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SONOS

First Quarter Fiscal 2026 Conference Call Remarks February 3, 2026 - 4:30 pm Eastern/1:30 pm Pacific

James Baglanis, Investor Relations

Good afternoon and welcome to Sonos' First Quarter Fiscal 2026 earnings conference call. I am James Baglanis, and with me today are Sonos' CEO, Tom Conrad, CFO, Saori Casey and Chief Legal and Business Development Officer, Eddie Lazarus.

Before I hand it over to Tom, I would like to remind everyone that today's discussion will include forward-looking statements regarding future events and our future financial performance. These statements reflect our views as of today only and should not be considered as representing our views of any subsequent date. These statements are also subject to material risks and uncertainties that could cause actual results to differ materially from expectations reflected in the forward-looking statements. A discussion of these risk factors is fully detailed under the caption "Risk Factors" in our filings with the SEC. During this call, we will also refer to certain non-GAAP financial measures. For information regarding our non-GAAP financials and a reconciliation of GAAP to non-GAAP measures, please refer to today's press release regarding our First Quarter Fiscal 2026 results posted to the Investor Relations portion of our website, investors.sonos.com.

After the call concludes, we will upload our revised supplemental earnings presentation, including our guidance, as well as the conference call transcript to the IR website.

I will now turn the call over to Tom.

Tom Conrad, Chief Executive Officer

Good afternoon everyone, and thank you for joining us.

Coming into Fiscal 2026, my focus was straightforward: build on the stability we re-established in 2025 and start bending the trajectory of the business toward durable growth and profitability.

I'm proud to say the fiscal year is off to a good start. We delivered Q1 revenue of \$546 million, with gross profit dollars growing 5% year over year. Adjusted EBITDA grew 45% year over year to \$132 million. Revenue came in above the midpoint of our guidance range, and on the bottom line we generated as much Adjusted EBITDA in this one quarter as we did in all of Fiscal 2025. That performance reflects the fiscal discipline and structural changes we put in place over the past 18 months, which have driven more than \$100 million in run-rate savings while still preserving room to invest in innovation.

We're encouraged by the strength of Q1, but our ambition is far greater than one quarter. The work ahead is about building durable, repeatable growth over time. Returning our company to growth is not about a single quarter, a single launch, or a single trend. It's about sustained, coordinated action, anchored in the power of the Sonos system.

At the center of our strategy is a simple idea: Sonos is not a collection of products. It is a system that gets more valuable as you add to it, use it across more rooms, and rely on it over time. That system behavior is what drives repeat purchase, longer customer lifetimes, and ultimately more durable growth.

So we're now executing across five growth dimensions, each designed to strengthen that system advantage.

The first growth dimension is product innovation. We are focused on creating new products that are genuinely differentiated, deeply tied to the home, and designed to strengthen Sonos as a system rather than standalone devices. Our hardware and software roadmaps are tightly connected, and the goal is simple: products that work better together, unlock more use cases, and make the system more powerful with every addition.

The second growth dimension is a return to customer advocacy, built on excellence in performance, reliability, ease of use and customer service alongside a broader and more coherent software platform. When the system works well, customers trust it, expand it, and recommend it. System reliability is not just a quality metric for us, it is a growth driver.

The third growth dimension is more intentional and effective marketing. With the arrival of our new CMO, Colleen DeCourcy, we are rebuilding our go-to-market engine around a full-funnel brand architecture that connects long-term brand storytelling with a clear, consistent system narrative. Sonos is the easiest way to build a sound system for the home, and it gets better as you add to it. That clarity is sharpening both how people enter the system and how quickly they expand once they're in.

The fourth growth dimension is accelerating our success in geo-expansion. We see a meaningful opportunity to expand our global footprint through the right mix of products, pricing, partnerships, and local relevance, while making it simple for new households around the world to start with Sonos and then grow their system over time.

The fifth growth dimension is tapping demand from emerging external trends. Our system position allows us to explore new interaction models, including conversational AI in the home and new modes of content interaction, in ways that feel additive rather than uninvited or far afield. These are experiences that only make sense because a trusted system is already in place.

Let me highlight a few areas where you can see progress against this framework already.

Starting with product innovation, our hardware and software roadmaps are now tightly aligned around the opportunities ahead. After an intentional pause in new hardware launches last year while we focused on strengthening our software foundation, we are back to introducing new products, with a lot planned for the rest of 2026.

