

FOX FACTORY HOLDING CORP

Form 424B7

March 09, 2017

Table of Contents

Filed pursuant to Rule 424(b)(7)  
Registration Statement No. 333-203146

PROSPECTUS SUPPLEMENT

(To Prospectus dated March 31, 2015)

5,108,718 SHARES

**FOX FACTORY HOLDING CORP.**

**COMMON STOCK**

The selling stockholder named in this prospectus supplement is selling 5,108,718 shares of our common stock. We will not receive any proceeds from the sale of the shares of common stock by the selling stockholder. See Selling Stockholder and Option Stockholder.

Our common stock is listed on the NASDAQ Global Select Market under the symbol FOXF. On March 6, 2017, the last sale price of our common stock as reported on the Nasdaq Global Select Market was \$28.40 per share.

The underwriter has agreed to purchase shares of our common stock from the selling stockholder at a price of \$26.65 per share, which will result in \$136,147,334.70 of proceeds to the selling stockholder before expenses. The underwriter proposes to offer the shares of our common stock from time to time for sale in one or more transactions on the NASDAQ Global Select Market, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. See Underwriting.

**We are an emerging growth company under the U.S. federal securities laws and are subject to reduced public company reporting requirements. Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page S-8 of this prospectus supplement and on page 4 of the accompanying prospectus.**

Delivery of the shares of common stock is expected to be made on or about March 13, 2017. The option stockholder named in this prospectus supplement has granted the underwriter an option for a period of 30 days to purchase up to an additional 465,657 shares of our common stock. We will not receive any proceeds from the sale of the shares of common stock by the selling stockholder or the option stockholder. See Selling Stockholder and Option Stockholder.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**BofA Merrill Lynch**

Prospectus supplement dated March 7, 2017

Table of Contents

**TABLE OF CONTENTS**

**Prospectus Supplement**

<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	S-ii
<u>PROSPECTUS SUPPLEMENT SUMMARY</u>	S-1
<u>THE OFFERING</u>	S-4
<u>SUMMARY CONSOLIDATED FINANCIAL DATA</u>	S-6
<u>RISK FACTORS</u>	S-8
<u>IMPORTANT INFORMATION REGARDING FORWARD LOOKING STATEMENTS</u>	S-12
<u>USE OF PROCEEDS</u>	S-14
<u>MARKET PRICE OF OUR COMMON STOCK</u>	S-15
<u>DIVIDEND POLICY</u>	S-16
<u>SELLING STOCKHOLDER AND OPTION STOCKHOLDER</u>	S-17
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS</u>	S-19
<u>UNDERWRITING</u>	S-22
<u>LEGAL MATTERS</u>	S-29
<u>EXPERTS</u>	S-30
<u>WHERE YOU CAN FIND MORE INFORMATION; INCORPORATION BY REFERENCE</u>	S-31

**TABLE OF CONTENTS**

**Prospectus**

<u>ABOUT THIS PROSPECTUS</u>	1
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	2
<u>INCORPORATION BY REFERENCE</u>	2
<u>IMPORTANT INFORMATION REGARDING FORWARD-LOOKING STATEMENTS</u>	3
<u>FOX FACTORY HOLDING CORP</u>	4
<u>RISK FACTORS</u>	4
<u>RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED SHARE DIVIDENDS</u>	5
<u>USE OF PROCEEDS</u>	5
<u>SELLING SHAREHOLDERS</u>	6
<u>DESCRIPTION OF CAPITAL STOCK</u>	7

<u>DESCRIPTION OF DEBT SECURITIES</u>	12
<u>DESCRIPTION OF WARRANTS</u>	21
<u>DESCRIPTION OF UNITS</u>	23
<u>PLAN OF DISTRIBUTION</u>	25
<u>LEGAL MATTERS</u>	27
<u>EXPERTS</u>	27

**Table of Contents**

**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document consists of two parts. The first part, this prospectus supplement, and the second part, the accompanying prospectus, are each part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or the SEC, using a shelf registration process. Under this shelf registration process, we, the selling stockholder and the option stockholder may sell shares of our common stock in one or more offerings. In this prospectus supplement, we provide you with specific information about the terms of this offering and updates with respect to information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The accompanying prospectus, including the documents incorporated by reference herein, provides more general information, some of which may not apply to this offering. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or in any document incorporated by reference that was filed with the SEC before the date of this prospectus supplement, on the other hand, you should rely on the information in this prospectus supplement. If any statement in one of these documents is inconsistent with a statement in another document having a later date for example, a document incorporated by reference in the accompanying prospectus the statement in the document having the later date modifies or supersedes the earlier statement.

We, the selling stockholder, the option stockholder and the underwriter have not authorized any other person to provide you with different or additional information other than that contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. We, the selling stockholder, the option stockholder and the underwriter take no responsibility for, and can make no assurance as to the reliability of, any other information that others may give you. We, the selling stockholder, the option stockholder and the underwriter will not make an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate as of the date on its respective cover, and that any information incorporated by reference is accurate only as of the date of the document incorporated by reference, unless we indicate otherwise. Our business, financial condition, results of operations and prospects may have changed since those dates.

**Table of Contents**

**PROSPECTUS SUPPLEMENT SUMMARY**

*This prospectus supplement summary highlights certain information appearing elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein. As this is a summary, it does not contain all of the information that you should consider in making an investment decision. This prospectus supplement summary is qualified in its entirety by the more detailed information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein. Before investing, you should read the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein carefully, including the information under Risk Factors beginning on page S-8 of this prospectus supplement, on page 4 of the accompanying prospectus and in our Annual Report on Form 10-K for the fiscal year ended December 30, 2016, or the 2016 Annual Report, and our consolidated financial statements and the related notes thereto incorporated by reference herein. This prospectus supplement and the accompanying prospectus contain or incorporate by reference forward-looking statements that involve risks and uncertainties. See Important Information Regarding Forward-Looking Statements beginning on page S-12 of this prospectus supplement and on page 3 of the accompanying prospectus.*

*Unless the context otherwise indicates, references in this prospectus to we, our, Fox, the Company, us and similar designations refer, collectively, to Fox Factory Holding Corp., a Delaware corporation, and its consolidated subsidiaries.*

**Our Company**

We are a designer, manufacturer and marketer of performance ride dynamics products used primarily on bicycles, Side-by-Sides, on-road vehicles with off-road capabilities, off-road vehicles and trucks, all-terrain vehicles, or ATVs, snowmobiles, specialty vehicles and applications, and motorcycles. We believe our products offer innovative design, performance, durability and reliability. Our brand is associated with high-performance and technologically advanced products, by which we generally mean products that provide users with improved control and a smoother ride while riding over rough terrain in varied environments. We believe that the performance of our products has been demonstrated by, and our brand benefits from, the success of professional athletes who use our products in elite competitive events, such as the Union Cycliste Internationale Mountain Bike World Cup and the X Games. We believe the exposure our products receive when used by successful professional athletes positively influences the purchasing habits of enthusiasts and other consumers seeking high-performance products. We believe that our strategic focus on the performance and racing segments in our markets influences many aspiring and enthusiast consumers who we believe seek to emulate the performance of professional and other elite athletes. We believe our products are generally sold at premium prices, which to us means manufacturer suggested retail sale prices that are generally in the upper quartile of their respective product categories.

