



iRobot Corporation Raymond James Conference Presentation

December 2024



Today's Executive Leadership Spotlight



Gary Cohen

CEO

Joined iRobot in 2024

35+ Years of Experience



Karian Wong

EVP, CFO

Joined iRobot in 2017

25+ Years of Experience



Forward Looking Statements

Certain statements made in this presentation that are not based on historical information are forward-looking statements which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

These statements are neither promises nor guarantees but are subject to a variety of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those contemplated in these forward-looking statements.

Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. iRobot Corporation undertakes no obligation to update or revise the information contained in this presentation, whether as a result of new information, future events or circumstances or otherwise.

For additional disclosure regarding these and other risks faced by iRobot Corporation, see the disclosure contained in our public filings with the Securities and Exchange Commission.



Non-GAAP Financial Metrics

This presentation contains references to the non-GAAP financial measures as defined by SEC Regulation G, including non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP research and development, non-GAAP selling and marketing, non-GAAP operating income (loss), and non-GAAP net income (loss) per share. These non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP.

Non-GAAP gross profit removes expenses related to the amortization of acquired intangible assets, stock-based compensation and net merger, acquisition and divestiture expense while non-GAAP gross margin is calculated as non-GAAP gross profit divided by revenue for the applicable period.

Non-GAAP operating expenses exclude the amortization of acquired intangible assets, stock-based compensation, net merger, acquisition and divestiture (income) expense, and restructuring and other charges.

Non-GAAP operating income (loss) removes the aforementioned operating expenses while non-GAAP operating margin is calculated as non-GAAP operating income (loss) divided by revenue for the applicable period.

Non-GAAP income tax expense (benefit) reflects the tax effect of the non-GAAP adjustments, calculated using the appropriate statutory tax rate for each adjustment, and excludes certain tax items which are not reflective of income tax expense incurred as a result of current period earnings.

Non-GAAP net income (loss) removes the aforementioned items related to non-GAAP operating income (loss) and also removes loss on strategic investments and debt issuance costs.

Non-GAAP net income (loss) per share is calculated by dividing non-GAAP net income (loss) by the number of shares used in per share calculations for the applicable period.

Definitions of each item and why they are used in calculating non-GAAP financial measures is detailed in the appendix of this presentation. We use non-GAAP measures to internally evaluate and analyze financial results. We believe these non-GAAP financial measures provide investors with useful supplemental information about the financial performance of our business and enable comparison of financial results between periods where certain items may vary independent of business performance. Our definitions on non-GAAP measures may differ from the definitions used by other companies and therefore comparability may be limited.





Robot

- ✓ Category Creator
- ✓ Global Iconic Brand
- ✓ History of Robust Innovation
- ✓ Growth Category
- ✓ Passionate and Talented Team

