists. The Company determined the allowance for customer incentives and allowance for sales returns should be recorded as a liability.

The Company maintains an allowance related to customer incentives based on specific terms and conditions included in the customer agreements or based on historical experience and the Company's expectation of discounts.

The Company maintains an allowance for credit losses to provide for the estimated amount of receivables that will not be collected. To estimate the allowance for credit losses the Company applied the loss-rate method using relevant available information including historical write-off activity, current conditions and reasonable and supportable forecasts. The allowance for credit losses is measured on a pooled basis when similar risk characteristics exist. When assessing whether to measure certain financial assets on a pooled basis, the Company considered various risk characteristics, including geographic location and industry of the customer.

Expected credit losses are estimated over the contractual term of the financial assets. Write-offs of accounts receivable are recorded to the allowance for credit losses. Any subsequent recoveries of previously written off balances are recorded as a reduction to credit loss expense.

Below is a rollforward of the Company's allowance for credit losses:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Beginning balance	\$ 8,225	\$ 6,998
Provision for credit losses	3,004	744
Write-offs and other adjustments	(87)	325
Ending balance	\$ 11,142	\$ 8,067

Disaggregation of Net Sales

The following table summarizes net sales by region based on the billing address of customers:

	Three Months Ended March 31,			
	2024		2023	
	Amount	Percentage of Net Sales	Amount	Percentage of Net Sales
	(in thousands, except percentages)			
Domestic ⁽¹⁾	\$ 734,219	68.9 %	\$ 601,293	70.3 %
International ⁽²⁾	332,009	31.1	253,989	29.7
Total net sales	\$ 1,066,228	100.0 %	\$ 855,282	100.0 %

⁽¹⁾ Domestic consists of net sales in the United States and Canada. Net sales from the United States represented 63.9% and 65.4% of total net sales for the three months ended March 31, 2024 and 2023, respectively.

⁽²⁾ Net sales from the United Kingdom represented 19.6% and 21.3% of total net sales for the three months ended March 31, 2024 and 2023, respectively.

The following table presents net sales by brand:

	Three Months Ended March 31,			
	2024		2023	
	Amount	Percentage of Net Sales	Amount	Percentage of Net Sales
	(in thousands, except percentages)			
Shark	\$ 531,549	49.9 %	\$ 480,752	56.2 %
Ninja	534,679	50.1	374,530	43.8
Total net sales	\$ 1,066,228	100.0 %	\$ 855,282	100.0 %

The following table presents net sales by product category:

	Three Months Ended March 31,			
	2024		2023	
	Amount	Percentage of Net Sales	Amount	Percentage of Net Sales
	(in thousands, except percentages)			
Cleaning Appliances	\$ 421,920	39.6 %	\$ 414,869	48.5 %
Cooking and Beverage Appliances	329,642	30.9	256,682	30.0
Food Preparation Appliances	205,036	19.2	117,849	13.8
Other	109,630	10.3	65,882	7.7
Total net sales	\$ 1,066,228	100.0 %	\$ 855,282	100.0 %

Warranty Costs

The Company accrues the estimated cost of product warranties at the time it recognizes net sales and records warranty expense to cost of goods sold. The Company's standard warranty provides for repair or replacement of the associated products during the warranty period. The amount of the provision for the warranties is

estimated based on sales volume and past experience of the level of repairs and returns. If actual product failure rates or repair costs differ from estimates, revisions to the estimated warranty obligation may be required.

Product warranty liabilities and changes were as follows:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Beginning balance	\$ 28,090	\$ 20,958
Accruals for warranties issued	7,266	6,071
Changes in liability for pre-existing warranties	(842)	—
Settlements made	(9,086)	(6,954)
Ending balance	<u>\$ 25,428</u>	<u>\$ 20,075</u>

Segment Information

The Company operates in one operating and reportable segment. Operating segments are defined as components of an enterprise about which separate financial information is evaluated regularly by the chief operating decision maker, who is the Company's chief executive officer ("CEO"), in deciding how to allocate resources and assessing performance. The Company's CEO allocates resources and assesses performance based upon discrete financial information at the consolidated level.

Net sales by geographical region can be found in the disaggregation of net sales in Note 2 above. The following table presents the Company's property and equipment, net of depreciation and amortization, by geographic region:

	As of	
	March 31, 2024	December 31, 2023
	(in thousands)	
United States	\$ 57,191	\$ 60,644
China	96,043	92,931
Rest of World	15,184	12,677
Total property and equipment, net	<u>\$ 168,418</u>	<u>\$ 166,252</u>

Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standard Board ("FASB") issued Accounting Standard Update ("ASU") 2023-07, Segment Reporting (Topic 280), *Improvements to Reportable Segment Disclosures*, which expands reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments in the ASU require, among other things, disclosure of significant segment expenses that are regularly provided to an entity's chief operating decision maker ("CODM") and a description of other segment items (the difference between segment revenue less the segment expenses disclosed under the significant expense principle and each reported measure of segment profit or loss) by reportable segment, as well as disclosure of the title and position of the CODM, and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. The new standard is effective for the Company in fiscal year 2024, and interim periods beginning in fiscal year 2025. Retrospective application is required. The Company is currently evaluating the impact this ASU may have on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740), *Improvements to Income Tax Disclosures*, which requires disclosure of disaggregated income taxes paid, prescribes standard categories for the components of the effective tax rate reconciliation, and modifies other income tax-related disclosures. The standard is effective for the Company in fiscal year 2025, and may be applied prospectively or retrospectively. The Company is currently evaluating the impact this ASU may have on its consolidated financial statements.

3. Condensed Consolidated Balance Sheet Components

Property and Equipment, Net

Property and equipment, net consisted of the following:

	As of	
	March 31, 2024	December 31, 2023
	(in thousands)	
Molds and tooling	\$ 297,498	\$ 286,305
Computer and software	101,374	100,225
Displays	92,625	91,074
Equipment	21,030	19,391
Furniture and fixtures	11,693	10,614
Leasehold improvements	38,410	36,061
Total property and equipment	562,630	543,670
Less: accumulated depreciation	(411,314)	(389,689)
Construction in progress	17,102	12,271
Property and equipment, net	\$ 168,418	\$ 166,252

Depreciation expense was \$21.9 million and \$17.1 million for the three months ended March 31, 2024 and 2023, respectively.

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	As of	
	March 31, 2024	December 31, 2023
	(in thousands)	
Accrued customer incentives	\$ 147,831	\$ 207,593
Accrued expenses	74,132	106,198
Accrued compensation and benefits	38,474	89,658
Accrued returns	31,548	58,828
Sales and other tax payable	2,928	19,904
Accrued advertising	10,119	35,968
Accrued delivery and distributions	28,288	29,850
Accrued warranty	25,428	28,090
Operating lease liabilities, current	9,329	8,390
Accrued professional fees	15,459	8,071
Derivative liabilities	370	3,370
Other	28,235	24,413
Accrued expenses and other current liabilities	\$ 412,141	\$ 620,333

4. Fair Value Measurements

The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2024:

	March 31, 2024			
	Fair Value	Level 1	Level 2	Level 3
	(in thousands)			
Financial Assets:				
Money market funds	\$ 1,946	\$ 1,946	\$ —	\$ —
Total financial assets	\$ 1,946	\$ 1,946	\$ —	\$ —
Financial Liabilities:				
Derivatives designated as hedging instruments:				
Forward contracts included in accrued expenses and other current liabilities (Note 5)	\$ 370	\$ —	\$ 370	\$ —
Total financial liabilities	\$ 370	\$ —	\$ 370	\$ —

The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2023:

	December 31, 2023			
	Fair Value	Level 1	Level 2	Level 3
	(in thousands)			
Financial Assets:				
Money market funds	\$ 1,806	\$ 1,806	\$ —	\$ —
Total financial assets	\$ 1,806	\$ 1,806	\$ —	\$ —
Financial Liabilities:				
Derivatives designated as hedging instruments:				
Forward contracts included in accrued expenses and other current liabilities (Note 5)	\$ 3,370	\$ —	\$ 3,370	\$ —
Total financial liabilities	\$ 3,370	\$ —	\$ 3,370	\$ —

The Company classifies its money market funds within Level 1 because they are valued using quoted prices in active markets. The Company classifies its derivative financial instruments within Level 2 because they are valued using inputs other than quoted prices which are directly or indirectly observable in the market, including readily-available pricing sources for the identical underlying security which may not be actively traded.

5. Derivative Financial Instruments and Hedging

Notional Amount of Forward Contracts

The gross notional amounts of the Company's forward contracts are USD denominated. The notional amounts of outstanding forward contracts in USD as of the periods presented were as follows:

	As of	
	March 31, 2024	December 31, 2023
	(in thousands)	
Derivatives designated as hedging instruments:		
Forward contracts	\$ 279,000	\$ 350,000
Total derivative instruments	\$ 279,000	\$ 350,000

Effect of Forward Contracts on the Condensed Consolidated Statements of Income

The Company did not have any forward contracts that were not designated as hedging instruments for the three months ended March 31, 2024. Total gain recognized from derivatives that were not designated as hedging instruments was \$1.9 million for the three months ended March 31, 2023, and was recorded in other expense, net within the condensed consolidated statements of income.

Effect of Forward Contracts on Accumulated Other Comprehensive Income

The following table represents the unrealized losses of forward contracts that were designated as hedging instruments, net of tax effects, that were recorded in accumulated other comprehensive income as of March 31, 2024 and 2023, and their effect on other comprehensive income for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Beginning balance	\$ (2,173)	\$ —
Amount of net gains (losses) recorded in other comprehensive income	3,033	(2,352)
Amount of net losses reclassified from other comprehensive income to earnings	(1,163)	—
Ending balance	<u>\$ (303)</u>	<u>\$ (2,352)</u>

6. Intangible Assets, Net and Goodwill

Intangible Assets, Net

Intangible assets consisted of the following as of March 31, 2024:

	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted-Average Remaining Useful Life
	(in thousands)			(in years)
Intangible assets subject to amortization:				
Customer relationships	\$ 143,083	\$ (103,338)	\$ 39,745	2.5
Patents	59,975	(26,184)	33,791	5.6
Developed technology	22,288	(6,324)	15,964	7.9
Total intangible assets subject to amortization	<u>\$ 225,346</u>	<u>\$ (135,846)</u>	<u>\$ 89,500</u>	
Intangible assets not subject to amortization:				
Trade name and trademarks	\$ 384,995	\$ —	\$ 384,995	Indefinite
Total intangible assets, net	<u>\$ 610,341</u>	<u>\$ (135,846)</u>	<u>\$ 474,495</u>	

Intangible assets consisted of the following as of December 31, 2023:

	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted-Average Remaining Useful Life
	(in thousands)			(in years)
Intangible assets subject to amortization:				
Customer relationships	\$ 143,083	\$ (99,363)	\$ 43,720	2.8
Patents	57,436	(24,763)	32,673	5.4
Developed technology	22,677	(5,953)	16,724	8.3
Total intangible assets subject to amortization	<u>\$ 223,196</u>	<u>\$ (130,079)</u>	<u>\$ 93,117</u>	
Intangible assets not subject to amortization:				
Trade name and trademarks	\$ 384,699	\$ —	\$ 384,699	Indefinite
Total intangible assets, net	<u>\$ 607,895</u>	<u>\$ (130,079)</u>	<u>\$ 477,816</u>	

Amortization expenses for intangible assets were as follows:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Research and development	\$ 1,914	\$ 1,647
Sales and marketing	3,974	3,975
Total amortization expenses	<u>\$ 5,888</u>	<u>\$ 5,622</u>

The expected future amortization expenses related to the intangible assets as of March 31, 2024 were as follows:

	Amount
	(in thousands)
Years ending December 31,	
Remainder of 2024	\$ 17,558
2025	23,922
2026	19,948
2027	7,102
2028	4,335
Thereafter	16,635
Total	<u>\$ 89,500</u>

Goodwill

The following table represents the changes to goodwill:

	Carrying Amount
	(in thousands)
Balance as of December 31, 2023	\$ 834,203
Effect of foreign currency translation	(154)
Balance as of March 31, 2024	<u>\$ 834,049</u>

7. Operating Leases

The components of total lease costs for operating leases for the periods presented were as follows:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Operating lease cost	\$ 6,886	\$ 5,179
Variable lease cost	3,122	2,504
Short-term lease cost	162	100
Total lease cost	<u>\$ 10,170</u>	<u>\$ 7,783</u>

The supplemental cash flow information related to operating leases for the periods presented were as follows:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Cash payments for operating lease liabilities	\$ 4,671	\$ 4,608
Operating lease liabilities arising from obtaining new operating lease right-of-use assets during the period	\$ 78,959	\$ 1,646

The weighted-average remaining lease terms and discount rates for operating leases were as follows:

	Three Months Ended March 31,	
	2024	2023
Weighted-average remaining lease term (years)	7.2	6.2
Weighted-average discount rate	6.2%	4.4%

Future minimum lease payments under non-cancellable leases as of March 31, 2024, were as follows:

	Amount
	(in thousands)
Years ending December 31,	
Remainder of 2024	\$ 13,762
2025	23,083
2026	26,342
2027	26,682
2028	26,710
Thereafter	73,293
Total undiscounted lease payments	189,872
Less: imputed interest	(40,549)
Total operating lease liabilities	\$ 149,323

8. Debt

On July 20, 2023, the Company entered into a credit agreement (“2023 Credit Agreement”) with Bank of America, N.A., as administrative agent, and certain banks and financial institutions party thereto as lenders and issuing banks. The 2023 Credit Agreement provides for an \$810.0 million term loan facility (the “2023 Term Loans”) and a \$500.0 million revolving credit facility (“2023 Revolving Facility”). The 2023 Term Loans and 2023 Revolving Facility mature in July 2028, and both facilities bear interest at the Secured Overnight Financing Rate (“SOFR”) plus 1.75%. All SOFR borrowings under the 2023 Credit Agreement also incur a 0.1% credit adjustment. The Company has the ability to borrow in certain alternative currencies under the 2023 Credit Agreement. Alternative currency loans are priced using an Alternative Currency Term Rate plus any applicable spread adjustments. The Company may request increases to the 2023 Term Loans or 2023 Revolving Facility in a maximum aggregate amount not to exceed the greater of \$520.0 million or 100% of adjusted earnings before interest, taxes, depreciation, and amortization, as defined in the 2023 Credit Agreement, for the most recently completed fiscal year. The 2023 Credit Agreement replaced the Company’s existing credit facility that had a remaining principal balance of \$400.0 million and accrued interest of \$9.2 million.