Last week, we unveiled Sonos Amp Multi. It offers our installer partners a powerful new building block, combining flexible, best-in-class multi-zone amplification with simpler installation, configuration, and tuning. Amp Multi makes complex systems easier to design, deploy, and manage, while advancing both sound quality and reliability.

More importantly, Amp Multi is a clear expression of our system strategy. This is what we mean by building products that don't just perform on their own, but make the whole home experience easier and better. As homes become more connected, Sonos can become the audio platform that underpins whole-home experiences, and Amp Multi allows Sonos to be built directly into the architecture of sophisticated homes.

This product is designed specifically for our installer and integrator partners. It helps them take on larger projects, work more efficiently, and grow their businesses with Sonos as a trusted system at the center. The relationships we've built with professional installers over

the past two decades are a real differentiator for Sonos. When our installers do well, Sonos does well, and we see meaningful opportunities to continue investing in products, software, and support that help them scale with confidence.

Turning to customer advocacy, we continued to make meaningful progress this quarter on system performance and reliability across ten software upgrades. These improvements are showing up in higher customer satisfaction across all channels and measures, and better system performance accelerates everything we do.

On marketing and demand creation, we are getting more precise about how people enter the Sonos system and how quickly they expand once they're in. One early decision we made was to reduce the price of Era 100, recognizing its role as a critical gateway into Sonos. That move is paying off. Q1 marked the third consecutive quarter of accelerating new customer growth among households that start with Era 100, up more than 40% year over year. Era 100 is doing exactly what we designed it to do: introduce new households to the Sonos system in a way that naturally leads to expansion across rooms and use cases.

Expanding lifetime value within our installed base is another important lever. Customers who start with Era 100 have historically shown strong repurchase behavior, and that pattern continued this quarter with newer cohorts. We also saw growth in multi-product customer starts, which matters because customers who experience Sonos as a system from the outset build deeper, longer-lasting relationships with us.

As a reminder, increasing lifetime value represents a significant opportunity within our existing installed base alone. If we move from today's average of almost 4.5 devices per multi-product household to six devices per household, that represents roughly \$5 billion in incremental revenue. Converting single-product households to current multi-product levels adds another \$7 billion. That upside is driven by system behavior: when customers use Sonos across more rooms and moments, they buy more over time and stay with us longer.

Looking beyond our installed base, we currently hold about 6% of the \$24 billion global premium audio market. There is substantial room to grow that share, particularly outside our core markets, while continuing to expand the sound system category that Sonos created. A great example of this is we saw another quarter of dollar share gains in premium home theater in both the US and EMEA.

Finally, our platform positions us well to tap into new external demand trends. With more than 53 million connected devices in over 17 million homes, Sonos is a trusted platform where services old and new can coexist, giving households real choice anchored in a

system they value. That puts us in a strong position to explore new interaction models, including conversational AI in the home, in ways that complement the experiences people already love.

As I've said before, our vision for Sonos is to be every dimension of sound for the home: music, movies, stories, rooms, formats, conversations, and control, all connected through a single, cohesive, and radically easy system. That idea of systemness is the lens through which we make decisions and the foundation of our long-term advantage.

What ultimately drives all of this is the world we're building for our customers. A home that comes alive with sound. Experiences that move naturally between moments, moods, and spaces — where products and software work together, and the whole becomes meaningfully greater than the sum of its parts. You'll see more of that vision come to life with the products we have planned for the second half of Fiscal 2026.

After a year inside the company, seeing the people, the craft, and the ambition up close, my conviction has only grown that Sonos has everything it needs to return to durable growth. Q1 mattered not just because of the results, but because it showed that the underlying business is getting healthier. We proved we can manage through tariffs with discipline, deliver profitability above expectations, and do it while continuing to strengthen the system.

The second quarter will be quieter, as it is often for us, but the first half as a whole reflects a business that is stabilizing and beginning to turn. For the past year, as we focused on software performance and reliability, we've been operating without new products to bring new customers into the system or spark repurchase. That changes in the back half of the year.

We are entering that period with the system performing better and more reliably than it has in many years, with customer sentiment improving, and with a slate of new products designed to strengthen the system rather than just add devices. We're already gearing up for that moment now.

With a solid Q1 behind us, modest growth expected at the midpoint of our Q2 guidance, and a clear line of sight to acceleration in the second half, we are executing against a clear plan to return Sonos to growth in Fiscal 2026.

With that, I'll turn things over to Saori.

Saori Casey, Chief Financial Officer

Thank you, Tom. Hi everyone.