Over 30 Years of AI and Advanced Robotics Experience

NASDAQ:
IRBT

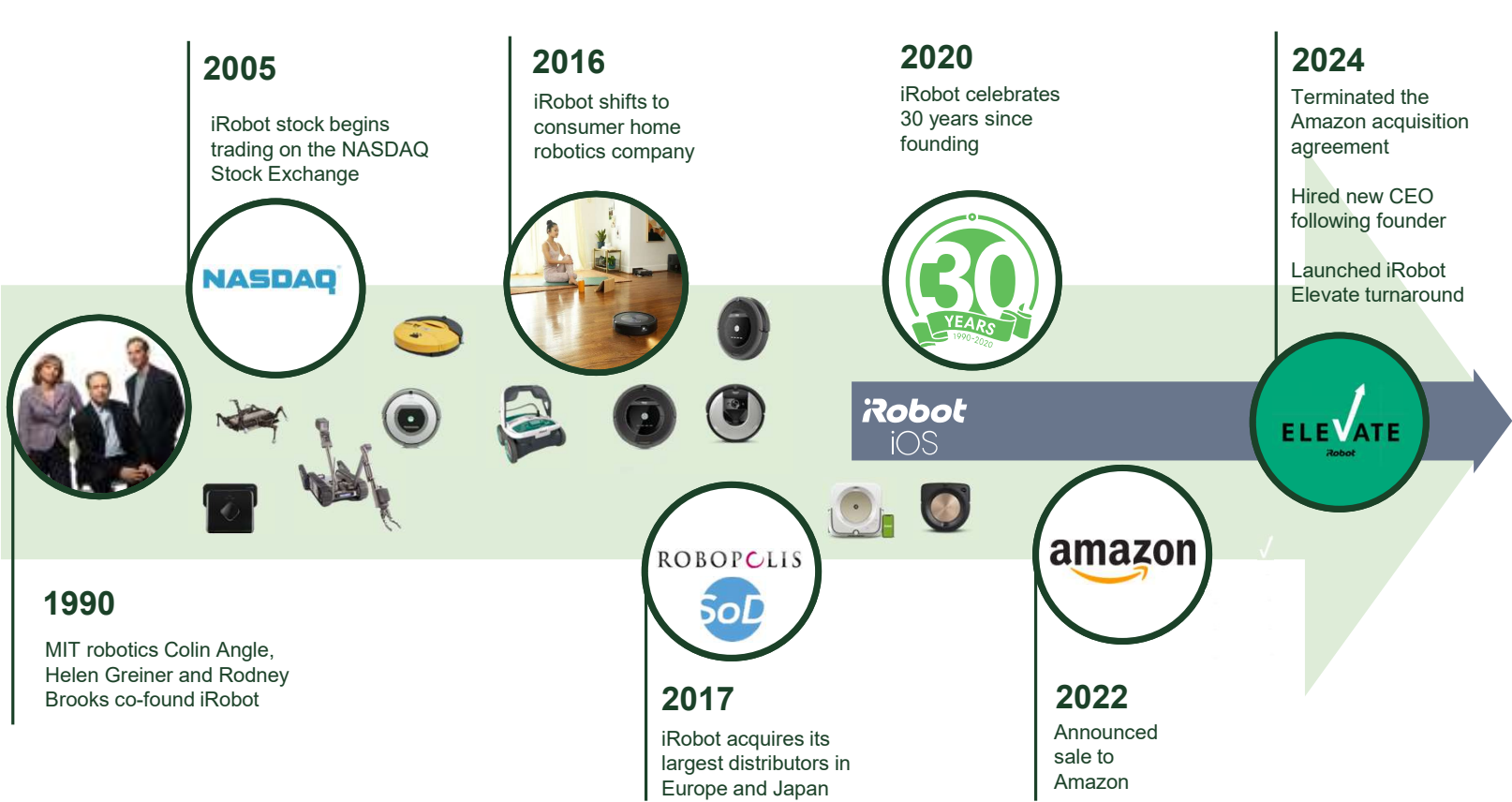
Market Cap:
\$265mm¹

Enterprise Value:
\$311mm¹

Cash:
\$99.4mm²

¹As of December 4, 2024

²Cash and cash equivalents as of September 28, 2024, excluding \$41.1M in restricted cash.



How Did We Get To iRobot Elevate?

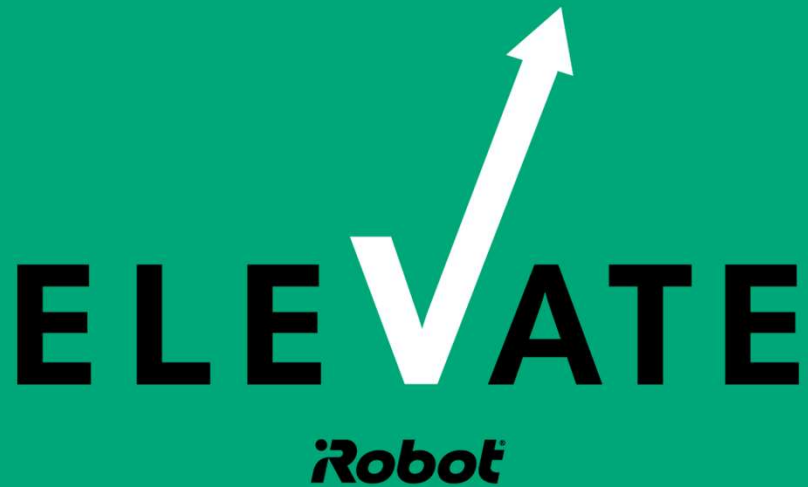
Leadership Launched Course Correction: iRobot Elevate

New leadership team post-Amazon focused on strategic priorities:

- Restoring profitability and cash flow
- New consumer-first approach
- Optimizing R&D model
- Developing robust innovation roadmap to regain growth
- Reprioritizing core projects and adjusting cost structure
- Driving operational and financial discipline



iRobot Elevate



FINANCIAL

CONSUMER/BRAND

INNOVATION

COST OPTIMIZATION

TALENT

*Elevating Everything We Do to Improve Performance
and Generate Long-term Shareholder Value*

iRobot Elevate: Operational Elements

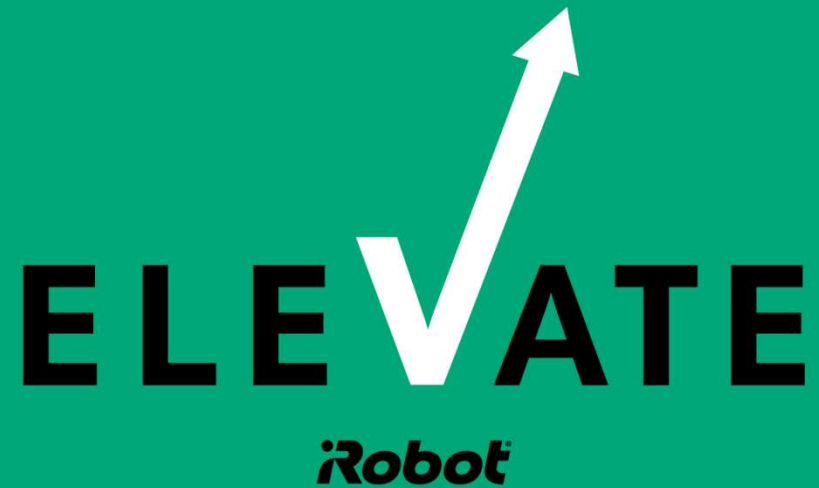
Emphasizing design-to-value with a new contract manufacturing model

Relocating lower value R&D and engineering functions





Pausing non-core floor care work

Centralizing and streamlining global marketing activities

Right-sizing real estate footprint



Significant Progress on iRobot Elevate in 2024

Key Focus Areas	FY 2024 Objectives	Progress Achieved	
 <p>Headcount</p>	<ul style="list-style-type: none"> Streamline the business and improve efficiency Align operating expenses with industry revenue benchmarks 	<p>~50% Reduction Since 12/31/23</p>	<p>~550 Total Employees</p>
 <p>Sales & Marketing</p>	<ul style="list-style-type: none"> Focus geographically and consolidate marketing for efficiency Reduce Sales and Marketing expense by \$40mm Reduce working Marketing expense by \$20mm 	<p>~\$38mm Q3'24 YTD Reduction in S&M Expense</p>	<p>~\$19mm Q3'24 YTD Reduction in Working Marketing Expense</p>
 <p>Research & Development</p>	<ul style="list-style-type: none"> Increase emphasis on commercialization Streamline R&D by relocating non-essential engineering and supply chain functions Reduce R&D expense by \$25mm to achieve <10% of revenue 	<p>~\$33mm Q3'24 YTD Reduction in R&D Expense</p>	<p>~10% Q3'24 R&D Expense as a % of Q3'24 Revenue</p>
 <p>Inventory</p>	<ul style="list-style-type: none"> Decommission low-margin, non-core products ahead of new product line launch Improve inventory balance management 	<p>\$95mm YoY Reduction in Inventory Balance</p>	<p>104 Days in Inventory¹ As of 9/28/24</p>

Note: USD in millions. Represents Non-GAAP financials, unless otherwise stated.

¹ Days in inventory is calculated as inventory divided by (Revenue minus Gross Profit), multiplied by 91 days.



Investment Highlights

Building on a Legacy of Innovation



Why iRobot Will Win Again

- 1** A Leading Global Brand with Large Installed Base in Growing Market
- 2** Extensive Global Omnichannel Distribution Network
- 3** Highly Valued Intellectual Property Portfolio
- 4** Leveraging New Asset-Light Model and Streamlined Supply Chain for Speed and Scale
- 5** Closing Product and Technology Gaps with Competitors
- 6** Powerful Proprietary Dataset Provides Real-Time Insights
- 7** Experienced, Energized and Focused Leadership Team to Deliver Turnaround and Growth



1

Leading Global Brand with Large Installed Base in Growing Market

Roomba is a leader, in the robotic vacuum market, setting the standard for excellence in this category.