No amounts were outstanding on the 2023 Revolving Facility as of December 31, 2023 and there were no draw downs on the 2023 Revolving Facility during the three months ended March 31, 2024. As of March 31, 2024, \$9.8 million of letters of credit were outstanding, resulting in an available balance of \$490.2 million under the 2023 Revolving Facility.

The Company is required to meet certain financial covenants customary with this type of agreement, including, but not limited to, maintaining a maximum ratio of indebtedness and a minimum specified interest coverage ratio. As of March 31, 2024, the Company was in compliance with the covenants under the 2023 Credit Agreement.

The obligations of the loan parties under the 2023 Credit Agreement with respect to the 2023 Term Loans and 2023 Revolving Facility are secured by (i) equity interests owned by the loan parties in each other loan party and in certain of the Company's wholly-owned domestic restricted subsidiaries and (ii) substantially all assets of the domestic loan parties (subject to certain customary exceptions). In addition, subject to certain customary exceptions, these obligations are guaranteed by (i) the Company, (ii) each subsidiary of the Company that directly or indirectly owns a borrower and (iii) each other direct and indirect wholly-owned domestic restricted subsidiary of the Company.

Long-term debt related to the 2023 Term Loans consisted of the following:

	As of	
	March 31, 2024	December 31, 2023
	(in thousands)	
2023 Term Loans with principal payments due quarterly; final balance due on maturity date of July 20, 2028	\$ 799,875	\$ 804,938
Less: deferred financing costs	(5,009)	(5,298)
Total debt, net of deferred financing costs	794,866	799,640
Less: current portion	(29,219)	(24,157)
Long-term debt, net of current portion	<u>\$ 765,647</u>	<u>\$ 775,483</u>

Aggregate maturities of long-term debt as of March 31, 2024 were as follows:

	Amount
	(in thousands)
Years ending December 31,	
Remainder of 2024	\$ 20,250
2025	40,500
2026	40,500
2027	40,500
2028	658,125
Total future principal payments	<u>\$ 799,875</u>

The Company recognizes and records interest expense related to its term loans in interest expense, net, which totaled \$15.6 million and \$7.0 million for the three months ended March 31, 2024 and 2023, respectively.

9. Commitments and Contingencies

Non-Cancelable Purchase Obligations

In the normal course of business, the Company enters into non-cancelable purchase commitments. As of March 31, 2024, the outstanding non-cancelable purchase obligations with a term of 12 months or longer were immaterial.

Indemnifications and Contingencies

The Company enters into indemnification provisions under certain agreements with other parties in the ordinary course of business. In its customer agreements, the Company has agreed to indemnify, defend and hold harmless the indemnified party for third-party claims and related losses suffered or incurred by the indemnified party from actual or threatened third-party intellectual property infringement claims. For certain large or strategic customers, the Company has agreed to indemnify, defend and hold harmless the indemnified party for non-compliance with certain additional representations and warranties made by the Company.

Legal Proceedings

From time to time, the Company may be involved in various legal proceedings arising from the normal course of business activities. The Company investigates these claims as they arise. The Company is not presently a party to any litigation the outcome of which the Company believes, if determined adversely to the Company, would individually or taken together, have a material adverse effect on its business, financial condition and results of operations.

10. Shareholders' Equity and Equity Incentive Plan

Distributions to Former Parent

During the year ended December 31, 2022, the Company entered into a note agreement with Parent (the "2022 Intercompany Note to Parent") in which SharkNinja transferred \$49.3 million to its Parent. Due to the nature of the note receivable, the Company considered it to be an in-substance distribution to its Parent accounted for as contra-equity at inception. During the three months ended March 31, 2023, the Company declared and issued distributions to the Former Parent of \$110.4 million which included amounts receivable of \$50.4 million under the 2022 Intercompany Note to Former Parent, including interest, in satisfaction of such note.

Restricted Share Units

SharkNinja Equity Incentive Plan

On July 28, 2023, the Company's board of directors adopted the 2023 Equity Incentive Plan (the "2023 Plan") to grant cash and equity incentive awards to eligible participants in order to attract, motivate and retain talent. The 2023 Plan provides for the issuance of stock options, share appreciation rights, restricted stock awards, RSUs, performance awards and other awards. The 2023 Plan initially made 13,898,287 ordinary shares available for future award grants.

The 2023 Plan contains an evergreen provision whereby the shares available for future grants are increased on the first day of each calendar year from January 1, 2025 through and including January 1, 2033. As of March 31, 2024, 9,841,705 ordinary shares were available for future grant under the 2023 Plan. Shares or RSUs forfeited, and unexercised stock option lapses from the 2023 Plan are available for future grant under the 2023 Plan.

RSU activities for the three months ended March 31, 2024 for RSUs granted under the 2023 Plan to the Company's employees were as follows:

	Number of Shares	Weighted Average Grant Date Fair Value per share
Unvested as of December 31, 2023	3,857,986	\$ 28.32
Granted	45,000	53.77
Vested	(1,372,022)	(28.91)
Cancelled/Forfeited	(29,822)	(30.05)
Unvested as of March 31, 2024	2,501,142	\$ 28.43

RSUs granted for the three months ended March 31, 2024 under the 2023 Plan were 45,000, of which 18,000 RSUs were granted to employees with service-only conditions and 27,000 performance-based RSUs were granted to employees with vesting conditions tied to the achievement of certain performance growth metrics, such as net sales, gross profit and operating cash flow.

Employee Stock Purchase Plan

On July 28, 2023, the board of directors approved the 2023 Employee Share Purchase Plan (the "ESPP"). A maximum of 1% of the Company's outstanding ordinary shares (or 1,389,828 shares) were made available for sale under the ESPP. The ESPP contains an evergreen provision whereby the shares available for sale will automatically increase on the first day of each calendar year from January 1, 2025 through and including January 1, 2033, in an amount equal to the lesser of (i) 0.15% of the total number of shares of the Company's ordinary shares outstanding on December 31 of the preceding year; (ii) 300,000 shares; or (iii) such lesser number of shares as determined by the board at any time prior to the first day of a given calendar year. The first offering period began in February 2024. During the three months ended March 31, 2024, there were no shares purchased under the ESPP. As of March 31, 2024, total unrecognized share-based compensation was \$1.3 million, which is to be recognized over a weighted-average remaining period of 0.3 years.

Share-Based Compensation

The share-based compensation by line item in the accompanying condensed consolidated statements of income is summarized as follows:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Research and development	\$ 3,499	\$ 230
Sales and marketing	2,572	101
General and administrative	13,355	517
Total share-based compensation	\$ 19,426	\$ 848

As of March 31, 2024, the Company had \$54.3 million unrecognized share-based compensation cost related to RSUs granted under the 2023 Plan that will be recognized over the weighted average period of 1.7 years. Of this unrecognized share-based compensation cost, \$25.7 million and \$5.0 million related to RSUs granted under the 2023 Plan with performance and market conditions, respectively.

For those RSUs with service conditions, performance conditions or a combination of both, the grant date fair value was measured based on the quoted price of our common stock at the date of grant. The weighted average grant date fair value of these awards for the three months ended March 31, 2024 was \$53.77 per share.

The total grant-date fair value of RSUs vested during the three months ended March 31, 2024 was \$39.7 million.

11. Income Taxes

The Company recorded a provision for income taxes of \$33.9 million and \$24.3 million for the three months ended March 31, 2024 and 2023, respectively. The Company's effective tax rate ("ETR") was 23.6% and 21.8% for the three months ended March 31, 2024 and 2023, respectively. This increase in the ETR is primarily driven by limitations on deductible executive compensation.

12. Net Income Per Share

On July 31, 2023, in connection with the separation from JS Global, 138,982,872 shares of common stock of SharkNinja, Inc. were distributed to JS Global shareholders. The distributed share amount of SharkNinja, Inc. is utilized for the calculation of basic and diluted net income per share of the Company for all periods presented prior to the separation and distribution from JS Global. For the three months ended March 31, 2023, these shares are treated as issued and outstanding for purposes of calculating historical net income per share. For periods prior to the separation and distribution, it is assumed that there are no dilutive equity instruments as there were no equity awards of SharkNinja, Inc. outstanding prior to the separation and distribution.

The following table sets forth the computation of basic and diluted net income per share for the periods presented:

	Three Months Ended March 31,	
	2024	2023
	(in thousands, except share and per share data)	
Numerator:		
Net income	\$ 109,612	\$ 87,096
Denominator:		
Weighted-average shares used in computing net income per share, basic	139,448,556	138,982,872
Dilutive effect of RSUs	1,254,469	—
Weighted-average shares used in computing net income per share, diluted	140,703,025	138,982,872
Net income per share, basic	\$ 0.79	\$ 0.63
Net income per share, diluted	\$ 0.78	\$ 0.63

Potential ordinary shares of certain performance-based and market-based RSUs of approximately 1,162,716 for the three months ended March 31, 2024, for which all targets required to trigger vesting had not been achieved, were excluded from the calculations of weighted average shares used in computing diluted net income per share.

13. Related Party Transactions

Transactions with JS Global

Prior to the separation, the Company operated as part of JS Global's broader corporate organization rather than as a stand-alone public company and engaged in various transactions with JS Global entities. Following the separation and distribution, JS Global continues to be a related party due to a common shareholder that has majority control of both the Company and JS Global. Our arrangements with JS Global entities and/or other related persons or entities as of the separation are described below.

Supplier Agreements

The Company historically relied on a JS Global purchasing office entity to source finished goods on the Company's behalf and to provide certain procurement and quality control services. Additionally, the Company purchases certain finished goods directly from a subsidiary of JS Global. For the three months ended March 31, 2024 and 2023, the Company purchased \$55.8 million and \$298.8 million, respectively, of finished goods from JS Global entities. In connection with these agreements, the Company historically incurred costs related to certain procurement and quality control activities that were reimbursed by JS Global entities. For the three months ended March 31, 2024 and 2023, JS Global entities paid the Company \$0 and \$7.6 million, respectively, which were recorded as a reduction to cost of sales for services rendered under these agreements.

Sourcing Services Agreement

In connection with the separation, the Company entered into a sourcing services agreement with JS Global. Pursuant to the agreement, the Company procures products from certain suppliers in the Asia-Pacific region ("APAC"), and JS Global provides coordination, process management and relationship management support to us with respect to such suppliers. The Company retains the right to procure such products and services from third parties. The Company pays JS Global a service fee based on the aggregate amount of products procured by the Company from such suppliers managed by JS Global under the agreement. The Sourcing Services Agreement has a term commencing July 28, 2023 and ending on June 30, 2025. The Company will pay JS Global the following: (i) for the period July 28, 2023 to June 30, 2024, an amount equal to 4% of the procurement amount during such period; and (ii) for the period from July 1, 2024 until December 31, 2024, an amount equal to 2% of the procurement amount during such period; and (iii) for the period from January 1, 2025 until the end of the Term, an amount equal to 1% of the procurement amount during such period. For the three months ended March 31, 2024, fees incurred by the Company related to this agreement were \$11.9 million and were included in cost of sales.

Brand License Agreement

In connection with the separation, the Company entered into a brand license agreement with JS Global, in which the Company granted to JS Global the non-exclusive rights to obtain, produce and source, and the exclusive rights to distribute and sell, our brands of products in certain international markets in APAC. The brand license agreement has a term of 20 years from the date of the separation. Under this agreement, JS Global pays to SharkNinja a royalty of 3% of net sales of licensed products. For the three months ended March 31, 2024, the Company earned royalty income of \$0.9 million which was included in net sales.

Product Development Agreements

The Company has historically utilized JS Global subsidiaries for certain research and development services. For the three months ended March 31, 2024 and 2023, the Company paid \$0.9 million and \$0.9 million, respectively, to JS Global entities for these services.

In connection with the separation, the Company entered into an agreement with JS Global to provide certain research and development, and related product management, services to JS Global entities related to the distribution of products in APAC. For the three months ended March 31, 2024, the Company earned product development service fees of \$0.5 million under this agreement, which were recorded as a reduction of research and development expenses.