We design our products for, and market our products to, some of the world's leading action sports OEMs and to consumers through the aftermarket channel. Many of our OEM customers, including Giant, Scott, Specialized and Trek in bikes and BRP, Ford, Toyota, Yamaha and Polaris in powered vehicles, are among the market leaders in their respective product categories, and help shape, as well as respond to, consumer trends in their respective categories. We believe that OEMs often prominently display and incorporate our products to improve the marketability and consumer demand for their performance models, which reinforces our brand image. In addition, consumers select our products in the aftermarket channel where we market through a global network of dealers and distributors. We currently sell to more than 200 OEMs and distribute our products to more than 5,000 retail dealers and distributors worldwide. In 2016, 60% of our sales resulted from sales to OEM customers and 40% resulted from sales to dealers and distributors for resale in the aftermarket channel. No material portion of our business is subject to renegotiation of profit or termination of contracts or subcontracts at the election of the U.S. government.

S-1

## **Table of Contents**

Our domestic sales totaled \$187.5 million, \$163.1 million and \$128.3 million, or 47%, 44% and 42% of our total sales, in the fiscal years 2016, 2015 and 2014, respectively. Our international sales totaled \$215.5 million, \$203.7 million and \$178.4 million, or 53%, 56% and 58% of our total sales, in the fiscal years 2016, 2015 and 2014, respectively. Sales attributable to countries outside the United States are based on shipment location. Our international sales, however, do not necessarily reflect the location of the end users of our products as many of our products are incorporated into bikes that are assembled at international locations and then shipped back to the United States.

## **Our history**

Robert C. Fox, Jr. began developing suspension products in 1974 when, having participated in motocross racing, he sought to create a racing suspension shock that performed better than existing coil spring shocks. Working in a friend's garage, Mr. Fox created the Fox AirShox. The product was successful, and went into production in 1975. The next year, in 1976, Fox AirShox was used by the rider who won the AMA 500cc National Motocross Championship.

Sales of Fox AirShox grew rapidly and, in 1978, our operating subsidiary, Fox Factory, Inc., was incorporated in California. From 1978 to 1983, FOX suspension users won numerous major races including 500cc Grand Prix races (motocross), Baja 1000 races (off-road), AMA SuperBike races (motorcycle road racing), and the Indianapolis 500 race (auto racing), generating greater market awareness of the FOX brand among enthusiasts.

As Fox grew, we applied many of the same core suspension technologies developed for motocross racing to other categories. For example, in 1987 we started selling high-performance suspension products for snowmobiles. By 1991, we began supplying the mountain bike industry with rear shocks and we entered the ATV and other off-road vehicle markets in the mid-1990s. Starting in 2001, we began offering front fork suspension products for mountain bikes.

Fox Factory Holding Corp., the registrant of this offering, is the holding company of Fox Factory, Inc. Fox Factory Holding Corp. was incorporated in Delaware on December 28, 2007 by Compass Group Diversified Holdings LLC, or Compass, who purchased a controlling interest in us on January 4, 2008.

For clarification, we are not affiliated with Fox Head, Inc., or Fox Head, an action sports apparel company, although we have entered into an agreement with Fox Head clarifying the parties' respective use of Fox tradenames and service marks.

## **Corporate information**

Our principal executive offices are located at 915 Disc Drive, Scotts Valley, CA 95066, and our telephone number is (831) 274-6500. Our website address is [www.ridefox.com](http://www.ridefox.com). In addition, we maintain a Facebook page at [www.facebook.com/fox](http://www.facebook.com/fox), a YouTube channel at [www.youtube.com/foxracingshox1](http://www.youtube.com/foxracingshox1), a Vimeo page at [www.vimeo.com/foxracingshox](http://www.vimeo.com/foxracingshox) and a Twitter feed at [www.twitter.com/foxracingshox](http://www.twitter.com/foxracingshox). Information contained on, or that can be accessed through, our website, Facebook page, YouTube channel, Vimeo page or Twitter feed does not constitute part of this prospectus supplement or the accompanying prospectus and inclusions of our website address, Facebook page address, YouTube channel address, Vimeo page address and Twitter feed address in this prospectus supplement or the accompanying prospectus are inactive textual references only.

We have a number of registered marks, including, without limitation, FOX®, FOX RACING SHOX® and REDEFINE YOUR LIMITS® in several jurisdictions, including the United States, and we have also applied to register a number of other marks in various jurisdictions. This prospectus supplement and the accompanying



S-2

## **Table of Contents**

prospectus include trademarks and trade names of other companies. All trademarks and trade names appearing in this prospectus supplement or the accompanying prospectus are the property of their respective holders. We do not intend our use or display of other companies' trade names or trademarks to imply a relationship with, or any endorsement or sponsorship of us by, these other companies.

### **Emerging growth company status**

We are an emerging growth company, as that term is defined in Section 2(a) of the Securities Act of 1933, as amended, or the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. For as long as we qualify as an emerging growth company, we have taken, and may continue to take, advantage of certain exemptions from various reporting requirements that are applicable to other public companies that do not qualify as emerging growth companies, including, without limitation, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations relating to executive compensation and exemptions from the requirements of holding advisory say-on-pay, say-when-on-pay and golden parachute executive compensation votes.

Under the JOBS Act, we will remain an emerging growth company until the earliest of:

the last day of the fiscal year during which we have total annual gross revenues of \$1 billion or more;

December 28, 2018, the last day of the fiscal year following the fifth anniversary of our Initial Public Offering, or the IPO, in August 2013;

the date on which we have, during the previous three-year period, issued more than \$1 billion in non-convertible debt; or

the date on which we are deemed to be a large accelerated filer under the Securities Exchange Act of 1934, as amended, or the Exchange Act (i.e., the end of the fiscal year after we have more than \$700 million in outstanding common equity held by our non-affiliates, measured each year on the last day of our second fiscal quarter).

The JOBS Act also provides that an emerging growth company can utilize the extended transition period provided in Section 7(a)(2)(B) of the Securities Act, for complying with new or revised accounting standards. However, we have chosen to opt out of such extended transition period, and, as a result, we have been complying, and will continue to comply, with new or revised accounting standards on the relevant dates on which adoption of such standards is required for companies that are not emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable. We may become a large accelerated filer as early as our 2017 fiscal year end.