Strength in Market Share

Visible in many countries



Strong Brand Ratings¹

Awareness
Favorability
Consideration
Trust

Robots Sold



¹ iRobot Global Brand Health Study 2023 in France, Germany, Japan, Portugal, Spain, UK, and US.




2 Extensive Global Omnichannel Distribution Network

Ensuring seamless path-to-purchase for all customers



Retail:
Online & In-Store



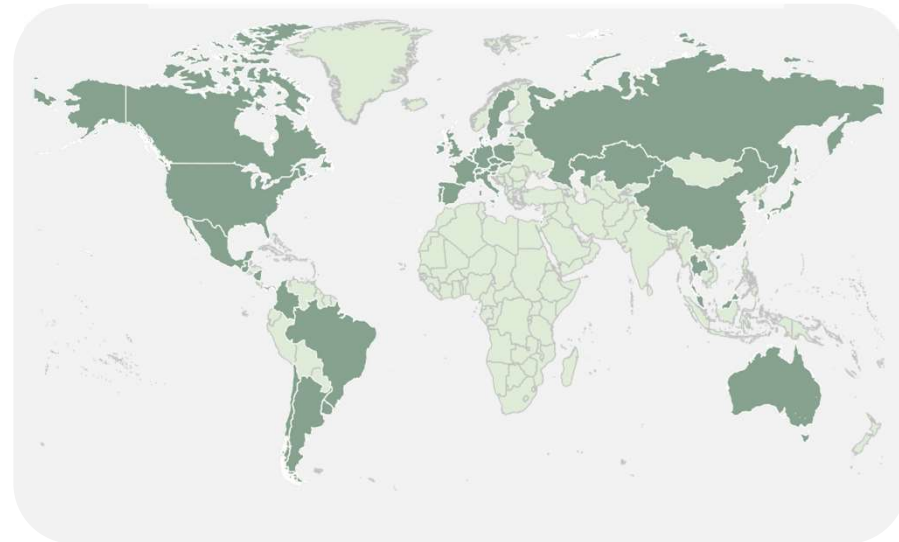
DTC:
Web & App



International
Distributors

- ✓ Globally consistent brand presentation
- ✓ Direct-to-consumer (DTC) revenue as % of sales has nearly doubled in the past three years
- ✓ Clear and prominent merchandising and positioning in all store formats
- ✓ Dedicated merchandising representatives assigned to select top stores
- ✓ Retail media partnerships for preferential placements

Presence in 40+ countries



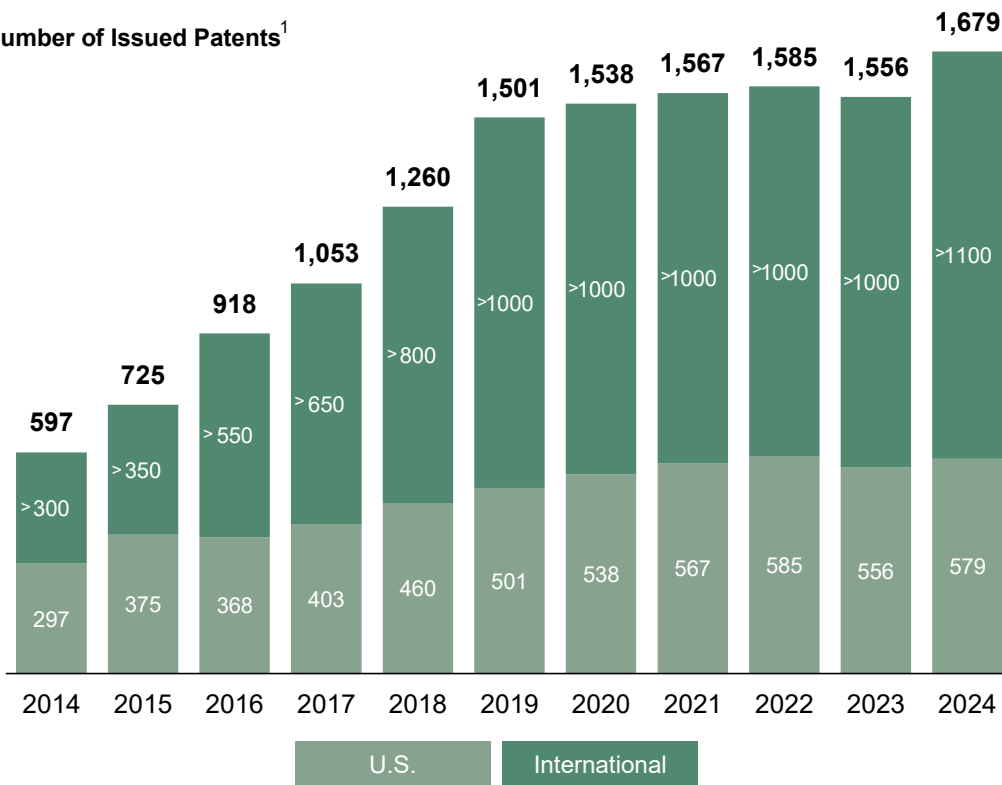
Partner with 400+ retailers and 24k+ stores