Transition Services Agreement

In connection with the separation, the Company entered into a transition services agreement with JS Global pursuant to which the Company provides certain transition services to JS Global, in order to facilitate the transition of the separated JS Global business. The services are provided on a transitional basis for a term of twenty-four

months, subject to a three-month extension by JS Global. For the three months ended March 31, 2024, service fees related to this agreement were \$0.8 million and were recorded as a reduction of general and administrative expenses.

Transactions with Former Parent

See *Note 10 - Shareholders' Equity and Equity Incentive Plan* for details on the Company's distributions to Former Parent.

The following is a summary of the related party transactions associated with JS Global:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Related party revenue		
Sale of goods	\$ —	\$ 758
Royalty income	948	—
Related party expense (income)		
Cost of sales - purchases of goods and services, net	\$ 67,696	\$ 291,199
Research and development services, net	418	861
General and administrative	(750)	—
	As of	
	March 31, 2024	December 31, 2023
	(in thousands)	
Related party assets		
Accounts receivable, net	\$ 4,838	\$ 3,594
Related party liabilities		
Accounts payable	\$ 71,193	\$ 101,538

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis provide information that management believes is relevant to an assessment and understanding of our results of operations and financial condition. You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our Unaudited Interim Condensed Consolidated Balance Sheets as of March 31, 2024 and December 31, 2023, Unaudited Interim Condensed Consolidated Statements of Income, Comprehensive Income, Shareholders' Equity and Cash Flows for the three months ended March 31, 2024 and March 31, 2023, and Notes to the Condensed Consolidated Financial Statements thereto included elsewhere in this Form 6-K, and our audited consolidated financial statements and the related notes and other information for the year ended December 31, 2023 included in our Form 20-F as filed with the U.S. Securities and Exchange Commission (the "Commission" or the "SEC") under the Securities Act of 1933 on March 1, 2024 (the "Form 20-F").

Cautionary Note Regarding Forward Looking Statements

Some information in this Form 6-K may contain forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended), that reflect our current views with respect to, among other things, future events and our future business, financial condition, results of operations and prospects. These statements are often, but not always, made through the use of words or phrases such as "may," "should," "could," "predict," "potential," "believe," "will likely result," "expect," "continue," "will," "anticipate," "seek," "estimate," "intend," "plan," "projection," "would" and "outlook," or the negative version of those words or phrases or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not statements of historical fact, and are based on current expectations, estimates and projections about our industry as well as certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. These forward-looking statements are subject to a number of known and unknown risks, uncertainties and assumptions, which you should consider and read carefully, including but not limited to:

- our ability to maintain and strengthen our brands to generate and maintain ongoing demand for our products;
- our ability to commercialize a continuing stream of new products and line extensions that create demand;
- our ability to effectively manage our future growth;
- general economic conditions and the level of discretionary consumer spending;
- our ability to expand into additional consumer markets;
- our ability to maintain product quality and product performance at an acceptable cost;
- our ability to compete with existing and new competitors in our markets;
- problems with, or loss of, our supply chain or suppliers, or an inability to obtain raw materials;
- the risks associated with doing business globally;
- inflation, changes in the cost or availability of raw materials, energy, transportation and other necessary supplies and services;
- our ability to hire, integrate and retain highly skilled personnel;

- our ability to maintain, protect and enhance our intellectual property;
- our ability to securely maintain consumer and other third-party data;
- our ability to comply with ongoing regulatory requirements;
- the increased expenses associated with being a public company;
- our status as a “controlled company” within the meaning of the rules of NYSE;
- our ability to achieve some or all of the anticipated benefits of the separation from JS Global;
- the payment of any declared dividends; and
- the other risks and uncertainties described under “Item 3. Key Information — D. Risk Factors” in our Form 20-F as filed with the SEC under the Securities Act of 1933 on March 1, 2024.

This list of factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this Form 6-K. We operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for us 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 Form 6-K, and our future levels of activity and performance, may not occur and actual results could differ materially and adversely from those described or implied in the forward-looking statements. As a result, you should not regard any of these forward-looking statements as a representation or warranty by us or any other person or place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

In addition, statements that contain “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Form 6-K. While we believe that this information provides a reasonable basis for these statements, this information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements. We qualify all of our forward-looking statements by the cautionary statements contained in this section and elsewhere in this Form 6-K.

Overview

SharkNinja is a global product design and technology company that creates innovative 5-star rated lifestyle solutions for consumers around the world. We have built two billion-dollar brands that drive strong growth and innovation across the 33 sub-categories in which we compete today. We have a proven track record of entering and establishing leadership positions by disrupting the market across household product categories, including Cleaning, Cooking and Beverage, Food Preparation and Other, which includes Home Environment and Beauty.

Our success is centered around our advanced engineering and innovation capabilities coupled with our deep understanding of consumer needs. We relentlessly seek to deliver innovative home appliances at compelling value in order to delight consumers. Our continued growth in sales and increasing market share demonstrate that our products deliver lifestyle solutions that meet our consumers’ evolving needs and desires.

We drive high brand engagement through our dynamic approach to solutions-driven storytelling in categories that we believe have not been historically known for high engagement. This solutions-driven approach focuses on educating the consumer on our innovative solution to a consumer problem that makes their experience more efficient and more enjoyable. Our differentiated storytelling complements our innovative products across a variety of channels, including in-store, online, on television and across social media. This approach engages current and new consumers, fueling demand for our solutions across a variety of categories. Utilizing this strategy, we have built a global community of passionate brand ambassadors who we believe value our innovation, quality and performance.

We sell our products using an omnichannel distribution strategy that consists primarily of retail and direct-to-consumer (“DTC”) channels. Our retail channel covers brick-and-mortar retailers, e-commerce platforms and multichannel retailers, which, in turn, sell our products to the end consumers. Some of the largest retailers we sell to include Walmart, Amazon, Target and Best Buy, as well as a significant number of independent retailers. Our DTC channel covers sales directly to consumers through our websites. The goal of our omnichannel distribution strategy is to be the most prominent and relevant brand wherever our consumers choose to shop.

We have built an agile and efficient supply chain over time and have made significant investments to optimize manufacturing and sourcing. Our supply chain infrastructure harnesses three differentiating factors: (i) long-standing factory partnerships that allow us to rapidly develop and produce our products, (ii) factory flexibility that allows us to incorporate insights and adapt at any stage of the production process and (iii) our volumes and long-term strategic partnerships with key shippers allow us to attain competitive inbound freight rates, even when the market is constrained. We have also made significant investments in local talent to help oversee the production process and ensure that our manufacturers’ products meet our strenuous quality standards.

Key Factors Affecting Our Performance

We believe that our performance and results of operations have been and will continue to be, affected by a number of factors, including those described below and in the “Item 3. Key Information — D. Risk Factors” included in our Form 20-F filed on March 1, 2024.

Continued Product Innovation in Existing Categories and New Adjacent Categories

Our future growth depends, in part, on our ability to introduce new and enhanced products in our existing categories and enter adjacent categories. The success of our new products depends on many factors, including finding innovative solutions to consumer problems, differentiating our products from those of our competitors, obtaining protection for our intellectual property and anticipating consumer trends. By introducing new products, we appeal to a broader range of consumers, which expands our use cases and increases our presence in underserved or untapped markets. To continue with our rapid pace of innovation, we will need to continue to invest in Research and Development (“R&D”) to enhance our product offerings. We believe that our consumer insight capabilities and robust in-house R&D teams, with dedicated engineering and development experts around the globe, enables us to maintain a product pipeline several years into the future. We are relentlessly focused on staying at the forefront of our product categories while entering new adjacent categories through our continuous innovation and ever-evolving consumer insights.

Ability to Attract and Retain Consumers and Increase Consumer Engagement

We believe that we are still in the early stages of growth across our markets and that we can significantly grow our consumer base and the number of our products per household. Our performance will depend on our continued ability to retain existing consumers and attract new consumers to purchase products across our portfolio, which is reliant on us maintaining consumer loyalty and satisfaction. Consumer engagement with our brands is integral to the continued growth and success of our business. We have strategically invested and will continue to invest, significant time and resources towards our marketing initiatives, including long-form advertising to the latest social media platforms, that educate consumers, highlight our quality and value, inspire conversion in-store and online. We have also invested and expect to continue to invest, in our ability to glean consumer insights from a variety of sources, including direct and indirect interactions with consumers and consumer reviews of our products. We believe that continued interactions with consumers allow us to understand their needs and desires, enhancing our product storytelling and inspiring purchases.

Continued Geographic Expansion Within Existing and New International Markets

We believe our ability to expand within existing international markets and enter new international markets will continue to play an integral role in our future growth. We have cultivated our presence in international markets for years, accumulating experience and local resources while building long-term, in-depth cooperation with key retailers. Our ability to grow our business in new international markets will depend on factors such as our marketing efforts, continued consumer satisfaction with our products and understanding consumer preferences in different markets. International expansion may require us to invest in sales and marketing, infrastructure and personnel. As we scale in new markets, we anticipate that we will leverage our existing relationships with key international retail partners and build partnerships with new retailers.

Ability to Manage Costs and Inventory

Our results of operations are affected by our ability to manage our manufacturing and supply costs effectively. Our product costs vary based on the category, level of technological innovation and complexity, as well as the arrangements with our manufacturing partners and the input costs they face. We have continued to expand our supplier base as we have expanded into new categories and geographies. We strive to ensure that we are multi-sourced across high-volume products to ensure sufficient product supply. Our supply chain remains highly agile with competitive bidding to secure favorable pricing, allowing us to offer greater value to our consumers. Further, we generally have long-standing relationships with our key suppliers that have solidified our supply chain infrastructure and enabled us to source our products effectively.

Continued Execution of Our Omni-Channel Strategy

Since our inception, we have relentlessly focused on meeting our consumers where they shop. Our omnichannel strategy has continued to evolve as consumer shopping habits have evolved. We have established credibility through key retail channels, built numerous years' worth of trust with leading retailers and have had success in our DTC channel, allowing us to gain deeper consumer insights. We have also invested and expect to continue to invest, in growing our teams of sales representatives to keep pace with increasing consumer demand and expand our relationships with both brick-and-mortar and online retailers. Our ability to execute this strategy will depend on various factors such as retailer satisfaction with the sales and profitability of our products, our ability to continue to innovate and our ability to maintain and expand the number of categories in which we are a category captain at key retailers.

Economic Conditions and Seasonality

Demand for our products is impacted by various economic factors that affect our consumers, such as consumer confidence, demographic trends, employment levels, inflation and other economic factors. These factors may influence the extent to which consumers purchase small household appliances. We believe that small appliances, such as our product offerings, are less cyclical than large appliances, which are typically more expensive and involve less frequent purchases by consumers. We also believe that consumers are attracted to our products because of the potential to save money; for instance, purchasing a Ninja Coffee Maker or Foodi Oven enables consumers to reduce spend on coffee and food away from home. In addition, we believe that our net sales include a seasonal component. We expect our net sales to be highest in our third and fourth quarters as retailers are buying products in advance of the holiday season and our online retail and DTC sales, in particular, increase during the holiday season. We expect this seasonality to continue to be a factor in our results of operations.

Key Components of Results of Operations

Net Sales

We offer a broad range of products that span 33 sub-categories primarily within small household appliances. We generate net sales from product sales to retailers, both brick-and-mortar and online, as well as through DTC sales and distributors. We recognize sales upon transfer of control of products to retailers, consumers and distributors, net of returns, discounts and allowances provided to retailers and funding provided to retailers for promotions and advertising of our products. Control is generally transferred upon shipment or delivery of the products, depending on shipping terms. Net sales are impacted by the effect of foreign exchange rates, competition, consumer spending habits and general economic conditions.

We disaggregate the net sales of our products across four categories:

- Cleaning Appliances, which includes corded and cordless vacuums, including handheld and robotic vacuums, as well as other floorcare products including steam mops, wet/dry cleaning floor products and carpet extraction;
- Cooking and Beverage Appliances, which includes air fryers, multi-cookers, outdoor and countertop grills and ovens, coffee systems, carbonation, cookware, cutlery, kettles, toasters and bakeware;
- Food Preparation Appliances, which includes blenders, food processors, ice cream makers, juicers and coolers; and
- Other, which includes beauty appliances such as hair dryers and stylers, home environment products, such as air purifiers and fans.

Gross Profit and Gross Margin

Gross profit reflects net sales less the cost of sales. Cost of sales primarily consists of the purchase cost of our products from third-party manufacturers, inbound freight costs, tariffs, product quality testing and inspection costs, the costs associated with receiving inventory into our warehouses, depreciation on molds and tooling that we own, warranty costs, damages, obsolescence and shrinkage costs and allocated overhead, including the service fee paid to JS Global for supply chain services.

We calculate gross margin as gross profit divided by net sales. Gross margin is generally impacted by changes in channel mix since our DTC sales usually generate a higher gross margin than sales to retailers and distributors. Additionally, gross margin is also impacted by product category mix, changes in foreign currency fluctuations, changes in tariff policies, fluctuations in inbound freight costs and fluctuations in commodity and component costs.

Operating Expenses

Our operating expenses consist of research and development, sales and marketing and general and administrative expenses. Advertising expenses are the most significant component of our operating expenses and consist of television advertising as well as digital advertising. Personnel-related expenses are the second most significant component of operating expenses and consist of salaries and bonuses, share-based compensation and employee benefit costs. Our operating expenses also include allocated overhead. Overhead costs that are not substantially dedicated for use by a specific functional group are allocated based on headcount. Allocated overhead costs include shared costs associated with facilities, including rent and utilities, information technology and related personnel and depreciation of property and equipment. We expect our operating expenses to increase on an absolute dollar basis for the foreseeable future as we continue to increase investments to support our growth including through increasing staff levels, expanding research and development and greater marketing activities. We also anticipate increased administrative and compliance costs as a result of becoming a public company.