S-3

**Table of Contents**

**THE OFFERING**

The offering	5,108,718 shares of common stock offered by the selling stockholder.
Selling stockholder	The selling stockholder in this offering is Compass Group Diversified Holdings LLC, or Compass. Compass Diversified Holdings, a Delaware statutory trust, is the parent of Compass Group Diversified Holdings LLC. Compass Group Diversified Holdings LLC, as the sponsor of Compass Diversified Holdings, beneficially owns our shares of common stock. See Selling Stockholder and Option Stockholder.
Common stock to be outstanding after this offering	37,210,918 shares. This offering will have no effect on the number of shares of our common stock outstanding.
Underwriter's option to purchase additional shares	The underwriter has an option, exercisable for 30 days after the date of this prospectus supplement, to purchase up to an additional 465,657 shares from the option stockholder.
Option stockholder	The option stockholder in this offering is Robert C. Fox, Jr., one of our directors. The option stockholder has only granted the underwriter an option to purchase up to an additional 465,657 shares of our common stock, and is not selling any stock in addition to such option. See Selling Stockholder and Option Stockholder.
Use of proceeds	We will not receive any proceeds from the sale of shares by the selling stockholder or the option stockholder. See Use of Proceeds.
Dividend policy	Currently, we do not anticipate paying cash dividends.
Concentration of ownership	Upon completion of this offering, assuming no exercise by the underwriter of its option to purchase additional shares, our executive officers and directors, and their affiliates, will beneficially own, in the aggregate, approximately 8.0% of our outstanding shares of common stock (or approximately 6.7% if the underwriter's option to purchase additional shares from the option stockholder is exercised in full), and Compass will own none of our outstanding shares of common stock.
NASDAQ Global Select Market symbol	FOXF

Risk Factors

Investing in our shares of common stock involves risks. See Risk Factors beginning on page S-8 of this prospectus supplement and on page 4 of the accompanying prospectus for a discussion of factors you should carefully consider before deciding to invest in our shares of common stock.

S-4

**Table of Contents**

The number of shares of common stock that will be outstanding after this offering is based on 37,210,918 shares outstanding as of March 2, 2017, and:

excludes 1,109,620 shares of common stock reserved and issuable upon the exercise of options to purchase common stock that were outstanding as of March 2, 2017, with a weighted average exercise price of \$5.24 per share; and

excludes 3,064,224 shares of common stock issuable under our 2013 Omnibus Plan, which include (i) 3,631,709 shares initially reserved for issuance under our 2013 Omnibus Plan, (ii) an additional 90,578 shares that may be granted under our 2013 Omnibus Plan as a result of the forfeiture of options previously granted under our 2008 Stock Option Plan and 2008 Non-Statutory Stock Option Plan less (iii) 658,063 shares issued upon vesting of issued awards as of March 2, 2017. Of these shares of common stock, 1,053,617 shares were issuable upon the vesting of restricted stock units or exercise of options granted to our directors, officers and other employees as of March 2, 2017.

**Table of Contents****SUMMARY CONSOLIDATED FINANCIAL DATA**

The following summary consolidated financial data should be read in conjunction with, and is qualified in its entirety by, the sections entitled "Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included in our 2016 Annual Report, which is incorporated by reference in this prospectus supplement. The historical results presented below are not necessarily indicative of the results to be expected for any future period.

**Consolidated Statement of Income Data**

(in thousands, except per share data)	FOR FISCAL YEARS				
	2016	2015	2014	2013	2012
Sales	\$ 403,077	\$ 366,798	\$ 306,734	\$ 272,746	\$ 235,869
Cost of sales <sup>(1)</sup>	276,689	254,756	212,314	192,617	173,040
Gross profit	126,388	112,042	94,420	80,129	62,829
Operating expenses:					
Sales and marketing <sup>(1)</sup>	25,796	23,182	19,192	14,153	12,570
Research and development <sup>(1)</sup>	18,459	17,001	13,642	10,409	9,727
General and administrative <sup>(1)</sup>	27,693	21,053	17,683	11,408	9,063
Amortization of purchased intangibles	2,988	8,525	6,424	5,378	5,315
Fair value adjustment of contingent consideration and acquisition related compensation	5,911	6,937	2,856		
Total operating expenses	80,847	76,698	59,797	41,348	36,675
Income from operations	45,541	35,344	34,623	38,781	26,154
Other expense, net:					
Interest expense	2,088	1,549	999	4,125	3,486
Other (income) expense, net	363	(449)	(693)	(12)	277
Total other expense, net	2,451	1,100	306	4,113	3,763
Income before income taxes	43,090	34,244	34,317	34,668	22,391
Provision for income taxes	7,415	9,290	6,631	10,566	8,181
Net income	\$ 35,675	\$ 24,954	\$ 27,686	\$ 24,102	\$ 14,210
Earnings per share:					
Basic	\$ 0.97	\$ 0.67	\$ 0.75	\$ 0.70	\$ 0.44
Diluted	\$ 0.94	\$ 0.66	\$ 0.73	\$ 0.68	\$ 0.44
Weighted average shares used to compute earnings per share:					
Basic	36,799	36,989	36,756	34,571	32,059

Edgar Filing: FOX FACTORY HOLDING CORP - Form 424B7

Diluted	37,801	37,894	37,807	35,705	32,515
Dividends per share	\$	\$	\$	\$	\$ 2.00

S-6



**Table of Contents**

(1) Includes stock-based compensation as follows:

(in thousands)	FOR FISCAL YEARS				
	2016	2015	2014	2013	2012
Cost of sales	\$ 139	\$ 82	\$ 43	\$ 23	\$
Sales and marketing	598	430	279	158	160
Research and development	357	178	88	53	29
General and administrative	5,129	4,217	3,634	2,266	1,959
<b>Total</b>	<b>\$ 6,223</b>	<b>\$ 4,907</b>	<b>\$ 4,044</b>	<b>\$ 2,500</b>	<b>\$ 2,148</b>

**Consolidated Balance Sheet Data**

(in thousands)	AS OF		AS OF DECEMBER 31,		
	DECEMBER 30, 2016	2015	2014	2013	2012
Cash and cash equivalents	\$ 35,280	\$ 6,944	\$ 4,212	\$ 1,683	\$ 15
Inventory	71,243	68,202	59,191	42,783	34,255
Working capital	95,876	57,971	48,056	39,884	25,142
Property, plant and equipment, net	32,262	26,094	19,759	13,418	11,789
<b>Total assets</b>	<b>335,600</b>	<b>277,716</b>	<b>258,437</b>	<b>157,729</b>	<b>142,120</b>
Total debt, including current portion <sup>(1)</sup>	66,683	47,881	50,000	8,000	59,250
Total stockholders' equity <sup>(2)</sup>	184,937	152,260	128,806	92,292	29,584

- (1) In June 2012, we completed a recapitalization, or the 2012 Recapitalization. In connection with the 2012 Recapitalization, we amended our debt. Concurrently with the closing of our IPO, in August 2013, we used the net proceeds that we received from the IPO to repay our then outstanding indebtedness. In 2014, in connection with our acquisitions, we entered into amendments to our credit facility entered in August 2013, borrowing \$80.0 million under a secured term loan. In May 2016, we further amended the credit facility, converting \$18.5 million outstanding under our line of credit to term loan and borrowing an additional \$9.2 million in the form of term loan. The principal balance of the term loan and borrowings under our line of credit, net of issuance cost, totaled \$66.7 million at December 30, 2016.
- (2) In connection with the 2012 Recapitalization, we paid a \$67.0 million cash dividend, repurchased shares, and restructured certain stock-based compensation awards.