In Q1 we generated revenue of \$546 million, above the midpoint of our guidance range, marking our sixth quarter of execution delivering on our commitments. On a year over year basis, revenue was down 1% compared to guidance of down 7% to up 2% while GAAP Gross Profit dollars grew 5%.

Revenue in the Americas grew 1% year over year while EMEA revenue declined by 4% and APAC by 5%. We also saw continued momentum in our growth markets, which once again outpaced the rest of our markets.

On a product basis, plug-ins delivered double-digit growth, driven by strong performance from Era 100. As Tom mentioned, Q1 was the third quarter of acceleration in new customer growth since we reduced the price of Era 100 as part of our pricing strategy we've spoken about over the past few quarters.

Q1 GAAP gross margin was 46.5%, and Non-GAAP gross margin was 47.5%, both modestly above the high end of our guidance range. The nearly 300 basis point year over year improvement in gross margin resulted in gross profit dollars growing 5% year over year, driven by lower cost, FX and some favorability in one-time items, partially offset by unfavorable product mix.

Consistent with the expectations we outlined last quarter, tariff expense was an approximate 300 basis point headwind to gross margin which we were able to offset with mitigation actions led by the pricing adjustments we made toward the end of September.

Q1 GAAP Operating Expenses of \$153 million decreased 21% year over year while Non-GAAP Operating Expenses of \$137 million were down 19% year over year. As a reminder, Q1 operating expenses were unseasonably low due to timing of product launches and associated spend. Stock-based compensation was \$15.2 million, down 40% year over year from \$25.3 million last year.

Adjusted EBITDA was \$132 million, at the high end of our guidance range, representing growth of 45% from \$91 million last year. As Tom mentioned, we generated as much Adjusted EBITDA in Q1 as we did in all of Fiscal 2025, reflecting how far we've come in our

transformation journey. Adjusted EBITDA margin grew 760 bps to 24.2%, our highest in the last 4 years.

Non-GAAP Earnings Per Share grew 37% to \$0.93, up from \$0.68 last year.

As I've said in the past, returning capital to shareholders is a key pillar of our capital allocation framework. Accordingly, we spent \$25 million on share repurchases in Q1 at an average price of \$16.79, reducing our share count by 1.2%. We have \$105 million remaining on our current share repurchase authorization.

Our balance sheet remains strong as our net cash balance ended the quarter at \$363 million, which includes \$51 million of marketable securities as we hold some excess cash in short duration treasury bills.

Our period-end inventory balance of \$125 million declined \$16 million, or 11% year over year and 27% compared to last quarter. Our inventory consists of \$111 million of finished goods and \$15 million of components.

Q1 free cash flow was \$157 million, up from \$143 million last year primarily due to higher earnings. Capex was \$6 million, down from \$13 million last year.

Guidance

Turning to our guidance, the Q2 outlook we're providing today reflects the trends we have observed quarter-to-date and are our best estimates.

Revenue

We expect Q2 revenue to be in the range of \$250 million to \$280 million, down 4% to up 8% year over year, and up 2% at the midpoint. Please note that this does not include any revenue contribution from Amp Multi, which is not generally available until the second half of Fiscal 2026.

Taken together with our Q1 results, we expect revenue in the first half of Fiscal 2026 to be \$796 million to \$826 million, flat year over year at the midpoint. This represents a continued improvement from a 6% decline in the first half of fiscal 2025 and a 3% decline in the second half of fiscal 2025.

Looking ahead, with Amp Multi and other yet-to-be-announced products slated to launch in the second half of fiscal 2026, we expect further improvement in our year-over-year revenue trends returning us to growth.

Gross Margin

We expect Q2 GAAP gross margin to be in the range of 44% to 46%, with non-GAAP gross margin approximately 220 bps higher than GAAP. This represents a year over year increase of 130 bps at the midpoint for GAAP and 10 bps for Non-GAAP, implying gross profit dollar growth 5% and 2%, respectively.

Please note our gross margin guidance range embeds higher memory costs in Q2. While we are not immune to memory cost inflation, our products have modest memory requirements, between 512MB to 2GB, with many products containing 1GB or less.

For the first half of Fiscal 2026, the midpoint of guidance implies that our gross profit dollars grow 5% year over year on a GAAP basis, and 4% on a Non-GAAP basis.

Operating Expenses

We expect Q2 GAAP Operating Expenses to be in the range of \$150 million to \$160 million, down 11% at midpoint from last year, as we comp over last year's reduction in force and its associated restructuring charges. We expect non-GAAP Operating Expenses to be lower than GAAP by approximately \$16 million.