Research and Development

Research and development costs primarily consist of personnel-related costs for our engineering and product development personnel responsible for the design, development and testing of our products, contractors and consulting expenses, the cost of components and test equipment used for product, tooling and prototype development, prototype expenses, overhead cost and amortization of intangible assets related to patents and amortization expenses related to capitalized development software.

Sales and Marketing

Sales and marketing expenses primarily consist of advertising, marketing and other brand-building costs, salaries and associated expenses for sales and marketing teams, shipping and fulfillment costs, including costs for third-party delivery services and shipping materials, overhead cost, amortization expenses of intangible assets related to customer relationships and depreciation expenses.

General and Administrative

General and administrative expenses primarily consist of personnel-related costs for finance, legal, human resources, information technology and administrative functions, third-party professional service fees for external legal, accounting and other consulting services, depreciation expenses, overhead costs and expenses associated with operating as a public company, including expenses to comply with the rules and regulations of the SEC and the listing rules of NYSE, as well as expenses for corporate insurance, director and officer insurance, and investor relations.

Interest Expense, Net

Interest expense, net of any interest earned on our cash and cash equivalents, primarily consists of interest on our borrowings, including our term loan facility. See “Liquidity and Capital Resources—Indebtedness.”

Other Income (Expense), Net

Other income (expense), net primarily consists of gains and losses on foreign currency transactions, foreign currency forward contracts and a gain recognized upon a settlement reached with a supplier. See “Quantitative and Qualitative Disclosures About Market Risk—Foreign Currency Exchange Risk.”

Provision for Income Taxes

Provision for income taxes consists primarily of income taxes in the United States and other foreign jurisdictions in which we conduct our business.

Results of Operations

The following table sets forth our selected condensed consolidated statements of income information for each of the periods indicated:

(\$ in thousands)	Three Months Ended March 31,	
	2024	2023
Net sales	\$ 1,066,228	\$ 855,282
Cost of sales	539,611	454,739
Gross profit	526,617	400,543
Operating expenses:		
Research and development ⁽¹⁾	69,596	58,725
Sales and marketing ⁽¹⁾	214,568	152,120
General and administrative ⁽¹⁾	87,511	67,068
Total operating expenses	371,675	277,913
Operating income	154,942	122,630
Interest expense, net	(14,722)	(8,489)
Other income (expense), net	3,248	(2,780)
Income before income taxes	143,468	111,361
Provision for income taxes	33,856	24,265
Net income	\$ 109,612	\$ 87,096

(1) Includes share-based compensation as follows:

(\$ in thousands)	Three Months Ended March 31,	
	2024	2023
Research and development	\$ 3,499	\$ 230
Sales and marketing	2,572	101
General and administrative	13,355	517
Total share-based compensation	\$ 19,426	\$ 848

The following table sets forth our selected condensed consolidated statements of income information as a percentage of our total net sales for each of the periods indicated:

	Three Months Ended March 31,	
	2024	2023
Net sales	100.0 %	100.0 %
Cost of sales	50.6	53.2
Gross profit	49.4	46.8
Operating expenses:		
Research and development	6.5	6.9
Sales and marketing	20.1	17.8
General and administrative	8.2	7.8
Total operating expenses	34.8	32.5
Operating income	14.6	14.3
Interest expense, net	(1.4)	(1.0)
Other (expense) income, net	0.3	(0.3)
Income before income taxes	13.5	13.0
Provision for income taxes	3.2	2.8
Net income	10.3 %	10.2 %

Comparison of the Three Months Ended March 31, 2024 and 2023

Net Sales

(\$ in thousands, except %)	Three Months Ended March 31,			
	2024	2023	\$ Change	% Change
Net sales	\$ 1,066,228	\$ 855,282	\$ 210,946	24.7 %

Our net sales increased by \$210.9 million, or 24.7%, for the three months ended March 31, 2024, compared to the three months ended March 31, 2023. The increase in net sales resulted from growth in each of our four major product categories of Food Preparation Appliances, Cooking and Beverage Appliances, Cleaning Appliances and Other, which includes beauty and home environment.

Net sales in our product categories were as follows:

(\$ in thousands, except %)	Three Months Ended March 31,			
	2024	2023	\$ Change	% Change
Cleaning Appliances	\$ 421,920	\$ 414,869	\$ 7,051	1.7 %
Cooking and Beverage Appliances	329,642	256,682	72,960	28.4
Food Preparation Appliances	205,036	117,849	87,187	74.0
Other	109,630	65,882	43,748	66.4
Total net sales	\$ 1,066,228	\$ 855,282	\$ 210,946	24.7 %

- Cleaning Appliances net sales increased by \$7.1 million, or 1.7%, to \$421.9 million in the three months ended March 31, 2024, compared to \$414.9 million for the three months ended March 31, 2023. This increase was driven by the extractor and robotics sub-categories. This growth was partially offset by the transfer of the Asia Pacific business to JS Global in July 2023.

- Cooking and Beverage Appliances net sales increased by \$73.0 million, or 28.4%, to \$329.6 million in the three months ended March 31, 2024, compared to \$256.7 million for the three months ended March 31, 2023. This increase was driven by growth in Europe, specifically in the United Kingdom, where we strengthened our leading market position. Our global growth was also supported by the success of the outdoor grill and outdoor oven across both the US and European markets.
- Food Preparation Appliances net sales increased by \$87.2 million, or 74.0%, to \$205.0 million in the three months ended March 31, 2024, compared to \$117.8 million for the three months ended March 31, 2023 driven by strong sales of our ice cream makers and compact blenders, specifically our portable blenders.
- Other net sales increased by \$43.7 million, or 66.4%, to \$109.6 million in the three months ended March 31, 2024, compared to \$65.9 million for the three months ended March 31, 2023. This increase was driven by continued strength of haircare products within the beauty category, increased sales in the air purifier sub-category resulting from product innovations, and the successful new product launch of our FlexBreeze fans.

Gross Profit and Gross Margin

(\$ in thousands, except %)	Three Months Ended March 31,			
	2024	2023	\$ Change	% Change
Gross profit	\$ 526,617	\$ 400,543	\$ 126,074	31.5 %
Gross margin	49.4 %	46.8 %		

Our gross profit increased by \$126.1 million, or 31.5%, for the three months ended March 31, 2024, compared to the three months ended March 31, 2023.

Our gross margin increased by 260 basis points for the three months ended March 31, 2024, compared to the three months ended March 31, 2023. The increase in gross margin was primarily attributable to continued supply chain tailwinds and cost optimization efforts.

Operating Expenses

(\$ in thousands, except %)	Three Months Ended March 31,			
	2024	2023	\$ Change	% Change
Research and development	\$ 69,596	\$ 58,725	\$ 10,871	18.5 %
Percentage of net sales	6.5 %	6.9 %		
Selling and marketing	\$ 214,568	\$ 152,120	\$ 62,448	41.1 %
Percentage of net sales	20.1 %	17.8 %		
General and administration	\$ 87,511	\$ 67,068	\$ 20,443	30.5 %
Percentage of net sales	8.2 %	7.8 %		
Total operating expenses	\$ 371,675	\$ 277,913	\$ 93,762	33.7 %
Percentage of net sales	34.8 %	32.5 %		

Research and Development

Research and development expenses increased by \$10.9 million, or 18.5%, for the three months ended March 31, 2024, compared to the three months ended March 31, 2023. This increase was primarily driven by incremental personnel-related expenses of \$8.7 million driven by increased headcount to support new product categories and new market expansion, and includes an increase of \$3.3 million in share-based compensation. The overall increase was also driven by an increase of \$2.7 million in professional services costs and an increase of \$1.9 million in prototypes costs, partially offset by a decrease of \$2.7 million in depreciation and amortization costs.

Sales and Marketing

Sales and marketing expenses increased by \$62.4 million, or 41.1%, for the three months ended March 31, 2024, compared to the three months ended March 31, 2023. This increase was primarily attributable to increases of \$26.4 million in advertising-related expenses; an increase of \$19.0 million in delivery and distribution costs driven by higher volumes, particularly in our DTC business; and \$14.1 million in personnel-related expenses to support new product launches and expansion into new markets, which includes an incremental \$2.5 million of share-based compensation.

General and Administrative

General and administrative expenses increased by \$20.4 million, or 30.5%, for the three months ended March 31, 2024, compared to the three months ended March 31, 2023. This increase was primarily driven by an increase in personnel-related expenses of \$15.9 million, primarily due to a \$12.8 million increase in share-based compensation; an increase of \$8.4 million in legal fees; an increase of \$5.3 million in professional and consulting fees; offset by a decrease in transaction costs related to the separation and distribution from JS Global and secondary offering of \$17.1 million.

Interest Expense, Net

(\$ in thousands, except %)	Three Months Ended March 31,			
	2024	2023	\$ Change	% Change
Interest expense, net	\$ 14,722	\$ 8,489	\$ 6,233	73.4 %
Percentage of net sales	1.4 %	1.0 %		

Interest expense, net increased by \$6.2 million, or 73.4%, for the three months ended March 31, 2024, compared to the three months ended March 31, 2023. This increase was primarily due to a \$8.4 million increase in interest expense on our term loans, which was driven by higher principal and interest on the new debt entered into on July 20, 2023. This increase in interest expense on our terms loans was partially offset by a decrease of \$0.6 million in interest expense on our revolving credit facility as well as an increase in interest income of \$1.4 million driven by higher yields on our cash and cash equivalents.

Other Income (Expense), Net

(\$ in thousands, except %)	Three Months Ended March 31,			
	2024	2023	\$ Change	% Change
Other income (expense), net	\$ 3,248	\$ (2,780)	\$ 6,028	216.8 %
Percentage of net sales	0.3 %	(0.3)%		

Other income (expense), net increased by \$6.0 million, or 216.8%, for the three months ended March 31, 2024, compared to the three months ended March 31, 2023. The increase was primarily attributable to a \$5.0 million gain upon a settlement that was reached with a supplier, as well as decreased losses related to foreign currency compared to the prior year period.

Provision for Income Taxes

(\$ in thousands, except %)	Three Months Ended March 31,			
	2024	2023	\$ Change	% Change
Provision of income taxes	\$ 33,856	\$ 24,265	\$ 9,591	39.5 %
Percentage of income before income taxes	23.6 %	21.8 %		

Provision for income taxes increased by \$9.6 million, or 39.5%, for the three months ended March 31, 2024, compared to the three months ended March 31, 2023. Our effective tax rate ("ETR") was 23.6% and 21.8% of

our income before income taxes for the three months ended March 31, 2024 and 2023, respectively. This increase in the ETR is primarily related to the impacts of limitations on deductible executive compensation.

NON-GAAP FINANCIAL MEASURES

In addition to the measures presented in our condensed consolidated financial statements, we regularly review other financial measures, defined as non-GAAP financial measures by the SEC, to evaluate our business, measure our performance, identify trends, prepare financial forecasts and make strategic decisions.

The key non-GAAP financial measures we consider are Adjusted Net Sales, Adjusted Gross Profit, Adjusted Gross Margin, Adjusted Operating Income, Adjusted Net Income, Adjusted Net Income Per Share, EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin. These non-GAAP financial measures are used by both management and our Board, together with comparable GAAP information, in evaluating our current performance and planning our future business activities. These non-GAAP financial measures provide supplemental information regarding our operating performance on a non-GAAP basis that excludes certain gains, losses and charges of a non-cash nature or which occur relatively infrequently and/or which management considers to be unrelated to our core operations and excludes the financial results from our APAC distribution channels, both of which were transferred to JS Global concurrently with the separation (the “Divestitures”), as well as the cost of sales from (i) inventory markups that will be eliminated as a result of the transition of certain product procurement functions from a subsidiary of JS Global to SharkNinja concurrently with the separation and (ii) costs related to the transitional Sourcing Services Agreement with JS Global that was entered into in connection with the separation (collectively, the “Product Procurement Adjustment”). Management believes that tracking and presenting these non-GAAP financial measures provides management and the investment community with valuable insight into our ongoing core operations, our ability to generate cash and the underlying business trends that are affecting our performance. We believe that these non-GAAP measures, when used in conjunction with our GAAP financial information, also allow investors to better evaluate our financial performance in comparison to other periods and to other companies in our industry and to better understand and interpret the results of the ongoing business following the separation and distribution. These non-GAAP financial measures should not be viewed as a substitute for our financial results calculated in accordance with GAAP and you are cautioned that other companies may define these non-GAAP financial measures differently.

We define Adjusted Net Sales as net sales as adjusted to exclude certain items that we do not consider indicative of our ongoing operating performance following the separation, including net sales from our Divestitures. We believe that Adjusted Net Sales is an appropriate measure of our performance because it eliminates the impact of our Divestitures that do not relate to the ongoing performance of our business.

The following table reconciles Adjusted Net Sales to the most comparable GAAP measure, net sales, for the periods presented:

(\$ in thousands, except %)	Three Months Ended March 31,	
	2024	2023
Net sales	\$ 1,066,228	\$ 855,282
Divested subsidiary adjustment ⁽¹⁾	—	(19,649)
Adjusted Net Sales	\$ 1,066,228	\$ 835,633

(1) Adjusted for net sales from SharkNinja Co., Ltd. (“SNJP”) and the APAC distribution channels for the three months ended March 31, 2024 and 2023, as if such Divestitures occurred on January 1, 2023.