**Table of Contents**

**RISK FACTORS**

*Any investment in our common stock involves a high degree of risk. You should carefully consider the risks described in the section entitled "Risk Factors" included in our 2016 Annual Report, as supplemented by the discussion below, and all of the information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus, before making an investment decision. The risks and uncertainties described below and in such incorporated documents are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of the following events occur, our financial condition, business and results of operations (including cash flows) may be materially adversely affected. In that event, the market price of our common stock could decline, we may be unable to pay distributions on our common stock and you could lose all or part of your investment.*

**Risks related to this offering and ownership of our common stock**

*The trading price of our common stock may be volatile, and you might not be able to sell your shares at or above the price you pay for the shares.*

The trading price of our common stock could be volatile, and you could lose all or part of your investment in our common stock. Since our IPO in 2013, our stock price has fluctuated between \$30.15 and \$13.35 per share and such volatility may continue in the future. Factors affecting the trading price of our common stock could include:

variations in our operating results or those of our competitors;

new product or other significant announcements by us or our competitors;

changes in our product mix;

changes in consumer preferences;

fluctuations in currency exchange rates;

the gain or loss of significant customers;

recruitment or departure of key personnel;

changes in the estimates of our operating results or changes in recommendations by any securities analysts that elect to follow our common stock;

changes in general economic conditions as well as conditions affecting our industry in particular; and

sales of our common stock by us, our significant stockholders or our directors or executive officers. In addition, in recent years, the stock market has experienced significant price fluctuations. Fluctuations in the stock market generally or with respect to companies in our industry could cause the trading price of our common stock to fluctuate for reasons unrelated to our business, operating results or financial condition. Some companies that have had volatile market prices for their securities have had securities class actions filed against them. A suit filed against us, regardless of its merits or outcome, could cause us to incur substantial costs and could divert management's attention.

S-8

**Table of Contents**

***Future sales of our shares, or the perception that such sales may occur, could cause our stock price to decline.***

If our existing stockholders sell substantial amounts of our common stock in the public market after this offering, or are perceived by the public market as intending to sell, the trading price of our common stock could decline. As of March 2, 2017, we had 37,210,918 shares of common stock outstanding, of which 29,864,000 are freely tradable in the public market. As of March 2, 2017, 7,346,918 shares of common stock outstanding were held by directors, executive officers and other affiliates and are subject to volume and manner of sale limitations under Rule 144 under the Securities Act, including the shares offered by the selling stockholder and the option stockholder in this offering.

After our IPO, we filed a registration statement under the Securities Act to register shares of our common stock that we may issue under our equity plans. As a result, all such shares can be freely sold in the public market upon issuance, subject to any vesting or contractual lock-up agreements.

In March, 2015 we filed a Shelf Registration Statement on Form S-3 with the SEC to enable us, and certain of our stockholders, to quickly go to market should we, or certain of our stockholders, wish to sell our common stock, or additionally, in our case, certain other debt instruments. The selling stockholder and the option stockholder are selling their shares in this offering pursuant to such Shelf Registration Statement.

In addition, our Amended and Restated Certificate of Incorporation authorizes us to issue 90,000,000 shares of common stock, of which 37,210,918 shares were outstanding as of March 2, 2017. In the future, we may issue additional shares of common stock or other equity or debt securities convertible into common stock in connection with a financing, acquisition or otherwise. If any of these additional shares described are sold, or if it is perceived that they will be sold, in the public market, the trading price of our common stock could decline.

***We are an emerging growth company, and the reduced disclosure requirements applicable to emerging growth companies could make our common stock less attractive to investors.***

We are an emerging growth company, as defined in the JOBS Act. For as long as we are an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding advisory say-on-pay and say-when-on-pay votes on executive compensation and shareholder advisory votes on golden parachute compensation. We will remain an emerging growth company until the earliest of (i) the last day of the fiscal year during which we have total annual gross revenues of \$1 billion or more; (ii) December 28, 2018, the last day of the fiscal year following the fifth anniversary of the completion of our IPO; (iii) the date on which we have, during the previous three-year period, issued more than \$1 billion in non-convertible debt; or (iv) the date on which we are deemed to be a large accelerated filer under the Exchange Act. We may become a large accelerated filer as early as our 2017 fiscal year end.

We cannot predict if investors will find our common stock less attractive to the extent we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

***If securities or industry analysts do not publish research or publish unfavorable research about our business, our stock price and trading volume could decline.***

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who covers us downgrades our stock or publishes unfavorable research about our business or our industry, our stock price would likely decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline.

S-9

**Table of Contents**

***Compass and our directors and officers and insiders have substantial control over us and will be able to influence corporate matters.***

As of March 2, 2017, Compass beneficially owned approximately 13.7% of our outstanding common stock, and Compass, our directors and executive officers, and their affiliates beneficially owned, in the aggregate, approximately 21.4% of our outstanding common stock. Upon completion of this offering, Compass will beneficially own none of our outstanding common stock, but will continue to have input on all matters before our board of directors because our director Elias Sabo is affiliated with Compass; and our directors and executive officers, and their affiliates beneficially will own, in the aggregate, approximately 8.0% of our outstanding common stock. As a result, these stockholders are able to exercise significant influence over all matters requiring stockholder approval, including the election of directors, amendment of our Amended and Restated Certificate of Incorporation, and approval of any merger, consolidation, or sale of all, or substantially all, of our assets or other significant corporate transactions.

***Anti-takeover provisions in our charter documents and Delaware law could discourage, delay or prevent a change in control of our company.***

Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, or our Charter Documents, as well as Delaware law, contain provisions that may discourage, delay or prevent a change in our management or control over us that stockholders may consider favorable. Among other things, these provisions:

authorize the issuance of blank check preferred stock that could be issued by our board of directors to discourage a takeover attempt;

establish a classified board of directors, as a result of which the successors to the directors whose terms have expired will be elected to serve from the time of election and qualification until the third annual meeting following their election;

require that directors be removed from office only for cause;

provide that vacancies on our board of directors, including newly created directorships, may be filled only by a majority vote of directors then in office;

from and after the date that Compass and its affiliates no longer collectively beneficially own (as determined pursuant to Rule 13d-3 under the Exchange Act), directly or indirectly, at least a majority of the voting power of all then outstanding shares of our capital stock entitled to vote generally in the election of directors, or the Trigger Date, prohibit stockholder action by written consent, requiring all actions to be taken at a meeting of the stockholders;

provide that special meetings of our stockholders may be called only by our board of directors, our Chairperson of the board of directors, our Lead Director (if we do not have a Chairperson or the Chairperson is disabled), our Chief Executive Officer or our President (in the absence of a Chief

Executive Officer) or, until the Trigger Date, Compass;

S-10



**Table of Contents**

from and after the Trigger Date, require supermajority stockholder voting for our stockholders to effect certain amendments to our Charter Documents; and

establish advance notice requirements for nominations for elections to our board of directors or for proposing other matters that can be acted upon by stockholders at stockholder meetings.