3 Highly Valued Intellectual Property Portfolio

iRobot's U.S. and International Patent Portfolio

Number of Issued Patents¹



¹ As disclosed in our Annual Report on Form 10-K

Portfolio Overview

- Over 575 issued U.S. patents
- Over 1,100 issued foreign patents.
- 300+ additional patents pending worldwide
- Roomba and iRobot trademarked in 65 countries

Proven Value

- The iRobot patent portfolio has been tested and proven to have real value in litigation
- Two successful ITC actions resulting in limited exclusion orders

Core Technologies

- Robotic vacuums
- Robotic mops
- Robotic lawn mowers
- Robotic software including vision enabled technologies
- Mobile applications for robotic floor cleaners



4

Leveraging New Asset-Light Model and Streamlined Supply Chain for Speed and Scale

Hundreds of Actions Already Taken to Build a Stronger, Leaner and More Profitable iRobot

Increased non-GAAP gross margin:

26.5% in Q3 2023 to 32.4% in Q3 2024

Reduced R&D and supply chain costs:

Match industry benchmarks

Brought innovative products to market faster:

Win vs. the competition

Forged supply agreements:

Harness Asia supply chain and minimize risk

Moved U.S.-bound manufacturing from China:

Mitigating impact from current tariffs

Strengthening and expanding the core business:

Positioning for long-term growth opportunities



5 Closing Product and Technology Gaps with Competitors

iRobot's Fleet of 2-in-1 Vacuum and Mop Robots



5 Complete Refresh of Product Platform and Approach



iRobot Labs: U.S.-based R&D team that leverages internal engineering talent and global partners to drive innovation



Record new product launches planned for 2025 across all price points



Exciting consumers at every stage of the product experience, from unboxing to using the iRobot Home app

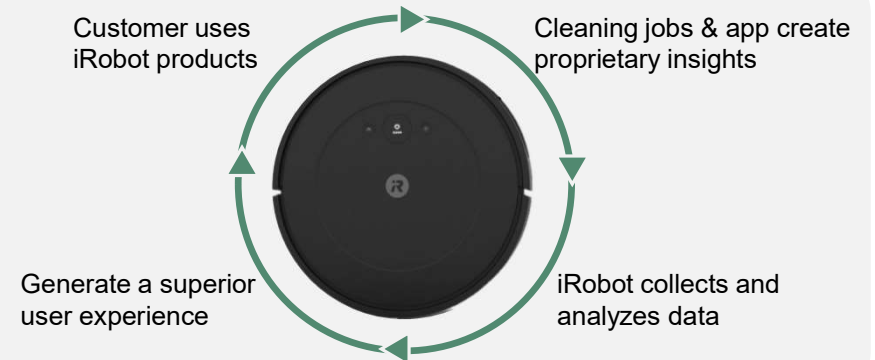


6 Powerful Proprietary Dataset Provides Real-Time Insights

Leverage Extensive Dataset to Enhance Customer Experience

iRobot leverages our own data to:

- ✓ Improve robot performance in real-time
- ✓ Innovate new products, functions, and software
- ✓ Personalize insights, actions, and communications to customers
- ✓ Deliver accessory health prediction reminders and trade-up / trade-in opportunities



iRobot's Data is Continuously Updated by Connected Robots



Millions

Connected Robots Monthly



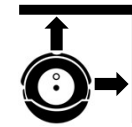
Billions

Total Cleaning Jobs



Hundreds of Billions

Minutes Cleaning



Hundreds of Millions

Smart Maps Created



Millions

Cleaning Jobs Each Week



7 Experienced, Energized and Focused Leadership Team to Deliver Turnaround and Growth



New leadership supported by a deep bench of talented executives



Financial Update

Strengthening Balance Sheet

<i>(in millions)</i>	September 28, 2024	December 30, 2023
Assets		
Cash & Cash Equivalents*	\$99	\$185
Accounts receivable, net	\$101	\$79
Inventory	\$149	\$152
Other Current Assets	\$33	\$49
Total current assets	\$424	\$465
Working Capital**	\$131	\$178

*Excludes restricted cash total of \$41.1 million, with \$40 million set aside for future repayment of term loan, subject to limited rights for inventory purchases.

**Represents total current assets less total current liabilities.



Q3 2024 Results: The Turnaround is on Track

<i>(in millions, except per share amounts)</i>	3Q'24	3Q'23
Revenue	\$193.4	\$186.2
GAAP Gross Margin	32.2%	25.8%
Non-GAAP Gross Margin	32.4%	26.5%
GAAP Operating Expenses	\$55.1	\$107.5
Non-GAAP Operating Expenses	\$47.7	\$90.1
GAAP Operating Income (Loss)	\$7.3	(\$59.5)
Non-GAAP Operating Income (Loss)	\$15.1	(\$40.6)
GAAP Net Income (Loss) Per Share	(\$0.21)	(\$2.86)
Non-GAAP Net Income (Loss) Per Share ¹	\$0.03	(\$2.82)

- The non-GAAP gross margin increased by 590 basis points year-over-year due to the restructuring and iRobot Elevate initiatives
- Operating expenses decreased by 47% year-over-year to \$47.7 million²

¹Beginning in Q4'23, the Company updated its non-GAAP financial measures to include "IP litigation expense, net." The metrics are presented in accordance with this updated methodology. As a result, the Q3'23 differs from those previously presented by the amount of IP litigation expense, net recorded in such period.

²Operating expenses for the third quarter of 2024 include a one-time benefit of \$13.5 million from a favorable IP litigation settlement.



Financial Priorities

- Improving gross margin and operating margin
- Stabilizing revenue
- Narrowing operating loss
- Strengthening balance sheet

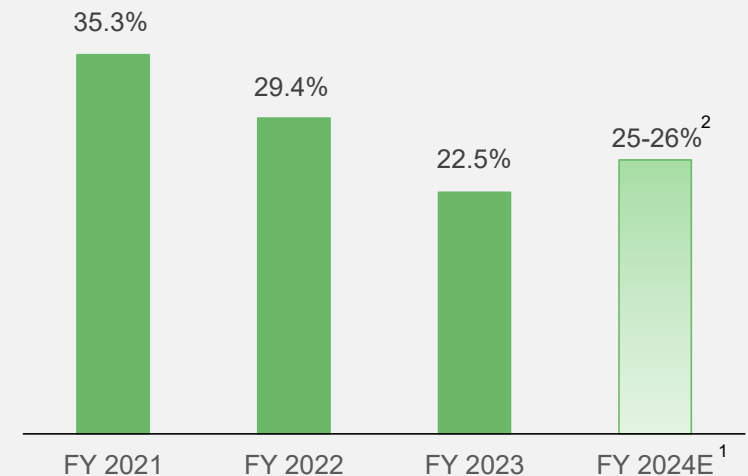


Gross Margin Improvements

- **New relationship paradigm with contract manufacturers leverages partner expertise:**
 - ✓ Design-for-manufacturing
 - ✓ Mature supply chains
 - ✓ Flexibility with components
- **Improvements driven by Elevate initiatives:**
 - ✓ New products with a better cost profile
 - ✓ Cost reductions on existing products
 - ✓ Restructuring efforts

Non-GAAP Gross Margin Target

Targeting gross margin of 25-26% for FY24¹, representing a 250-350 basis point improvement in non-GAAP gross margin vs. FY23



¹Outlook as of November 6, 2024.