We define Adjusted Gross Profit as gross profit as adjusted to exclude certain items that we do not consider indicative of our ongoing operating performance following the separation, including the net sales and cost of sales from our Divestitures and the cost of sales from the Product Procurement Adjustment. We define Adjusted Gross Margin as Adjusted Gross Profit divided by Adjusted Net Sales. We believe that Adjusted Gross Profit and Adjusted

Gross Margin are appropriate measures of our operating performance because each eliminates the impact our Divestitures and certain other adjustments that do not relate to the ongoing performance of our business.

The following table reconciles Adjusted Gross Profit and Adjusted Gross Margin to the most comparable GAAP measure, gross profit and gross margin, respectively, for the periods presented:

(\$ in thousands, except %)	Three Months Ended March 31,	
	2024	2023
Net sales	\$ 1,066,228	\$ 855,282
Cost of sales	(539,611)	(454,739)
Gross profit	526,617	400,543
Gross margin %	49.4 %	46.8 %
Divested subsidiary net sales adjustment ⁽¹⁾	—	(19,649)
Divested subsidiary cost of sales adjustment ⁽²⁾	—	13,027
Product Procurement Adjustment ⁽³⁾	15,098	12,871
Adjusted Gross Profit	\$ 541,715	\$ 406,792
Adjusted Net Sales	\$ 1,066,228	\$ 835,633
Adjusted Gross Margin	50.8 %	48.7 %

- (1) Adjusted for net sales from SNJP and the APAC distribution channels for the three months ended March 31, 2024 and 2023, as if such Divestitures occurred on January 1, 2023.
- (2) Adjusted for cost of sales from SNJP and the APAC distribution channels for the three months ended March 31, 2024 and 2023, as if such Divestitures occurred on January 1, 2023.
- (3) Represents cost of sales incurred related to the Product Procurement Adjustment. As a result of the separation, we purchase 100% of our inventory from one of our subsidiaries, SharkNinja (Hong Kong) Company Limited (“SNHK”), and no longer purchase inventory from a purchasing office wholly owned by JS Global. Thus, the markup on all inventory purchased subsequent to the separation is completely eliminated in consolidation. As a result of the separation, we pay JS Global a sourcing service fee to provide value-added sourcing services on a transitional basis under a Sourcing Services Agreement.

We define Adjusted Operating Income as operating income excluding (i) share-based compensation, (ii) certain litigation costs, (iii) amortization of certain acquired intangible assets, (iv) certain transaction-related costs and (v) certain items that we do not consider indicative of our ongoing operating performance following the separation, including operating income from our Divestitures and cost of sales from our Product Procurement Adjustment.

The following table reconciles Adjusted Operating Income to the most comparable GAAP measure, operating income, for the periods presented:

(\$ in thousands)	Three Months Ended March 31,	
	2024	2023
Operating income	\$ 154,942	\$ 122,630
Share-based compensation ⁽¹⁾	19,426	848
Litigation costs ⁽²⁾	6,491	174
Amortization of acquired intangible assets ⁽³⁾	4,897	4,897
Transaction-related costs ⁽⁴⁾	1,342	18,468
Product Procurement Adjustment ⁽⁵⁾	15,098	12,871
Divested subsidiary operating income adjustment ⁽⁶⁾	—	(553)
Adjusted Operating Income	<u>\$ 202,196</u>	<u>\$ 159,335</u>

(1) Represents non-cash expense related to restricted stock unit awards issued from the SharkNinja and JS Global equity incentive plans.

(2) Represents litigation costs incurred for certain patent infringement claims and false advertising claims against us.

(3) Represents amortization of acquired intangible assets that we do not consider normal recurring operating expenses, as the intangible assets relate to JS Global's acquisition of our business. We exclude amortization charges for these acquisition-related intangible assets for purposes of calculating Adjusted Operating Income, although revenue is generated, in part, by these intangible assets, to eliminate the impact of these non-cash charges that are significantly impacted by the timing and valuation of JS Global's acquisition of our business, as well as the inherent subjective nature of purchase price allocations.

(4) Represents certain costs incurred related to the separation and distribution from JS Global and the secondary offering transactions.

(5) Represents cost of sales incurred related to the Product Procurement Adjustment. As a result of the separation, we purchase 100% of our inventory from one of our subsidiaries, SNHK, and no longer purchase inventory from a purchasing office wholly owned by JS Global. Thus, the markup on all inventory purchased subsequent to the separation is completely eliminated in consolidation. As a result of the separation, we pay JS Global a sourcing service fee to provide value-added sourcing services on a transitional basis under a Sourcing Services Agreement.

(6) Adjusted for operating income from SNJP and the APAC distribution channels for the three months ended March 31, 2024 and 2023, as if such Divestitures occurred on January 1, 2023.

We define Adjusted Net Income as net income excluding (i) share-based compensation, (ii) certain litigation costs, (iii) foreign currency gains and losses, net, (iv) amortization of certain acquired intangible assets, (v) certain transaction-related costs, (vi) certain items that we do not consider indicative of our ongoing operating performance following the separation, including net income from our Divestitures and cost of sales from our Product Procurement Adjustment and (vii) the tax impact of the adjusted items.

Adjusted Net Income Per Share is defined as Adjusted Net Income divided by the diluted weighted average number of ordinary shares.

The following table reconciles Adjusted Net Income and Adjusted Net Income Per Share to the most comparable GAAP measures, net income and net income per share, diluted, respectively, for the periods presented:

(\$ in thousands, except share and per share amounts)	Three Months Ended March 31,	
	2024	2023
Net income	\$ 109,612	\$ 87,096
Share-based compensation ⁽¹⁾	19,426	848
Litigation costs ⁽²⁾	6,491	174
Foreign currency losses, net ⁽³⁾	2,167	4,149
Amortization of acquired intangible assets ⁽⁴⁾	4,897	4,897
Transaction-related costs ⁽⁵⁾	1,342	18,468
Product Procurement Adjustment ⁽⁶⁾	15,098	12,871
Tax impact of adjusting items ⁽⁷⁾	(10,476)	(9,109)
Divested subsidiary net income adjustment ⁽⁸⁾	—	(395)
Adjusted Net Income	\$ 148,557	\$ 118,999
Net income per share, diluted	\$ 0.78	\$ 0.63
Adjusted Net Income Per Share	\$ 1.06	\$ 0.86
Diluted weighted-average number of shares used in computing net income per share and Adjusted Net Income Per Share ⁽⁹⁾	140,703,025	138,982,872

- (1) Represents non-cash expense related to restricted stock unit awards issued from the SharkNinja and JS Global equity incentive plans.
- (2) Represents litigation costs incurred for certain patent infringement claims and false advertising claims against us.
- (3) Represents foreign currency transaction gains and losses recognized from the remeasurement of transactions that were not denominated in the local functional currency, including gains and losses related to foreign currency derivatives not designated as hedging instruments.
- (4) Represents amortization of acquired intangible assets that we do not consider normal recurring operating expenses, as the intangible assets relate to JS Global's acquisition of our business. We exclude amortization charges for these acquisition-related intangible assets for purposes of calculated Adjusted Net Income, although revenue is generated, in part, by these intangible assets, to eliminate the impact of these non-cash charges that are significantly impacted by the timing and valuation of JS Global's acquisition of our business, as well as the inherent subjective nature of purchase price allocations.
- (5) Represents certain costs incurred related to the separation and distribution from JS Global and the secondary offering transactions.
- (6) Represents cost of sales incurred related to the Product Procurement Adjustment. As a result of the separation, we purchase 100% of our inventory from one of our subsidiaries, SNHK, and no longer purchase inventory from a purchasing office wholly owned by JS Global. Thus, the markup on all inventory purchased subsequent to the separation is completely eliminated in consolidation. As a result of the separation, we pay JS Global a sourcing service fee to provide value-added sourcing services on a transitional basis under a Sourcing Services Agreement.
- (7) Represents the income tax effects of the adjustments included in the reconciliation of net income to Adjusted Net Income determined using the tax rate of 22%, which approximates our effective tax rate, excluding (i) divested subsidiary net income adjustment described in footnote (8), and (ii) certain share-based compensation costs and separation and distribution-related costs that are not tax deductible.

- (8) Adjusted for net income (loss) from SNJP and the APAC distribution channels for the three months ended March 31, 2024 and 2023, as if such Divestitures occurred on January 1, 2023.
- (9) In calculating net income per share and Adjusted Net Income Per Share, we used the number of shares transferred in the separation and distribution for the denominator for all periods prior to completion of the separation and distribution on July 31, 2023.

We define EBITDA as net income excluding: (i) interest expense, net, (ii) provision for income taxes and (iii) depreciation and amortization. We define Adjusted EBITDA as EBITDA excluding (i) share-based compensation cost, (ii) certain litigation costs, (iii) foreign currency gains and losses, net, (iv) certain transaction-related costs and (v) certain items that we do not consider indicative of our ongoing operating performance following the separation, including Adjusted EBITDA from our Divestitures and cost of sales from our Product Procurement Adjustment. We define Adjusted EBITDA Margin as Adjusted EBITDA divided by Adjusted Net Sales. We believe EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin are appropriate measures because they facilitate a comparison of our operating performance on a consistent basis from period to period that, when viewed in combination with our results according to GAAP, we believe provide a more complete understanding of the factors and trends affecting our business than GAAP measures alone.

The following table reconciles EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin to the most comparable GAAP measure, net income, for the periods presented:

(\$ in thousands, except %)	Three Months Ended March 31,	
	2024	2023
Net income	\$ 109,612	\$ 87,096
Interest expense, net	14,722	8,489
Provision for income taxes	33,856	24,265
Depreciation and amortization	27,817	22,754
EBITDA	186,007	142,604
Share-based compensation ⁽¹⁾	19,426	848
Litigation costs ⁽²⁾	6,491	174
Foreign currency losses, net ⁽³⁾	2,167	4,149
Transaction-related costs ⁽⁴⁾	1,342	18,468
Product Procurement Adjustment ⁽⁵⁾	15,098	12,871
Divested subsidiary Adjusted EBITDA adjustment ⁽⁶⁾	—	(1,098)
Adjusted EBITDA	\$ 230,531	\$ 178,016
Adjusted Net Sales	\$ 1,066,228	\$ 835,633
Adjusted EBITDA Margin	21.6 %	21.3 %

(1) Represents non-cash expense related to restricted stock unit awards issued from the SharkNinja and JS Global equity incentive plans.

(2) Represents litigation costs incurred for certain patent infringement claims and false advertising claims against us.

(3) Represents foreign currency transaction gains and losses recognized from the remeasurement of transactions that were not denominated in the local functional currency, including gains and losses related to foreign currency derivatives not designated as hedging instruments.

(4) Represents certain costs incurred related to the separation and distribution from JS Global and the secondary offering transactions.

- (5) Represents cost of sales incurred related to the Product Procurement Adjustment. As a result of the separation, we purchase 100% of our inventory from one of our subsidiaries, SNHK, and no longer purchase inventory from a purchasing office wholly owned by JS Global. Thus, the markup on all inventory purchased subsequent to the separation is completely eliminated in consolidation. As a result of the separation, we pay JS Global a sourcing service fee to provide value-added sourcing services on a transitional basis under a Sourcing Services Agreement.
- (6) Adjusted for Adjusted EBITDA from SNJP and the APAC distribution channels for the three months ended March 31, 2024 and 2023, as if such Divestitures occurred on January 1, 2023. The divested subsidiary Adjusted EBITDA adjustment represents net (loss) income from our Divestitures excluding interest expense, income tax expense, depreciation and amortization expense and foreign currency gains and losses recorded at the subsidiary level.

Liquidity and Capital Resources

Our principal sources of liquidity are our cash and cash equivalents, cash generated from operations and our revolving credit facility ("2023 Revolving Facility"). Our principal uses of cash in recent periods have been investing in international expansion, new product development, capital expenditures, and repayment of debt. As of March 31, 2024, our principal sources of liquidity were cash and cash equivalents of \$131.9 million and our available balance of \$490.2 million under our 2023 Revolving Facility. Our cash and cash equivalents consist primarily of cash on deposits with banks.

We believe that our existing cash and cash equivalents together with cash provided by operations and the availability under our 2023 Revolving Facility will be sufficient to meet our needs for at least the next 12 months. We plan to use our current cash on hand, cash generated by operations and our 2023 Revolving Facility to support our core business operations and strategic plan to accelerate our go-to-market strategy, invest in new product development and enhance our global distribution. We may be required to seek additional equity or debt financing to fund our activities. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, the results of operations and financial conditions of the business would be materially and adversely affected.

We have lease obligations and other contractual obligations and commitments as part of our ordinary course of business. We did not have during the periods presented and we do not currently have, any off-balance sheet arrangements involving commitments or obligations, including contingent obligations, arising from arrangements with unconsolidated entities or persons that have or are reasonably likely to have a material current or future effect on our business, financial condition, results of operations, liquidity, cash requirements or capital resources.