In addition, we are subject to Section 203 of the General Corporation Law of the State of Delaware, or DGCL, which generally prohibits a Delaware corporation from engaging in any broad range of business combinations with a stockholder owning 15% or more of such corporation's outstanding voting stock for a period of three years following the date on which such stockholder became an interested stockholder. In order for us to consummate a business combination with an interested stockholder within three years of the date on which the stockholder became interested, either (i) the business combination or the transaction that resulted in the stockholder becoming interested must be approved by our board of directors prior to the date the stockholder became interested, (ii) the interested stockholder must own at least 85% of our outstanding voting stock at the time the transaction commences (excluding voting stock owned by directors who are also officers and certain employee stock plans) or (iii) the business combination must be approved by our board of directors and authorized by at least two-thirds of our stockholders (excluding the interested stockholder) at a special or annual meeting (not by written consent). This provision could have the effect of delaying or preventing a change in control, whether or not it is desired by or beneficial to our stockholders. Any delay or prevention of a change in control transaction or changes in our board of directors and management could deter potential acquirers or prevent the completion of a transaction in which our stockholders could receive a substantial premium over the then-current market price for their shares of our common stock.

***Our Amended and Restated Certificate of Incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.***

Our Amended and Restated Certificate of Incorporation provides that, with certain limited exceptions, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer or other employee of our company owed to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the DGCL or our Charter Documents, (iv) any action to interpret, apply, enforce or determine the validity of our Charter Documents, or (v) any action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have received notice of and consented to the foregoing provisions. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find this choice of forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

**Table of Contents**

**IMPORTANT INFORMATION REGARDING FORWARD LOOKING STATEMENTS**

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as may, might, will, would, should, expect, plan, anticipate, could, intend, contemplate, believe, estimate, predict, likely, potential or continue or the negative of these words or other terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained herein include, but are not limited to, statements about:

our ability to develop new and innovative products in our current end-markets;

our ability to leverage our technologies and brand to expand into new categories and end-markets;

our ability to increase our aftermarket penetration;

our ability to accelerate international growth;

our ability to improve operating and supply chain efficiencies;

our future financial performance, including our sales, cost of sales, gross profit or gross margins, operating expenses, ability to generate positive cash flow and ability to maintain our profitability;

our ability to maintain our premium brand image and high-performance products;

our ability to maintain relationships with the professional athletes and race teams we sponsor;

our transition of the majority of our mountain bike manufacturing operations to Taiwan and our expectations related to such transition;

our ability to selectively add additional dealers and distributors in certain geographic markets;

the growth of the markets in which we compete, our expectations regarding consumer preferences and our ability to respond to changes in consumer preferences;

changes in demand for high-end suspension and ride dynamics products;

our ability to successfully identify, evaluate and manage potential acquisitions and to benefit from such acquisitions;

the outcome of pending litigation;

changes in the relative proportion of profit earned in the numerous jurisdictions in which we do business and in tax legislation, case law and other authoritative guidance in those jurisdictions; and

future economic or market conditions.

We caution you that the forward-looking statements highlighted above do not encompass all of the forward-looking statements made herein. You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained herein primarily on our current expectations

S-12

**Table of Contents**

and projections about future events and trends that we believe may affect our business, financial condition, results of operations, and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors described in the section entitled "Risk factors" and elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein. Moreover, we operate in a very competitive and challenging environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained herein. We cannot assure you that the results, events, and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference herein relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference herein to reflect events or circumstances after the date of this prospectus supplement or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

This prospectus, the accompanying prospectus and the documents incorporated by reference herein also contain statistical data, estimates, and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on our internal sources. Although we believe that the third-party sources referred to in this prospectus are reliable, neither we nor the underwriter have independently verified the information provided by these third parties. While we are not aware of any misstatements regarding any third-party information presented herein, their estimates in particular, as they relate to projections, involve numerous assumptions, are subject to risks and uncertainties, and are subject to change based on various factors, including those discussed under the section entitled "Risk factors" and elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein.

**Table of Contents**

**USE OF PROCEEDS**

All of the shares of our common stock offered by this prospectus supplement will be sold by the selling stockholder and the option stockholder. We will not receive any proceeds from the sale of shares by the selling stockholder or the option stockholder.

S-14

**Table of Contents****MARKET PRICE OF OUR COMMON STOCK**

Our common stock has been listed on the NASDAQ Global Select Market under the symbol **FOXF** since August 8, 2013. Our IPO was priced at \$15.00 per share on August 8, 2013. Prior to that date, there was no public trading market for our common stock.

The following table sets forth, for the periods indicated, the high and low sales prices per share of our common stock as reported on the NASDAQ Global Select Market.

	<b>HIGH</b>	<b>LOW</b>
<b>Year Ending December 31, 2015</b>		
Quarter ended March 31, 2015	\$ 16.55	\$ 14.32
Quarter ended June 30, 2015	17.35	14.84
Quarter ended September 30, 2015	17.25	14.55
Quarter ended December 31, 2015	19.62	15.78
<b>Year Ending December 30, 2016</b>		
Quarter ended April 1, 2016	\$ 18.35	\$ 13.85
Quarter ended July 1, 2016	18.76	15.18
Quarter ended September 30, 2016	23.08	16.92
Quarter ended December 30, 2016	28.25	19.65
<b>Year Ending December 29, 2017</b>		
Quarter ended March 31, 2017, through March 6, 2017	\$ 30.15	\$ 25.25

On March 6, 2017, the closing price per share of our common stock as reported on the NASDAQ Global Select Market was \$28.40 per share.

As of March 2, 2017, there were approximately 10 holders of record of our common stock. The actual number of stockholders is greater than this number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

**Table of Contents**

**DIVIDEND POLICY**

We did not declare or pay any dividends in 2016, 2015 and 2014 or to date in 2017. In addition, our credit facility contains covenants limiting our ability to pay dividends to our stockholders. See the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations - Second Amended and Restated 2013 Credit Facility" included in our 2016 Annual Report. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions and any other factors that our board of directors may deem relevant.

S-16

**Table of Contents**

**SELLING STOCKHOLDER AND OPTION STOCKHOLDER**

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of March 2, 2017, and the beneficial ownership of our common stock as adjusted to reflect the sale of common stock in this offering, for:

each of our named executive officers;

each of our directors;

all of our current directors and executive officers as a group;

each person, or group of affiliated persons, known by us to be the beneficial owner of more than five percent of any class of our voting securities;

the option stockholder; and

the selling stockholder.