As previously mentioned, our operating expense seasonality this year reflects the timing of our product introductions in the second half of Fiscal 2026, driving a modest sequential increase in operating expenses from Q1 to Q2.

For the first half of Fiscal 2026, the midpoint of our guidance implies GAAP operating expenses of \$308 million, down 16% year over year, a decline of \$60 million. On a Non-GAAP basis, implied Operating Expenses of \$276 million would be down 9% year over year, a decline of \$28 million.

Adjusted EBITDA

Bringing it all together, we expect Q2 Adjusted EBITDA to be in the range of negative \$18 million to positive \$10 million, implying first half Adjusted EBITDA of \$128 million, up 42% year over year, an improvement of \$38 million from \$90 million last year.

Our guidance for the first half shows that we're building momentum through Fiscal 2026, while maintaining the financial discipline groundwork we laid in Fiscal 2025. At the midpoint, we expect revenue to be flat, gross profit dollars to be up mid-single digits, Non-GAAP Operating Expenses to be down 9% and Adjusted EBITDA growing by 42% implying 470 basis points of margin expansion. This significant improvement in our financial performance is the direct result of the progress we've made in becoming a leaner, execution focused organization.

With Amp Multi announced and additional new products planned for the second half of Fiscal 2026, we are increasingly confident in the trajectory of the business and our plan to return to growth in Fiscal 2026.

Our focus remains on returning to durable top-line growth, balancing continued profitability improvements and disciplined reinvestment of our efficiency gains toward product innovation, customer advocacy, intentional and effective marketing, geo-expansion and tapping into the demand from external trends like the proliferation of conversational AI in the home.

With only a small fraction of the global market captured so far, we see a vast opportunity in front of us to expand our household base and improve customer lifetime value.

After the call, we will update our earnings slides to reflect our Q2 guidance.

With that, I'd like to turn the call over for questions.

Question and Answer Session

Steve Frankel - Rosenblatt

I'd like to start by following up on the comments you made about memory costs. That's obviously an area where there's a lot of investor concern. I've gotten lots of questions. So could you address both what you're doing to deal with the rising costs and its impact on gross margins? And also, are there any availability issues? Do you feel like the ramp of new products in the back half could be somewhat gated by the ability to procure sufficient amounts of RAM?

Tom Conrad, Chief Executive Officer - Sonos

Stephen, thanks for joining us. Of course, memory pricing is a headwind across the entire hardware industry. But we have a really great team on this. And as last year's tariff mitigation demonstrated, they have a real track record of managing through these kinds of cost inflation, supply chain volatility. So as you can imagine, this team has been taking action on this for some time.

I think what's most important is ensuring that we have adequate supply to reduce reliance on spot market pricing. So the team has secured and certified additional memory suppliers. I think it's also important to highlight, as Saori shared in her prepared remarks, our products have modest memory requirements between 512 megabytes and 2 gigabytes of RAM with many of our products containing 1 gig or less. And just as important as that is that relative to PCs and phones, Customers don't buy Sonos products based on a memory configuration. They buy them for the experiences they deliver. So we are also actively driving cost efficiencies across our product architecture.

Just to touch on the impact of the supply situation on the products we have planned for the second half of the year, I think we have the dimensions I just outlined well in control, and we should be good on that front.

Steve Frankel - Rosenblatt

Great. And then in terms of the team, you've made some changes. When will we see the beginnings of Colleen's impact on marketing programs? And do you feel like the team is complete today? Or should we anticipate a few more changes?

Tom Conrad, Chief Executive Officer - Sonos

I'll take the second part first. I'm super excited about the team that I have around the table with me today, just incredible folks to the last. And not least of all, Colleen, who's been with us for just 3 weeks, but is already making great progress in how our marketing organization shows up.

With respect to when you'll start to see the impact of her contribution, she already has work well underway, aligning our creative and messaging and channel execution around a more consistent system narrative, and she's really moving as quickly as she can to implement all of those changes. And I think everyone should expect to see that activity to ramp relatively quickly. Broadly, our goal is to move away from the sort of episodic spikes that historically have been left tied to individual product launches and shift to a more sustained marketing presence that reinforces how the Sonos system works and why it matters.

So you should see gradual compounding improvement starting right away rather than anticipate some single large brand advertising launch. Super excited about the work that she's driving here. It's been a great first month for...