Indebtedness

In July 2023, we entered into a credit agreement ("2023 Credit Agreement") with Bank of America, N.A., as administrative agent, and certain banks and financial institutions party thereto as lenders and issuing banks. The 2023 Credit Agreement provides for an \$810.0 million term loan facility (the "2023 Term Loans") and a \$500.0 million 2023 Revolving Facility. The 2023 Term Loans and 2023 Revolving Facility mature in July 2028, and both facilities bear interest at the Secured Overnight Financing Rate ("SOFR") plus 1.750%. We may request increases to the 2023 Term Loans or 2023 Revolving Facility in a maximum aggregate amount not to exceed the greater of \$520.0 million or 100% of adjusted earnings before interest, taxes, depreciation, and amortization, as defined in the 2023 Credit Agreement, for the most recently completed fiscal year. As of March 31, 2024, we had \$799.9 million debt outstanding under the 2023 Credit Agreement.

No amounts were outstanding as of December 31, 2023 and there were no draw downs on the 2023 Revolving Facility during the three months ended March 31, 2024. As of March 31, 2024, \$9.8 million of letters of credit were outstanding, resulting in an available balance of \$490.2 million under the 2023 Revolving Facility.

The Company is required to meet certain financial covenants customary with this type of agreement, including, but not limited to, maintaining a maximum ratio of indebtedness and a minimum specified interest coverage ratio. As of March 31, 2024, the Company was in compliance with the covenants under the 2023 Credit Agreement.

Cash Flows

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

(\$ in thousands)	Three Months Ended March 31,	
	2024	2023
Net cash provided by operating activities	\$ 43,882	\$ 89,762
Net cash used in investing activities	(26,886)	(7,799)
Net cash used in financing activities	(37,920)	(98,631)

Operating Activities

Net cash provided by operating activities for the three months ended March 31, 2024 of \$43.9 million was primarily related to our net income of \$109.6 million, adjusted for non-cash charges of \$45.3 million and net cash outflows of \$111.0 million from changes in our operating assets and liabilities. Non-cash charges primarily consisted of depreciation and amortization of \$27.8 million, share-based compensation of \$19.5 million, non-cash lease expenses of \$4.5 million, provision for credit losses of \$3.0 million and other non-cash adjustments of \$0.5 million, offset by deferred income tax of \$10.0 million. The main drivers of the net cash outflows derived from the changes in operating assets and liabilities were related to a decrease in accrued expenses and other liabilities of \$207.2 million, an increase in inventories of \$52.4 million, a decrease in accounts payable of \$48.2 million, an increase in prepaid expenses and other assets of \$25.2 million and a decrease in operating lease liabilities of \$0.8 million, partially offset by a decrease in accounts receivable of \$198.7 million and an increase in tax payable of \$24.1 million.

Net cash provided by operating activities for the three months ended March 31, 2023, of \$89.8 million was primarily related to our net income of \$87.1 million, adjusted for non-cash charges of \$23.3 million and net cash outflows of \$20.6 million from changes in our operating assets and liabilities. Non-cash charges primarily consisted of depreciation and amortization of \$22.8 million, non-cash lease expenses of \$3.9 million, share-based compensation of \$0.8 million, provision for credit losses of \$0.7 million and other non-cash adjustments of \$0.2 million, offset by deferred income tax of \$5.1 million. The main drivers of the net cash outflows derived from the changes in operating assets and liabilities were related to a decrease in accrued expenses and other liabilities of \$75.2 million, a decrease in accounts payable of \$54.0 million, an increase in accounts receivable of \$8.8 million and a decrease in operating lease liabilities of \$4.5 million, partially offset by a decrease in prepaid expenses and other assets of \$74.5 million, a decrease in inventories of \$40.6 million and an increase in tax payable of \$6.8 million.

Investing Activities

Investing activities consist primarily of purchases of property and equipment and intangible assets.

Cash used in investing activities for the three months ended March 31, 2024 of \$26.9 million consisted of purchases of property and equipment of \$23.6 million, purchases of intangible assets of \$2.8 million and capitalized software development costs of \$0.5 million.

Cash used in investing activities for the three months ended March 31, 2023 of \$7.8 million consisted of purchases of property and equipment of \$21.7 million, purchases of intangible assets for \$2.3 million, capitalized

software development costs of \$0.3 million, and other investing activities, net of \$0.3 million, which was partially offset by cash receipts on deferred payments in sold receivables of \$16.8 million.

Financing Activities

Financing activities consist primarily of debt repayments and the taxes paid for shares withheld upon vesting of restricted stock units.

Cash used in financing activities for the three months ended March 31, 2024 of \$37.9 million consisted of repayment of debt on the 2023 Term Loans of \$5.0 million and net ordinary shares withheld for taxes of \$32.9 million.

Cash used in financing activities for the three months ended March 31, 2023 of \$98.6 million consisted of distributions paid to JS Global of \$60.3 million, repayment of debt of \$37.5 million and a recharge from JS Global for share-based compensation of \$0.8 million.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is principally the result of fluctuations in interest rates and foreign currency exchange rates.

Interest Rate Risk

Our exposure to interest rate risk relates to the interest income generated by cash and cash equivalents and interest expense on our debt. Our interest rate sensitivity is affected by changes in the general level of U.S. interest rates, particularly because our cash equivalents are in the form of checking accounts, government money market funds and money market deposit accounts in the United States. Interest income is sensitive to changes in the general level of interest rates. However, due to the short-term maturities of our cash equivalents, we believe a hypothetical 100 basis point increase or decrease in interest rates during any of the periods presented would not have had a material impact on our consolidated financial statements.

During the three months ended March 31, 2024 and 2023, average debt borrowings, excluding the impact of debt issuance costs, totaled \$804.8 million and \$431.3 million, respectively, with interest rates tied to LIBOR through July 20, 2023, and to SOFR thereafter. A hypothetical 100 basis point fluctuation to interest rates would have increased or decreased interest expense by \$8.0 million and \$4.3 million for the three months ended March 31, 2024 and 2023, respectively.

Foreign Currency Exchange Risk

Our international net sales, cost of sales and expenses are denominated in multiple currencies, including British Pounds, Canadian Dollars, Chinese Renminbi, and Euros. As such, we have exposure to adverse changes in exchange rates associated with the net sales and operating expenses of our foreign operations. Any fluctuations in other currencies will have minimal direct impact on our international net sales.

The functional currency of our non-U.S. subsidiaries is generally the respective local currency, although there are some subsidiaries whose functional currency is not their respective local currency. Asset and liability balances denominated in non-U.S. Dollar currencies are translated into U.S. Dollars using period-end exchange rates, while translation of net sales and expenses is based on average monthly rates. Translation adjustments are recorded as a component of accumulated other comprehensive income and transaction gains and losses are recorded in other income (expense), net in our condensed consolidated statements of income.

Our primary foreign currency exchange risk relates to the purchase of inventory from manufacturers located in China. Although our inventory purchases are denominated in U.S. Dollars, as the foreign exchange rate

between the Chinese Yuan (“CNY”) and the U.S. Dollars fluctuates, the amount paid to suppliers for our inventory will generally fluctuate accordingly based on our contractual terms. Our subsidiaries in Europe conduct business in their local currencies but are exposed to fluctuations between their functional currency and the U.S. Dollar, in particular due to their inventory purchases being denominated in U.S. Dollars. We regularly monitor the forecast of non-U.S. Dollar expense and the level of non-U.S. Dollar monetary asset and liability balances to determine if any actions, including possibly entering into foreign currency contracts, should be taken to minimize the impact of fluctuating exchange rates on our results of operations.

We currently utilize foreign currency forward contracts, with financial institutions to protect against a portion of foreign exchange risks, mainly the exposure to changes in the exchange rate of the GBP against the U.S. Dollar that are associated with future cash flows denominated in GBP. These contracts do not subject us to material balance sheet risk due to exchange rate movements because gains and losses on these derivatives are intended to offset gains and losses on the related GBP denominated cash flows. The fair value of outstanding derivative instruments and associated disclosure are presented within “Note 2 - Summary of Significant Accounting Policies” and “Note 4 - Fair Value Measurements” to our condensed consolidated financial statements included in our Form 6-K. We may in the future enter into other derivative financial instruments if it is determined that such hedging activities are appropriate to further reduce our foreign currency exchange risk.

The estimated translation impact to our condensed consolidated financial statements of a hypothetical 10% change in foreign currency exchange rates would amount to \$6.2 million and \$4.0 million for the three months ended March 31, 2024 and 2023, respectively. During the three months ended March 31, 2024 and 2023, approximately 29.4%, and 27.6%, respectively, of our net sales and approximately 30.0%, and 26.7%, respectively, of our expenses were denominated in non-U.S. Dollar currencies.

Critical Accounting Policies and Estimates

There have been no material changes to our critical policies and accounting estimates as compared to those disclosed in the Form 20-F filed on March 1, 2024.

SharkNinja Reports First Quarter 2024 Results

Raises Fiscal Year 2024 Outlook on Key Metrics

NEEDHAM, Massachusetts., May 9, 2024 – SharkNinja, Inc. (“SharkNinja” or the “Company”) (NYSE: SN), a global product design and technology company, today announced its financial results for the first quarter ended March 31, 2024.

Highlights for the First Quarter 2024 as compared to the First Quarter 2023

- Net sales increased 24.7% to \$1,066.2 million and Adjusted Net Sales increased 27.6% to \$1,066.2 million.
- Gross margin and Adjusted Gross Margin increased 260 and 210 basis points, respectively.
- Net income increased 25.9% to \$109.6 million. Adjusted Net Income increased 24.8% to \$148.6 million
- Adjusted EBITDA increased 29.5% to \$230.5 million, or 21.6% of Adjusted Net Sales.

“SharkNinja is off to a strong start in 2024 with outstanding business performance and balanced growth in the first quarter, while driving continued momentum into the second quarter. We are gaining share in our existing product categories and geographies, we have a robust pipeline of innovative products in new categories, and we see significant opportunity to grow in international markets. Based on the strength of our performance so far, we are raising our full year outlook. Looking forward, we are confident in the power of our three-pillar growth strategy to deliver sustainable, profitable long-term growth and shareholder value,” said Mark Barrocas, Chief Executive Officer.

Three Months Ended March 31, 2024

Net sales increased 24.7% to \$1,066.2 million, compared to \$855.3 million during the same period last year. Adjusted Net Sales increased 27.6% to \$1,066.2 million, compared to \$835.6 million during the same period last year, or 26.1% on a constant currency basis. The increase in net sales and Adjusted Net Sales resulted from growth in each of our four major product categories of Food Preparation Appliances, Cooking and Beverage Appliances, Cleaning Appliances and Other, which includes beauty and home environment..

- Cleaning Appliances net sales increased by \$7.1 million, or 1.7%, to \$421.9 million, compared to \$414.9 million in the prior year quarter. Adjusted Net Sales of Cleaning Appliances increased by \$23.4 million, or 5.9%, from \$398.5 million to \$421.9 million, driven by the extractor and robotics sub-categories.
 - Cooking and Beverage Appliances net sales increased by \$73.0 million, or 28.4%, to \$329.6 million, compared to \$256.7 million in the prior year quarter. Adjusted Net Sales of Cooking and Beverage Appliances increased by \$74.4 million, or 29.2%, from \$255.2 million to \$329.6 million, driven by growth in Europe, specifically in the United Kingdom, where we strengthened our leading market position. Our global growth was also supported by the success of the outdoor grill and outdoor oven across both the US and European markets.
 - Food Preparation Appliances net sales increased by \$87.2 million, or 74.0%, to \$205.0 million, compared to \$117.8 million in the prior year quarter. Adjusted Net Sales of Food Preparation Appliances increased by \$89.0 million, or 76.7%, from \$116.1 million to \$205.0 million, driven by strong sales of our ice cream makers and compact blenders, specifically our portable blenders.
 - Net sales and Adjusted Net Sales in the Other category increased by \$43.7 million, or 66.4%, to \$109.6 million, compared to \$65.9 million in the prior year quarter, primarily driven by continued strength of haircare products within the beauty category, increased sales in the air purifier sub-category resulting from product innovations, and the successful new product launch of our FlexBreeze fans.
-

Gross profit increased 31.5% to \$526.6 million, or 49.4% of net sales, compared to \$400.5 million, or 46.8% of net sales, in the first quarter of 2023. Adjusted Gross Profit increased 33.2% to \$541.7 million, or 50.8% of Adjusted Net Sales, compared to \$406.8 million, or 48.7% of Adjusted Net Sales in the first quarter of 2023. The increase in gross margin and Adjusted Gross Margin of 260 and 210 basis points, respectively, was primarily driven by continued supply chain tailwinds and cost optimization efforts.

Research and development expenses increased 18.5% to \$69.6 million, or 6.5% of net sales, compared to \$58.7 million, or 6.9% of net sales, in the prior year quarter. This increase was primarily driven by incremental personnel-related expenses of \$8.7 million driven by increased headcount to support new product categories and new market expansion, and includes an increase of \$3.3 million in share-based compensation.

Sales and marketing expenses increased 41.1% to \$214.6 million, or 20.1% of net sales, compared to \$152.1 million, or 17.8% of net sales, in the first quarter of 2023. This increase was primarily attributable to increases of \$26.4 million in advertising-related expenses; an increase of \$19.0 million in delivery and distribution costs driven by higher volumes, particularly in our DTC business; and \$14.1 million in personnel-related expenses to support new product launches and expansion into new markets, which includes an incremental \$2.5 million of share-based compensation.