We have determined beneficial ownership in accordance with the rules of the SEC. We have deemed shares of our common stock subject to options that are currently exercisable or exercisable within 60 days of March 2, 2017 to be outstanding and to be beneficially owned by the person holding the option for the purpose of computing the percentage ownership of that person, but have not treated them as outstanding for the purpose of computing the percentage ownership of any other person.

We have based percentage ownership of our common stock before this offering on 37,210,918 shares of our common stock outstanding as of March 2, 2017.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Fox Factory Holding Corp., 915 Disc Drive, Scotts Valley, CA 95066. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares that they beneficially owned, subject to community property laws where applicable.

BENEFICIAL OWNER NAME	SHARES BENEFICIALLY OWNED		SHARES BENEFICIALLY OWNED AFTER THIS OFFERING <sup>(13)</sup>	
	BEFORE THIS OFFERING	SHARES BEING OFFERED	EXCLUDING EXERCISE OF OPTION TO	INCLUDING EXERCISE OF OPTION TO



	TO PURCHASE TO ADDITIONAL SHARES		PURCHASE ADDITIONAL SHARES		PURCHASE ADDITIONAL SHARES			
	NUMBER	%	SHARES	NUMBER	%	NUMBER	%	
<b>Greater than 5% stockholders:</b>								
BlackRock, Inc. <sup>(1)</sup>	2,928,615	7.9%		2,928,615	7.9%	2,928,615	7.9%	
Compass Group Diversified Holdings LLC <sup>(2)</sup>	5,108,718	13.7%	5,108,718	5,108,718	0	*	0	*
Kayne Anderson Rudnick Investment Management LLC <sup>(3)</sup>	4,056,888	10.9%		4,056,888	10.9%	4,056,888	10.9%	
Silvercrest Asset Management Group LLC <sup>(4)</sup>	2,061,552	5.5%		2,061,552	5.5%	2,061,552	5.5%	
Van Berkomp & Associates <sup>(5)</sup>	1,888,158	5.1%		1,888,158	5.1%	1,888,158	5.1%	
<b>Named executive officers and directors:</b>								
Larry L. Enterline <sup>(6)</sup>	865,149	2.3%		865,149	2.3%	865,149	2.3%	
Robert C. Fox, Jr. <sup>(7)</sup>	1,465,657	3.9%	465,657	1,465,657	3.9%	1,000,000	2.7%	
Thomas Wittenschlaeger <sup>(8)</sup>	2,718	*		2,718	*	2,718	*	
William H. Katherman <sup>(9)</sup>	13,785	*		13,785	*	13,785	*	
Dudley Mendenhall <sup>(10)</sup>	15,213	*		15,213	*	15,213	*	
Carl Nichols <sup>(11)</sup>	32,552	*		32,552	*	32,552	*	
Elias Sabo <sup>(12)</sup>	5,325,476	14.3%	5,108,718	5,108,718	216,758	*	216,758	*
Ted Waitman <sup>(13)</sup>	5,923	*		5,923	*	5,923	*	
All current executive officers and directors as a group (10 persons) <sup>(14)</sup>	8,138,877	21.4%	5,108,718	5,574,375	3,030,159	8.0%	2,564,502	6.7%

**Table of Contents**

\* Less than 1%

- (1) This information is based on a Schedule 13G filed by BlackRock, Inc. on January 30, 2017. BlackRock, Inc. has sole power to vote 2,879,354 shares and sole power to dispose of 2,928,615 shares. BlackRock Inc. s address is 55 East 52nd Street, New York, NY 10055.
- (2) This information is based on a Schedule 13G/A filed by Compass Group Diversified Holdings on February 10, 2017. Compass Group Diversified Holdings LLC has sole voting and dispositive power over the shares. Compass Group Diversified Holdings LLC s address is Sixty One Wilton Road, Second Floor, Westport, CT 06880.
- (3) This information is based on a Schedule 13G filed by Kayne Anderson Rudnick Investment Management LLC on February 9, 2017. Kayne Anderson Rudnick Investment Management LLC has sole power to vote 2,536,225 shares and shared power to vote 1,520,663 shares. Kayne Anderson Rudnick Investment Management LLC has sole power to dispose of 2,536,225 shares and shared power to dispose of 1,520,663 shares. Kayne Anderson Rudnick Investment Management LLC s address is 1800 Avenue of the Stars, 2nd Floor, Los Angeles, CA 90067.
- (4) This information is based on a Schedule 13G filed by Silvercrest Asset Management Group LLC, Silvercrest L.P. and Silvercrest Asset Management Group Inc. on February 14, 2017. These three entities have shared voting power and shared dispositive power over 2,061,552 shares and no entity has sole voting power or sole dispositive power over any of the shares. The address of Silvercrest Asset Management Group, LLC, Silvercrest L.P. and Silvercrest Asset Management Group Inc. is 1330 Avenue of the Americas, 38<sup>th</sup> Floor, New York, NY 10019.
- (5) This information is based on a Schedule 13G filed by Van Berkom & Associates, Inc. on February 9, 2017. Van Berkom & Associates, Inc. has sole voting power and dispositive power of the shares. Van Berkom & Associates, Inc. s address is 1130 Sherbrooke Street West, Suite 1005, Montreal, Quebec H3A 2M8.
- (6) Consists of 185,799 shares of our common stock held directly by Mr. Enterline; 87,159 shares of our common stock held by Vulcan Holdings, Inc.; and options to purchase 592,191 shares of our common stock. Mr. Enterline is the Chief Executive Officer and owns all of the capital stock of Vulcan Holdings, Inc. He is also the Chief Executive Officer of our Company and serves on our board of directors.
- (7) Consists of 1,465,657 shares of our common stock held directly by Mr. Fox. Mr. Fox serves on our board of directors.
- (8) Consists of 2,178 shares of our common stock held directly by Mr. Wittenschlaeger. Mr. Wittenschlaeger is our Vice President and General Manager, Power Vehicles Division.
- (9) Consists of 13,785 shares of our common stock held directly by Mr. Katherman. Mr. Katherman is our Senior Vice President, Global Operations.
- (10) Consists of 5,923 shares of our common stock held directly by Mr. Mendenhall and options to purchase 9,290 shares of our common stock. Mr. Mendenhall serves on our board of directors.
- (11) Consists of 26,049 shares of our common stock held directly by Mr. Nichols and options to purchase 6,503 shares of our common stock. Mr. Nichols serves on our board of directors.
- (12) Consists of 216,758 shares of our common stock held directly by Mr. Sabo and 5,108,718 shares of our common stock held by Compass Group Diversified Holdings LLC, a Delaware limited liability company, of which Compass Diversified Holdings, a Delaware statutory trust, is parent. Compass Group Management LLC, a Delaware limited liability company, is the manager of Compass Diversified Holdings. Mr. Sabo is a founding partner at Compass Group Management LLC, and may be deemed to share voting and dispositive power over the shares held by Compass Group Diversified Holdings LLC. Mr. Sabo disclaims any beneficial ownership of these shares except to the extent of his pecuniary interest therein, if any. The address of Compass Group Diversified Holdings LLC is Sixty One Wilton Road, Second Floor, Westport, CT 06880.
- (13) Consists of 5,923 shares of our common stock held directly by Mr. Waitman. Mr. Waitman serves on our board of directors.
- (14) Consists of shares included under Named executive officers and directors ; 25,581 shares of our common stock and options to purchase 106,231 shares of our common stock held directly by Zvi Glasman, our Chief Financial

Edgar Filing: FOX FACTORY HOLDING CORP - Form 424B7

Officer; 178,278 shares of our common stock held by the Zvi and Marlise Glasman Family Trust, of which Mr. Glasman is a trustee; and 28,320 shares of our common stock and options to purchase 73,994 shares of our common stock held directly by Wesley Allinger, our Vice President and General Manager, Bicycle Division.