Steve Frankel - Rosenblatt

Great. So I won't be looking for a Super Bowl commercial. So that's good news. And you keep talking about a system, which we understand and you dropped some hints about AI and where Sonos fits. Could you flesh that vision out anymore? You talked a little bit about it last quarter, but are you willing to share any more details on kind of how you see those 2 worlds intersecting and making life better for Sonos users?

Tom Conrad, Chief Executive Officer - Sonos

Yes. So let's start with just systemness. We really believe that the power of Sonos is that the whole is truly greater than the sum of its part. And we talk about that, what we're talking about is things like effortless multi-device room behavior, radically easy control, a unified design system across hardware and software, context-aware experiences that understand who you are and what you want before you even ask a kind of synchronized

intelligence, things like TruePlay and dynamic allocation of experiences across surround sound, all under the banner of a Sonos operating system that our customers understand.

So we're at the opening stages of executing across all of those dimensions. And -- but I think it's going to be the real differentiator as we've described for the product family going forward. As it relates to AI, I think there's maybe 3 different dimensions to think about, 2 in the product and 1 inside of our operations. The first is, given the scale and breadth of our installed base and the role that we play in our customers' lives, I think we're in a really strong position to explore new interaction models with them, including conversational AI in the homes in ways that complement the experiences that people already love with Sonos and feel invited rather than tacked on.

Second of all, I think artificial intelligence techniques are incredibly powerful, not just for conversations, but for anticipatory design, system features that just anticipate your needs and serve you exactly the right content in exactly the right setting with the smallest amount of input from you as a user. So in that world, AI can just make the Sonos system smarter, more personal and even easier to use long before you even get to conversation.

So the third category, of course, is how we're leveraging AI inside of Sonos. And I think it's indisputable that since the last time we were together on an earnings call that we've been through another rapid acceleration of the evolution of these AI productivity tools, particularly in the domain of software development. And we are at the leading edge of integrating those tools into our workflows, and I'm really excited about the productivity gains that we're going to build from these tools and how much it's going to accelerate our ability to innovate on the system experiences for our customers.

Erik Woodring - Morgan Stanley

I have 2 as well. Tom, I wanted to maybe zoom out and just get your take on kind of the broader health of the premium home theater market amidst this kind of K-shaped economy. I understand that you guys are taking share, which is what we want to see. But are there any green shoots that you can point to or the opposite, I guess, for that matter?

And geographically, anything that stood out to you, obviously, Americas up versus international down. Just would love to get your take a little more broadly and then a quick follow-up, please.

Tom Conrad, Chief Executive Officer - Sonos

Sure. Yes. Speaking specifically to home theater, as we described in our prepared remarks, we do continue to grow our share in the Americas and EMEA. We have, without question, the best home theater products in the category by a wide margin, and we love what we're doing there. you mentioned the kind of K-shaped macro demand that the category is experiencing. And I think that's consistent with our read of the market, which is to say growing demand for premium experiences pulled down by diminishing demand for entry-level experiences.

Fortunately, our product portfolio is well positioned to take advantage of those trends, but we continue to watch it closely. And I think the -- zooming in on home theater and its quarter-to-quarter strengths and weaknesses is just a good opportunity to say again that we really don't think of the business going forward as category based, and we think there's tremendous opportunity for us to differentiate Sonos itself with an expression in home theater, but extending from that one venue in the home into all of the other spaces where people need music and sound experiences.

And my ambition for the company is to disentangle us from all of these individual categories as we go forward. It's probably also a good time just to say something about the incredible power of the installer channel for us. As we talked about, we've released our second product in the last year, custom designed and conceived for that channel. It's a business we've been building for a couple of decades now. We have incredible relationships there. It's 22% of our business and growing, and we're excited to continue to partner with that channel and take advantage of the opportunity to sort of build Sonos into the very architecture of the home.

Erik Woodring - Morgan Stanley

Awesome. Okay. That was exactly what I was looking for and more. And then maybe, Saori, just shifting over to you. Obviously, really nice gross margin performance this quarter. That's probably an understatement and really nice guide. Just given the fact you're close to all-time high gross margins, but you're doing this with tariff headwinds.

I know you talked about the size of the tariff headwinds, I believe. But can you just maybe help us bridge the gap from last December quarter's 44.7% non-GAAP gross margin to the mid-47% number that you just put up in the December quarter. What were the tailwinds most important to least important? And then what were the headwinds kind of most impactful to least impactful? Just added color on that would be really helpful.