General and administrative expenses increased 30.5% to \$87.5 million, or 8.2% of net sales, compared to \$67.1 million, or 7.8% of net sales, in the prior year quarter. This increase was primarily driven by an increase in personnel-related expenses of \$15.9 million, primarily due to a \$12.8 million increase in share-based compensation; an increase of \$8.4 million in legal fees; an increase of \$5.3 million in professional and consulting fees; offset by a decrease in transaction costs related to the separation and distribution from JS Global and secondary offering of \$17.1 million.

Operating income increased 26.3% to \$154.9 million, or 14.5% of net sales, compared to \$122.6 million, or 14.3% of net sales, during the prior year quarter. Adjusted Operating Income increased 26.9% to \$202.2 million, or 19.0% of Adjusted Net Sales, compared to \$159.3 million, or 19.1% of Adjusted Net Sales, in the first quarter of 2023.

Net income increased 25.9% to \$109.6 million, or 10.3% of net sales, compared to \$87.1 million, or 10.2% of net sales, in the prior year quarter. Net income per diluted share increased 23.8% to \$0.78, compared to \$0.63 in the prior year quarter.

Adjusted Net Income increased 24.8% to \$148.6 million, or 13.9% of Adjusted Net Sales, compared to \$119.0 million, or 14.2% of Adjusted Net Sales, in the prior year quarter. Adjusted Net Income per diluted share increased 23.3% to \$1.06, compared to \$0.86 in the prior year quarter.

Adjusted EBITDA increased 29.5% to \$230.5 million, or 21.6% of Adjusted Net Sales, compared to \$178.0 million, or 21.3% of Adjusted Net Sales in the prior year quarter.

Balance Sheet and Cash Flow Highlights

Cash and cash equivalents decreased to \$131.9 million, compared to \$154.1 million as of December 31, 2023.

Inventories increased 7.2% to \$750.0 million, compared to \$699.7 million as of December 31, 2023.

Total debt, excluding unamortized deferred financing costs, was \$799.9 million, compared to \$804.9 million as of December 31, 2023. The existing credit facility provides for a \$810.0 million term loan and a \$500.0 million revolving credit facility.

Fiscal 2024 Outlook

For fiscal year 2024, SharkNinja expects:

- Net sales to increase 10.0% to 12.0% and Adjusted Net Sales to increase between 12.0% and 14.0% compared to the prior year.
- Adjusted Net Income per diluted share between \$3.66 and \$3.82, reflecting a 14% to 19% increase compared to the prior year.
- Adjusted EBITDA between \$840 million and \$870 million, reflecting a 17% to 21% increase compared to the prior year.
- A GAAP effective tax rate of approximately 24% to 25%.
- Diluted weighted average shares outstanding of approximately 141 million.
- Capital expenditures of \$160 million to \$180 million primarily to support investments in new product launches, technology, and incremental investments in tooling to support the diversification of our sourcing outside of China.

Conference Call Details

A conference call to discuss the first quarter 2024 financial results is scheduled for today, May 9, 2024, at 8:30 a.m. Eastern Time. A live audio webcast of the conference call will be available online at <http://ir.sharkninja.com>. Investors and analysts interested in participating in the live call are invited to dial 1-646-307-1963 or 1-800-715-9871 and enter confirmation code 6097407. The webcast will be archived and available for replay.

About SharkNinja, Inc.

SharkNinja, Inc. (NYSE: SN) is a global product design and technology company, with a diversified portfolio of 5-star rated lifestyle solutions that positively impact people's lives in homes around the world. Powered by two trusted, global brands, Shark and Ninja, the company has a proven track record of bringing disruptive innovation to market, and developing one consumer product after another has allowed SharkNinja to enter multiple product categories, driving significant growth and market share gains. Headquartered in Needham, Massachusetts with more than 3,000 associates, the company's products are sold at key retailers, online and offline, and through distributors around the world. For more information, please visit SharkNinja.com and follow @SharkNinja.

Forward-looking statements

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect our current views with respect to, among other things, future events and our future business, financial condition, results of operations and prospects and Fiscal 2024 outlook. These statements are often, but not always, made through the use of words or phrases such as "may," "should," "could," "predict," "potential," "believe," "will likely result," "expect," "continue," "will," "anticipate," "seek," "estimate," "intend," "plan," "projection," "would" and "outlook," or the negative version of those words or phrases or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not statements of historical fact, and are based on current expectations, estimates and projections about our industry as well as certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. These forward-looking statements are subject to a number of known and unknown risks, uncertainties and assumptions, which you should consider and read carefully, including but not limited to:

- our ability to maintain and strengthen our brands to generate and maintain ongoing demand for our products;
 - our ability to commercialize a continuing stream of new products and line extensions that create demand;
 - our ability to effectively manage our future growth;
 - general economic conditions and the level of discretionary consumer spending;
-

- our ability to expand into additional consumer markets;
- our ability to maintain product quality and product performance at an acceptable cost;
- our ability to compete with existing and new competitors in our markets;
- problems with, or loss of, our supply chain or suppliers, or an inability to obtain raw materials;
- the risks associated with doing business globally;
- inflation, changes in the cost or availability of raw materials, energy, transportation and other necessary supplies and services;
- our ability to hire, integrate and retain highly skilled personnel;
- our ability to maintain, protect and enhance our intellectual property;
- our ability to securely maintain consumer and other third-party data;
- our ability to comply with ongoing regulatory requirements;
- the increased expenses associated with being a public company;
- our status as a “controlled company” within the meaning of the rules of NYSE;
- our ability to achieve some or all of the anticipated benefits of the separation; and
- the payment of any declared dividends.

This list of factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this press release. We operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for us 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 press release, and our future levels of activity and performance, may not occur and actual results could differ materially and adversely from those described or implied in the forward-looking statements. As a result, you should not regard any of these forward-looking statements as a representation or warranty by us or any other person or place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law. In addition, statements that contain “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this press release. While we believe that this information provides a reasonable basis for these statements, this information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements. We qualify all of our forward-looking statements by the cautionary statements contained in this press release.

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SHARKNINJA, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)
(unaudited)

	As of	
	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 131,894	\$ 154,061
Accounts receivable, net	780,557	985,172
Inventories	750,032	699,740
Prepaid expenses and other current assets	61,350	58,311
Total current assets	1,723,833	1,897,284
Property and equipment, net	168,418	166,252
Operating lease right-of-use assets	137,524	63,333
Intangible assets, net	474,495	477,816
Goodwill	834,049	834,203
Deferred tax assets, noncurrent	7	12
Other assets, noncurrent	71,377	48,170
Total assets	<u>\$ 3,409,703</u>	<u>\$ 3,487,070</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 409,371	\$ 459,651
Accrued expenses and other current liabilities	412,141	620,333
Tax payable	45,088	20,991
Current portion of long-term debt	29,219	24,157
Total current liabilities	895,819	1,125,132
Long-term debt	765,647	775,483
Operating lease liabilities, noncurrent	139,994	63,043
Deferred tax liabilities, noncurrent	6,391	16,500
Other liabilities, noncurrent	28,282	28,019
Total liabilities	1,836,133	2,008,177
Shareholders' equity:		
Ordinary shares, \$0.0001 par value per share, 1,000,000,000 shares authorized; 139,818,810 and 139,083,369 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	14	14
Additional paid-in capital	996,159	1,009,590
Retained earnings	579,931	470,319
Accumulated other comprehensive loss	(2,534)	(1,030)
Total shareholders' equity	1,573,570	1,478,893
Total liabilities and shareholders' equity	<u>\$ 3,409,703</u>	<u>\$ 3,487,070</u>

SHARKNINJA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended March 31,	
	2024	2023
Net sales ⁽¹⁾	\$ 1,066,228	\$ 855,282
Cost of sales	539,611	454,739
Gross profit	526,617	400,543
Operating expenses:		
Research and development	69,596	58,725
Sales and marketing	214,568	152,120
General and administrative	87,511	67,068
Total operating expenses	371,675	277,913
Operating income	154,942	122,630
Interest expense, net	(14,722)	(8,489)
Other income (expense), net	3,248	(2,780)
Income before income taxes	143,468	111,361
Provision for income taxes	33,856	24,265
Net income	\$ 109,612	\$ 87,096
Net income per share, basic	\$ 0.79	\$ 0.63
Net income per share, diluted	\$ 0.78	\$ 0.63
Weighted-average number of shares used in computing net income per share, basic	139,448,556	138,982,872
Weighted-average number of shares used in computing net income per share, diluted	140,703,025	138,982,872

(1) Net sales in our product categories were as follows:

(\$ in thousands)	Three Months Ended March 31,	
	2024	2023
Cleaning Appliances	\$ 421,920	\$ 414,869
Cooking and Beverage Appliances	329,642	256,682
Food Preparation Appliances	205,036	117,849
Other	109,630	65,882
Total net sales	\$ 1,066,228	\$ 855,282

SHARKNINJA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 109,612	\$ 87,096
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	27,817	22,754
Share-based compensation	19,426	848
Provision for credit losses	3,004	744
Non-cash lease expense	4,524	3,881
Deferred income taxes, net	(10,014)	(5,115)
Other	508	202
Changes in operating assets and liabilities:		
Accounts receivable	198,729	(8,813)
Inventories	(52,356)	40,644
Prepaid expenses and other assets	(25,233)	74,452
Accounts payable	(48,242)	(54,003)
Tax payable	24,097	6,764
Operating lease liabilities	(797)	(4,480)
Accrued expenses and other liabilities	(207,193)	(75,212)
Net cash provided by operating activities	43,882	89,762
Cash flows from investing activities:		
Purchase of property and equipment	(23,572)	(21,655)
Purchase of intangible asset	(2,835)	(2,288)
Capitalized internal-use software development	(479)	(333)
Cash receipts on beneficial interest in sold receivables	—	16,777
Other investing activities, net	—	(300)
Net cash used in investing activities	(26,886)	(7,799)
Cash flows from financing activities:		
Repayment of debt	(5,063)	(37,500)
Distribution paid to Former Parent	—	(60,283)
Recharge from Former Parent for share-based compensation	—	(848)
Net ordinary shares withheld for taxes upon issuance of restricted stock units	(32,857)	—
Net cash used in financing activities	(37,920)	(98,631)
Effect of exchange rates changes on cash	(1,243)	5,349
Net decrease in cash, cash equivalents, and restricted cash	(22,167)	(11,319)
Cash, cash equivalents, and restricted cash at beginning of period	154,061	218,770
Cash, cash equivalents, and restricted cash at end of period	\$ 131,894	\$ 207,451

Non-GAAP Financial Measures

In addition to the measures presented in our consolidated financial statements, we regularly review other financial measures, defined as non-GAAP financial measures by the SEC, to evaluate our business, measure our performance, identify trends, prepare financial forecasts, and make strategic decisions.

The key non-GAAP financial measures we consider are Adjusted Net Sales, Adjusted Gross Profit, Adjusted Gross Margin, Adjusted Operating Income, Adjusted Net Income, Adjusted Net Income Per Share, EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted Net Sales growth on a constant currency basis. These non-GAAP financial measures are used by both management and our Board, together with comparable GAAP information, in evaluating our current performance and planning our future business activities. These non-GAAP financial measures provide supplemental information regarding our operating performance on a non-GAAP basis that excludes certain gains, losses and charges of a non-cash nature or which occur relatively infrequently and/or which management considers to be unrelated to our core operations and excludes the financial results from our former Japanese subsidiary, SharkNinja Co., Ltd. ("SNJP"), and our Asia Pacific Region and Greater China ("APAC") distribution channels, both of which were transferred to JS Global Lifestyle Company Limited ("JS Global") concurrently with the separation (the "Divestitures"), as well as the cost of sales from (i) inventory markups that were eliminated as a result of the transition of certain product procurement functions from a subsidiary of JS Global to SharkNinja concurrently with the separation and (ii) costs related to the transitional Sourcing Services Agreement with JS Global that was entered into in connection with the separation (collectively, the "Product Procurement Adjustment"). Management believes that tracking and presenting these non-GAAP financial measures provides management and the investment community with valuable insight into our ongoing core operations, our ability to generate cash and the underlying business trends that are affecting our performance. We believe that these non-GAAP measures, when used in conjunction with our GAAP financial information, also allow investors to better evaluate our financial performance in comparison to other periods and to other companies in our industry and to better understand and interpret the results of the ongoing business following the separation and distribution. These non-GAAP financial measures should not be viewed as a substitute for our financial results calculated in accordance with GAAP and you are cautioned that other companies may define these non-GAAP financial measures differently.

SharkNinja does not provide a reconciliation of forward-looking Adjusted Net Income and Adjusted EBITDA to GAAP net income because such reconciliations are not available without unreasonable efforts. The is due to the inherent difficulty in forecasting with reasonable certainty certain amounts that are necessary for such reconciliations, including, in particular, the realized and unrealized foreign currency gains or losses reported within other expense. For the same reasons, we are unable to forecast with reasonable certainty all deductions and additions needed in order to provide forward-looking GAAP net income at this time. The amount of these deductions and additions may be material, and, therefore, could result in forward-looking GAAP net income being materially different or less than forward-looking Adjusted Net Income and Adjusted EBITDA. See "Forward-looking statements" above.

We define Adjusted Net Sales as net sales as adjusted to exclude certain items that we do not consider indicative of our ongoing operating performance following the separation, including net sales from our Divestitures. We believe that Adjusted Net Sales is an appropriate measure of our performance because it eliminates the impact of our Divestitures that do not relate to the ongoing performance of our business.