S-18

**Table of Contents**

**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS**

This section summarizes the material U.S. federal income tax consequences of the purchase, ownership and disposition of our common stock by a non-U.S. holder as of the date hereof. For purposes of this section, a non-U.S. holder means a beneficial owner of our common stock (other than a partnership) that is not for U.S. federal income tax purposes any of the following:

an individual citizen or resident of the United States;

a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;

an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

This section does not consider the specific facts and circumstances that may be relevant to a particular non-U.S. holder, including the impact of the Medicare contribution tax on net investment income, nor does it address any estate or gift tax consequences or the treatment of a non-U.S. holder under the laws of any state, local or foreign taxing jurisdiction. In addition, it does not represent a detailed description of the U.S. federal income tax consequences applicable to you if you are subject to special treatment under the U.S. federal income tax laws (including if you are a United States expatriate; a person holding our common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment; a bank, insurance company or other financial institution; a broker, dealer or trader in securities; a person deemed to sell our common stock under the constructive sale provisions of the Code; a controlled foreign corporation or passive foreign investment company; or a partnership or other pass-through entity for U.S. federal income tax purposes). This section deals only with common stock that is held as a capital asset. This section is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended (the Code), existing and proposed regulations, and administrative and judicial interpretations, all as currently in effect. These laws are subject to change, possibly on a retroactive basis, which may result in U.S. federal income tax consequences different from those summarized below.

If an entity treated as a partnership for U.S. federal income tax purposes holds our common stock, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. A partner in a partnership holding the common stock should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the common stock.

You should consult a tax advisor regarding the U.S. federal tax consequences of acquiring, holding and disposing of common stock in your particular circumstances, as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

**Distributions on common stock**

If we make cash or other property distributions on shares of our common stock, such distributions generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and will first be applied against and reduce a holder's adjusted tax basis in the common stock, but not below zero. Distributions in excess of our current and accumulated earnings and profits and in excess of a non-U.S. holder's tax basis in its shares

S-19

**Table of Contents**

will be treated as capital gain realized on the sale or other disposition of the common stock and will be treated as described under **Gain on disposition of common stock** below. Except as described below, if you are a non-U.S. holder of common stock, dividends paid to you are subject to withholding of United States federal income tax at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate. Even if you are eligible for a lower treaty rate, we will generally be required to withhold at a 30% rate (rather than the lower treaty rate) on dividend payments to you, unless you have furnished us with:

a valid Internal Revenue Service Form W-8BEN, Form W-8BEN-E or other applicable form upon which you certify, under penalties of perjury, your status as a non-United States person and your entitlement to the lower treaty rate with respect to such payments, or

in the case of payments made to certain foreign intermediaries, other documentary evidence establishing your entitlement to the lower treaty rate in accordance with U.S. Treasury regulations.

If you are eligible for a reduced rate of United States withholding tax under a tax treaty, you may obtain a refund of any amounts withheld in excess of that rate by timely filing a refund claim with the United States Internal Revenue Service.

If dividends paid to you are **effectively connected** with your conduct of a trade or business within the United States, and, if required by a tax treaty, the dividends are attributable to a permanent establishment maintained in the United States, we generally are not required to withhold tax from the dividends, provided that you have furnished to us a valid Internal Revenue Service Form W-8ECI or other applicable form upon which you represent, under penalties of perjury, that:

you are a non-United States person, and

the dividends are effectively connected with your conduct of a trade or business within the United States and are includible in your gross income.

Effectively connected dividends are taxed at the regular graduated U.S. federal income tax rates applicable to United States citizens, resident aliens and domestic United States corporations.

If you are a corporate non-U.S. holder, **effectively connected** dividends that you receive may, under certain circumstances, be subject to an additional **branch profits tax** at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

**Gain on disposition of common stock**

Subject to the discussion of backup withholding and withholding tax relating to foreign accounts below, if you are a non-U.S. holder, you generally will not be subject to U.S. federal income tax on gain that you recognize on a disposition of our common stock unless:

the gain is effectively connected with your conduct of a trade or business in the United States, and the gain is attributable to a permanent establishment that you maintain in the United States, if that is required by an applicable income tax treaty as a condition for subjecting you to U.S. taxation on a net income basis,

you are an individual, you are present in the United States for 183 or more days in the taxable year of the sale and certain other conditions exist, or

we are or have been a U.S. real property holding corporation for federal income tax purposes and you held, directly or indirectly, at any time during the shorter of the five year period preceding the date of disposition or your holding period of our common stock, more than 5% of the common stock and you are not eligible for any treaty exemption.

S-20

## **Table of Contents**

An individual non-U.S. holder described in the first bullet point immediately above will be subject to tax on the net gain derived from the sale under regular graduated U.S. federal income tax rates. An individual non-U.S. holder described in the second bullet point immediately above will be subject to a flat 30% tax on the gain derived from the sale, which may be offset by U.S. source capital losses, even though the individual is not considered a resident of the United States. If you are a corporate non-U.S. holder, effectively connected gains that you recognize may also, under certain circumstances, be subject to an additional branch profits tax at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate. We have not been, are not and do not anticipate becoming a United States real property holding corporation for U.S. federal income tax purposes.

### **Additional withholding tax relating to foreign accounts**

Under Sections 1471 to 1474 of the Code (such Sections commonly referred to as the Foreign Account Tax Compliance Act, or FATCA), a 30% United States federal withholding tax may apply to any dividends regardless of when they are paid, and the gross proceeds from a disposition of our common stock occurring after December 31, 2018, in each case paid to (i) a foreign financial institution (as defined in the Code), whether such foreign financial institution is the beneficial owner or an intermediary, unless such foreign financial institution agrees to verify, report and disclose its United States account holders (as defined in the Code) and meets certain other specified requirements or (ii) a non-financial foreign entity, whether such non-financial foreign entity is the beneficial owner or an intermediary, unless such entity provides a certification that the beneficial owner of the payment does not have any substantial United States owners or provides the name, address and taxpayer identification number of each such substantial United States owner and certain other specified requirements are met. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules. In certain cases, the relevant foreign financial institution or non-financial foreign entity may qualify for an exemption from, or be deemed to be in compliance with, these rules. You should consult your own tax advisor regarding FATCA and whether it may be relevant to your ownership and disposition of our common stock.