Saori Casey, CFO - Sonos

Yes. Thank you, Erik. Yes, we were very pleased with our gross margin percent results, both relative to our guidance and our expectation as well as on a year-over-year basis. Some have commonalities there. Certainly, our continued effort on reducing cost, it resonates on both compares that we're looking at. And then we have -- we also have an element of FX that is a tailwind for us right now. Now that's to say -- and then we -- as you -- as we talked about at the last earnings call, we did increase price in the middle of the second half of September as part of our price -- tariff mitigation efforts. And so those are things that are tailwind.

On the other hand, some of it is to combat the headwinds that we have, namely the biggest impact this quarter being tariffs. And then we have product mix. Certainly, in the holiday quarter, as Tom also talked about in the prepared remarks, we had a really strong performance on Era 100, which is a lower price point product that tend to have lower gross margin as well. So that's a product mix headwind that we have. And last year, at this time, we had launched Arc Ultra with associated channel fill.

So we do have that compare as part of our headwind on a year-over-year basis. And as we mentioned on the call, the price mitigation or tariff mitigation actions that we've taken certainly are working for us. And it's in line with what we had expected. We had come into this quarter thinking tariff will impact us on about 300 basis points. And our mitigation actions, the biggest one being pricing had helped us mitigate nearly all of that. And then to a slighter extent, we do have the memory headwind, but that was more negligible in this quarter. But as we said on the call, Q2 guidance range of 44% to 46% GAAP and 47.5% non-GAAP certainly does embed that impact.

And as Tom also talked about earlier during the Q&A, we are doing everything we can to mitigate the need to buy at the spot price in the market and securing our suppliers as much as we can. So those are some of the puts and takes we're looking at right now. Certainly, the favorable impact is outpacing our unfavorable headwind that we have.

Brent Thill - Jefferies

This is John Byun on behalf of Brent Thill. Just 2 questions. One, maybe for Tom. You've been CEO for a little over a year now, I guess. And so I wanted to see maybe if you could kind of review what are some of the biggest changes that were made in your first year? And what are some of the biggest initiatives you're looking for ahead for the next year?

And then maybe we'll train maybe on the geographic color in terms of Americas being up versus international down. I don't know if there's anything additional you can share there for Saori.

Tom Conrad, Chief Executive Officer - Sonos

Thanks to remember that I just went through my 1-year anniversary with the company, 6 months as interim and then 6 months as the named CEO. It's been an incredible year for me as a person and for the company overall. As you know, we spent a good chunk of last year making material progress around improving the core experience of Sonos performance, reliability, just customer service experiences, honestly, just doing the hard work of winning back our customers as our advocates. And I'm so proud of the progress that the team has made and so grateful for the patience that our customers showed us through what had been a very difficult chapter.

And as I described at the top of the call, I'm just incredibly excited to have that chapter behind us and now be focused on the work of the next act for Sonos, the return to growth and structural profitability. You've heard me kind of say on the call that our belief is that returning to durable growth is really about executing across multiple dimensions at once, product innovation, customer advocacy, marketing excellence, geographic expansion, capturing our place in emerging external trends.

And what's exciting about these is that they're really compounding dimensions. For example, as our marketing muscle develops, it impacts positively our success in geographic expansion as customer advocacy improves, it makes it easier for us to launch new products into the market successfully. So really focused on executing against those 5 dimensions, while returning to new product introductions in the second half of the year that will be an accelerant for us. And yes, just we've turned our view towards the horizon, and it's exciting to be in a strategic moment for the company.

Saori Casey, CFO - Sonos

Just to add a few more points specifically on the geographic color here. We did show a slight growth for Americas. Certainly, that's our biggest market that we serve, notwithstanding our efforts to focus, as Tom just mentioned, on the geographic expansion. And the growth markets that we are expanding into is continuing to outpace the growth of the rest of the markets that we're serving. So that continues to be our highlight here.

Overall, from a product basis by geography across all of the geographic areas, we are seeing -- we saw strength in the plug-ins revenue or the Era 100-led growth that we're seeing ever since we have adjusted the price as part of our pricing strategy to drive more gross profit dollars, and that is exactly what's serving for us at the moment. We did gain share in both Americas and EMEA for home theater. And lastly, the -- our continued expansion into some of the products that we had the last NPI that we had launched in Q1 last year and Arc Ultra before, those are doing well, but we do have a difficult comp this year because there were channel fills that took place a year ago. So that's part of a headwind that's partially offsetting some of the strength that we're seeing.