The following table reconciles Adjusted Net Sales to the most comparable GAAP measure, net sales, for the periods presented:

(\$ in thousands, except %)	Three Months Ended March 31,	
	2024	2023
Net sales	\$ 1,066,228	\$ 855,282
Divested subsidiary net sales adjustment ⁽¹⁾	—	(19,649)
Adjusted Net Sales ⁽²⁾	\$ 1,066,228	\$ 835,633

(1) Adjusted for net sales from SNJP and the APAC distribution channels for the three months ended March 31, 2024 and 2023, as if such Divestitures occurred on January 1, 2023.

(2) The following tables reconcile Adjusted Net Sales to net sales per product category, for the periods presented:

(\$ in thousands, except %)	Three Months Ended March 31, 2024			Three Months Ended March 31, 2023		
	Net sales	Divested subsidiary adjustment	Adjusted Net Sales	Net sales	Divested subsidiary adjustment	Adjusted Net Sales
Cleaning appliances	\$ 421,920	\$ —	\$ 421,920	\$ 414,869	\$ (16,377)	\$ 398,492
Cooking appliances	329,642	—	329,642	256,682	(1,485)	255,197
Food Preparation Appliances	205,036	—	205,036	117,849	(1,787)	116,062
Other	109,630	—	109,630	65,882	—	65,882
Total net sales	\$ 1,066,228	\$ —	\$ 1,066,228	\$ 855,282	\$ (19,649)	\$ 835,633

We define Adjusted Gross Profit as gross profit as adjusted to exclude certain items that we do not consider indicative of our ongoing operating performance following the separation, including the net sales and cost of sales from our Divestitures and the cost of sales from the Product Procurement Adjustment. We define Adjusted Gross Margin as Adjusted Gross Profit divided by Adjusted Net Sales. We believe that Adjusted Gross Profit and Adjusted Gross Margin are appropriate measures of our operating performance because each eliminates the impact our Divestitures and certain other adjustments that do not relate to the ongoing performance of our business.

The following table reconciles Adjusted Gross Profit and Adjusted Gross Margin to the most comparable GAAP measure, gross profit and gross margin, respectively, for the periods presented:

(\$ in thousands, except %)	Three Months Ended March 31,	
	2024	2023
Net sales	\$ 1,066,228	\$ 855,282
Cost of sales	(539,611)	(454,739)
Gross profit	526,617	400,543
Gross margin %	49.4%	46.8%
Divested subsidiary net sales adjustment ⁽¹⁾	—	(19,649)
Divested subsidiary cost of sales adjustment ⁽²⁾	—	13,027
Product Procurement Adjustment ⁽³⁾	15,098	12,871
Adjusted Gross Profit	\$ 541,715	\$ 406,792
Adjusted Net Sales	\$ 1,066,228	\$ 835,633
Adjusted Gross Margin	50.8%	48.7%

- (1) Adjusted for net sales from SNJP and the APAC distribution channels for the three months ended March 31, 2024 and 2023, as if such Divestitures occurred on January 1, 2023.
- (2) Adjusted for cost of sales from SNJP and the APAC distribution channels for the three months ended March 31, 2024 and 2023, as if such Divestitures occurred on January 1, 2023.
- (3) Represents cost of sales incurred related to the Product Procurement Adjustment. As a result of the separation, we purchase 100% of our inventory from one of our subsidiaries, SharkNinja (Hong Kong) Company Limited (“SNHK”), and no longer purchase inventory from a purchasing office wholly owned by JS Global. Thus, the markup on all inventory purchased subsequent to the separation is completely eliminated in consolidation. As a result of the separation, we pay JS Global a sourcing service fee to provide value-added sourcing services on a transitional basis under a Sourcing Services Agreement.

We define Adjusted Operating Income as operating income excluding (i) share-based compensation, (ii) certain litigation costs, (iii) amortization of certain acquired intangible assets, (iv) certain transaction-related costs and (v) certain items that we do not consider indicative of our ongoing operating performance following the separation, including operating income from our Divestitures and cost of sales from our Product Procurement Adjustment.

The following table reconciles Adjusted Operating Income to the most comparable GAAP measure, operating income, for the periods presented:

(\$ in thousands)	Three Months Ended March 31,	
	2024	2023
Operating income	\$ 154,942	\$ 122,630
Share-based compensation ⁽¹⁾	19,426	848
Litigation costs ⁽²⁾	6,491	174
Amortization of acquired intangible assets ⁽³⁾	4,897	4,897
Transaction-related costs ⁽⁴⁾	1,342	18,468
Product Procurement Adjustment ⁽⁵⁾	15,098	12,871
Divested subsidiary operating income adjustment ⁽⁶⁾	—	(553)
Adjusted Operating Income	<u>\$ 202,196</u>	<u>\$ 159,335</u>

- (1) Represents non-cash expense related to restricted stock unit awards issued from the SharkNinja and JS Global equity incentive plans.
- (2) Represents litigation costs incurred for certain patent infringement claims and false advertising claims against us.
- (3) Represents amortization of acquired intangible assets that we do not consider normal recurring operating expenses, as the intangible assets relate to JS Global’s acquisition of our business. We exclude amortization charges for these acquisition-related intangible assets for purposes of calculating Adjusted Operating Income, although revenue is generated, in part, by these intangible assets, to eliminate the impact of these non-cash charges that are significantly impacted by the timing and valuation of JS Global’s acquisition of our business, as well as the inherent subjective nature of purchase price allocations.
- (4) Represents certain costs incurred related to the separation and distribution from JS Global and the secondary offering transactions.
- (5) Represents cost of sales incurred related to the Product Procurement Adjustment. As a result of the separation, we purchase 100% of our inventory from one of our subsidiaries, SNHK, and no longer purchase inventory from a purchasing office wholly owned by JS Global. Thus, the markup on all inventory purchased subsequent to the separation is completely eliminated in consolidation. As a result of the separation, we pay JS Global a

sourcing service fee to provide value-added sourcing services on a transitional basis under a Sourcing Services Agreement.

- (6) Adjusted for operating income from SNJP and the APAC distribution channels for the three months ended March 31, 2024 and 2023, as if such Divestitures occurred on January 1, 2023.

We define Adjusted Net Income as net income excluding (i) share-based compensation, (ii) certain litigation costs, (iii) foreign currency gains and losses, net, (iv) amortization of certain acquired intangible assets, (v) certain transaction-related costs, (vi) certain items that we do not consider indicative of our ongoing operating performance following the separation, including net income from our Divestitures and cost of sales from our Product Procurement Adjustment and (vii) the tax impact of the adjusted items.

Adjusted Net Income Per Share is defined as Adjusted Net Income divided by the diluted weighted average number of ordinary shares.

The following table reconciles Adjusted Net Income and Adjusted Net Income Per Share to the most comparable GAAP measures, net income and net income per share, diluted, respectively, for the periods presented:

(\$ in thousands, except share and per share amounts)	Three Months Ended March 31,	
	2024	2023
Net income	\$ 109,612	\$ 87,096
Share-based compensation ⁽¹⁾	19,426	848
Litigation costs ⁽²⁾	6,491	174
Foreign currency losses, net ⁽³⁾	2,167	4,149
Amortization of acquired intangible assets ⁽⁴⁾	4,897	4,897
Transaction-related costs ⁽⁵⁾	1,342	18,468
Product Procurement Adjustment ⁽⁶⁾	15,098	12,871
Tax impact of adjusting items ⁽⁷⁾	(10,476)	(9,109)
Divested subsidiary net income adjustment ⁽⁸⁾	—	(395)
Adjusted Net Income	\$ 148,557	\$ 118,999
Net income per share, diluted	\$ 0.78	\$ 0.63
Adjusted Net Income Per Share	\$ 1.06	\$ 0.86
Diluted weighted-average number of shares used in computing net income per share and Adjusted Net Income Per Share ⁽⁹⁾	140,703,025	138,982,872

- (1) Represents non-cash expense related to restricted stock unit awards issued from the SharkNinja and JS Global equity incentive plans.

- (2) Represents litigation costs incurred for certain patent infringement claims and false advertising claims against us.

- (3) Represents foreign currency transaction gains and losses recognized from the remeasurement of transactions that were not denominated in the local functional currency, including gains and losses related to foreign currency derivatives not designated as hedging instruments.

- (4) Represents amortization of acquired intangible assets that we do not consider normal recurring operating expenses, as the intangible assets relate to JS Global's acquisition of our business. We exclude amortization charges for these acquisition-related intangible assets for purposes of calculated Adjusted Net Income, although revenue is generated, in part, by these intangible assets, to eliminate the impact of these non-cash charges that are significantly impacted by the timing and valuation of JS Global's acquisition of our business, as well as the inherent subjective nature of purchase price allocations.

- (5) Represents certain costs incurred related to the separation and distribution from JS Global and the secondary offering transactions.
- (6) Represents cost of sales incurred related to the Product Procurement Adjustment. As a result of the separation, we purchase 100% of our inventory from one of our subsidiaries, SNHK, and no longer purchase inventory from a purchasing office wholly owned by JS Global. Thus, the markup on all inventory purchased subsequent to the separation is completely eliminated in consolidation. As a result of the separation, we pay JS Global a sourcing service fee to provide value-added sourcing services on a transitional basis under a Sourcing Services Agreement.
- (7) Represents the income tax effects of the adjustments included in the reconciliation of net income to Adjusted Net Income determined using the tax rate of 22.0%, which approximates our effective tax rate, excluding (i) divested subsidiary net income adjustment described in footnote (8), and (ii) certain share-based compensation costs and separation and distribution-related costs that are not tax deductible.
- (8) Adjusted for net income (loss) from SNJP and the APAC distribution channels for the three months ended March 31, 2024 and 2023, as if such Divestitures occurred on January 1, 2023.
- (9) In calculating net income per share and Adjusted Net Income Per Share, we used the number of shares transferred in the separation and distribution for the denominator for all periods prior to completion of the separation and distribution on July 31, 2023.

We define EBITDA as net income excluding: (i) interest expense, net, (ii) provision for income taxes and (iii) depreciation and amortization. We define Adjusted EBITDA as EBITDA excluding (i) share-based compensation cost, (ii) certain litigation costs, (iii) foreign currency gains and losses, net, (iv) certain transaction-related costs and (v) certain items that we do not consider indicative of our ongoing operating performance following the separation, including Adjusted EBITDA from our Divestitures and cost of sales from our Product Procurement Adjustment. We define Adjusted EBITDA Margin as Adjusted EBITDA divided by Adjusted Net Sales. We believe EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin are appropriate measures because they facilitate a comparison of our operating performance on a consistent basis from period to period that, when viewed in combination with our results according to GAAP, we believe provide a more complete understanding of the factors and trends affecting our business than GAAP measures alone.

The following table reconciles EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin to the most comparable GAAP measure, net income, for the periods presented:

(\$ in thousands, except %)	Three Months Ended March 31,	
	2024	2023
Net income	\$ 109,612	\$ 87,096
Interest expense, net	14,722	8,489
Provision for income taxes	33,856	24,265
Depreciation and amortization	27,817	22,754
EBITDA	186,007	142,604
Share-based compensation ⁽¹⁾	19,426	848
Litigation costs ⁽²⁾	6,491	174
Foreign currency losses, net ⁽³⁾	2,167	4,149
Transaction-related costs ⁽⁴⁾	1,342	18,468
Product Procurement Adjustment ⁽⁵⁾	15,098	12,871
Divested subsidiary Adjusted EBITDA adjustment ⁽⁶⁾	—	(1,098)
Adjusted EBITDA	\$ 230,531	\$ 178,016
Adjusted Net Sales	\$ 1,066,228	\$ 835,633
Adjusted EBITDA Margin	21.6%	21.3%

(1) Represents non-cash expense related to restricted stock unit awards issued from the SharkNinja and JS Global equity incentive plans.

(2) Represents litigation costs incurred for certain patent infringement claims and false advertising claims against us.

(3) Represents foreign currency transaction gains and losses recognized from the remeasurement of transactions that were not denominated in the local functional currency, including gains and losses related to foreign currency derivatives not designated as hedging instruments.

(4) Represents certain costs incurred related to the separation and distribution from JS Global and the secondary offering transactions.

(5) Represents cost of sales incurred related to the Product Procurement Adjustment. As a result of the separation, we purchase 100% of our inventory from one of our subsidiaries, SNHK, and no longer purchase inventory from a purchasing office wholly owned by JS Global. Thus, the markup on all inventory purchased subsequent to the separation is completely eliminated in consolidation. As a result of the separation, we pay JS Global a sourcing service fee to provide value-added sourcing services on a transitional basis under a Sourcing Services Agreement.

(6) Adjusted for Adjusted EBITDA from SNJP and the APAC distribution channels for the three months ended March 31, 2024 and 2023, as if such Divestitures occurred on January 1, 2023. The divested subsidiary Adjusted EBITDA adjustment represents net (loss) income from our Divestitures excluding interest expense, income tax expense, depreciation and amortization expense and foreign currency gains and losses recorded at the subsidiary level.

We refer to growth rates in Adjusted Net Sales on a constant currency basis so that results can be viewed without the impact of fluctuations in foreign currency exchange rates. These amounts are calculated by translating current year results at prior year average exchange rates. We believe elimination of the foreign currency translation impact provides useful information in understanding and evaluating trends in our operating results.