### **Backup withholding and information reporting**

We must report annually to the IRS and to each non-U.S. holder the amount of distributions on our common stock paid to such holder and the amount of tax withheld, if any, with respect to those distributions. These information reporting requirements apply even if no withholding was required. This information also may be made available under a specific treaty or agreement to the tax authorities in the country in which the non-U.S. holder resides or is established.

Backup withholding may apply to distribution payments to a non-U.S. holder of our common stock and information reporting and backup withholding may apply to the payments of the proceeds of a sale of our common stock within the U.S. or through certain U.S.-related financial intermediaries, unless the non-U.S. holder furnishes to us or our paying agent the required certification as to its non-U.S. status, such as by providing a valid IRS Form W-8BEN, Form W-8BEN-E or IRS Form W-8ECI, or certain other requirements are met. Notwithstanding the foregoing, backup withholding may apply if either we have or our paying agent has actual knowledge, or reason to know, that the holder is a U.S. person that is not an exempt recipient.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS. Non-U.S. holders should consult their tax advisors regarding the application of the information reporting and backup withholding rules to them.





**Table of Contents**

**UNDERWRITING**

Merrill Lynch, Pierce, Fenner & Smith Incorporated is acting as underwriter of the offering. Subject to the terms and conditions set forth in an underwriting agreement among us, the selling stockholder, the option stockholder and the underwriter, the selling stockholder and the option stockholder (if the underwriter's option to purchase additional shares described below is exercised in full) have agreed to sell to the underwriter, and the underwriter has agreed to purchase from the selling stockholder and the option stockholder (if the underwriter's option to purchase additional shares described below is exercised in full) 5,574,375 shares of our common stock.

Subject to the terms and conditions set forth in the underwriting agreement, the underwriter has agreed to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased.

We, the selling stockholder and the option stockholder have agreed to indemnify the underwriter against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriter may be required to make in respect of those liabilities.

The underwriter is offering the shares, subject to prior sale, when, as and if issued to and accepted by it, subject to approval of legal matters by its counsel, including the validity of the shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriter of officer's certificates and legal opinions. The underwriter reserves the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

**Commissions and Discounts**

The underwriter is purchasing the shares of common stock from the selling stockholder and the option stockholder (if applicable) at \$26.65 per share (representing approximately \$136,147,334.70 aggregate proceeds to the selling stockholder before expenses and approximately \$12,409,759.05 aggregate proceeds to the option stockholder before expenses if the underwriter's option to purchase additional shares described below is exercised in full). The underwriter may offer the shares of common stock from time to time for sale in one or more transactions on the Nasdaq Global Select Market, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. In connection with the sale of the shares of common stock offered hereby, the underwriter may be deemed to have received compensation in the form of underwriting discounts. The underwriter may effect such transactions by selling shares of common stock to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriter and / or purchasers of shares of common stock for whom they may act as agents or to whom they may sell as principal. The expenses of this offering, not including the underwriting discount, are estimated at \$200,000 and are payable by us. We have also agreed to reimburse the underwriter up to \$10,000 for expenses relating to the clearance of this offering with the Financial Industry Regulatory Authority.

**Option to Purchase Additional Shares**

The option stockholder has granted an option to the underwriter, exercisable for 30 days after the date of this prospectus, to purchase up to 465,657 additional shares at the public offering price, less the underwriting discount.

**No Sales of Similar Securities**

We, the selling stockholder, the option stockholder, and our executive officers and directors have agreed not to sell or transfer any common stock or securities convertible into, exchangeable for, exercisable for, or repayable with common

stock, for 45 days after the date of this prospectus without first obtaining the written

S-22

## **Table of Contents**

consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly

offer, pledge, sell or contract to sell any common stock,

sell any option or contract to purchase any common stock,

purchase any option or contract to sell any common stock,

grant any option, right or warrant for the sale of any common stock,

lend or otherwise dispose of or transfer any common stock,

request or demand that we file a registration statement related to the common stock, or

enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

## **Nasdaq Global Select Market Listing**

The common stock is listed on the Nasdaq Global Select Market under the symbol FOXF.

## **Price Stabilization, Short Positions**

Until the distribution of the shares is completed, SEC rules may limit the underwriter and selling group members from bidding for and purchasing our common stock. However, the underwriter may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

In connection with the offering, the underwriter may purchase and sell our common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriter of a greater number of shares than it is required to purchase in the offering. Covered short sales are sales made in an amount not greater than the underwriter's option to purchase additional shares described above. The underwriter may close out any covered short position by either exercising its option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriter will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which it may purchase shares through the option

granted to it. Naked short sales are sales in excess of such option. The underwriter must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriter is concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of shares of common stock made by the underwriter in the open market prior to the completion of the offering.

Similar to other purchase transactions, the underwriter's purchases to cover the short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. The underwriter may conduct these transactions on the Nasdaq Global Select Market, in the over-the-counter market or otherwise.

S-23

## **Table of Contents**

Neither we nor the underwriter make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor the underwriter make any representation that the underwriter will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

## **Passive Market Making**

In connection with this offering, the underwriter and selling group members may engage in passive market making transactions in the common stock on the Nasdaq Global Select Market in accordance with Rule 103 of Regulation M under the Exchange Act during a period before the commencement of offers or sales of common stock and extending through the completion of distribution. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker's bid, that bid must then be lowered when specified purchase limits are exceeded. Passive market making may cause the price of our common stock to be higher than the price that otherwise would exist in the open market in the absence of those transactions. The underwriter and dealers are not required to engage in passive market making and may end passive market making activities at any time.

## **Electronic Distribution**

In connection with the offering, the underwriter or securities dealers may distribute prospectuses by electronic means, such as e-mail.

## **Other Relationships**

The underwriter and certain of its affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriter and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## **European Economic Area**

In relation to each member state of the European Economic Area, no offer of ordinary shares which are the subject of the offering has been, or will be made to the public in that Member State, other than under the following exemptions under the Prospectus Directive:

- a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- b)

to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the underwriter for any such offer; or

c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, *provided* that no such offer of ordinary shares referred to in (a) to (c) above shall result in a requirement for the Company or the underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

S-24

**Table of Contents**

Each person located in a Member State to whom any offer of ordinary shares is made or who receives any communication in respect of an offer of ordinary shares, or who initially acquires any ordinary shares will be deemed to have represented, warranted, acknowledged and agreed to and with the underwriter and the Company that (1) it is a qualified investor within the meaning of the law in that Member State implementing Article 2(1)(e) of the Prospectus Directive; and (2) in the case of any ordinary shares acquired by it as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, the ordinary shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the underwriter has been given to the offer or resale; or where ordinary shares have been acquired by it on behalf of persons in any Member State other than qualified investors, the offer of those ordinary shares to it is no