² FY2024 gross margin was negatively impacted by an \$18.4 million non-recurring charge in Q2'24 related to the write-off of excess component inventory and the losses on non-cancelable purchase commitments as part of the transition to our new product development paradigm with our contract manufacturers



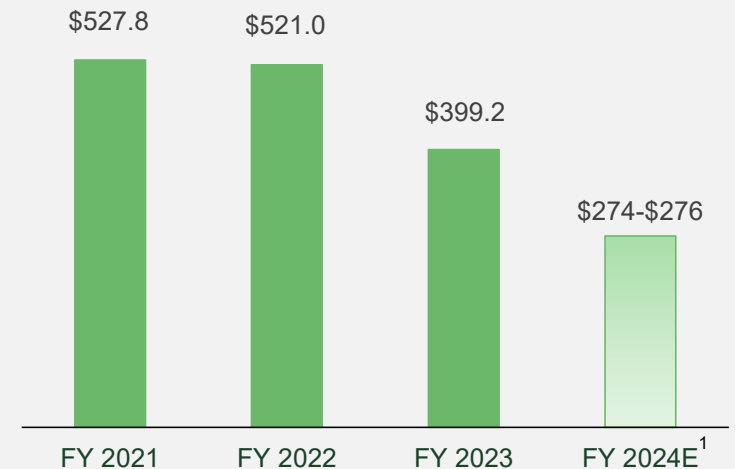
Reducing Operating Expense

- Reducing headcount by 50% since year-end 2023
- Reducing R&D expenditures by relocating certain non-core engineering functions and pausing work unrelated to our core floorcare business while continuing to invest in innovation
- Concentrating sales efforts in fast-growing regions and consolidating marketing strategies to enhance efficiency

Non-GAAP Operating Expense

Targeting ~31% decrease in operating expenses in FY24¹

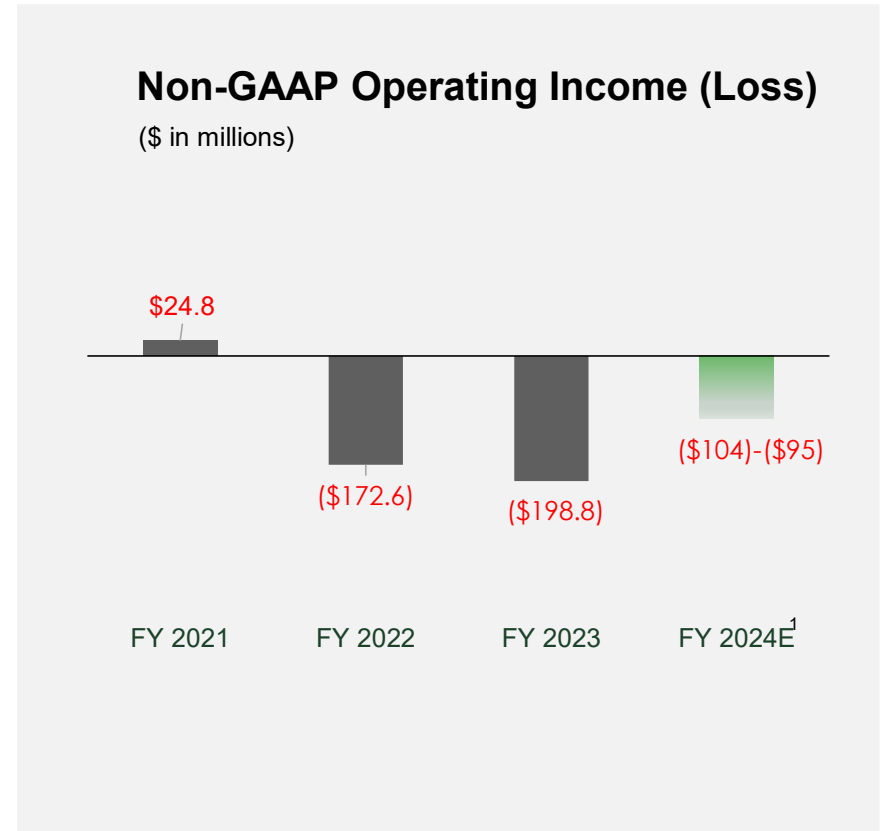
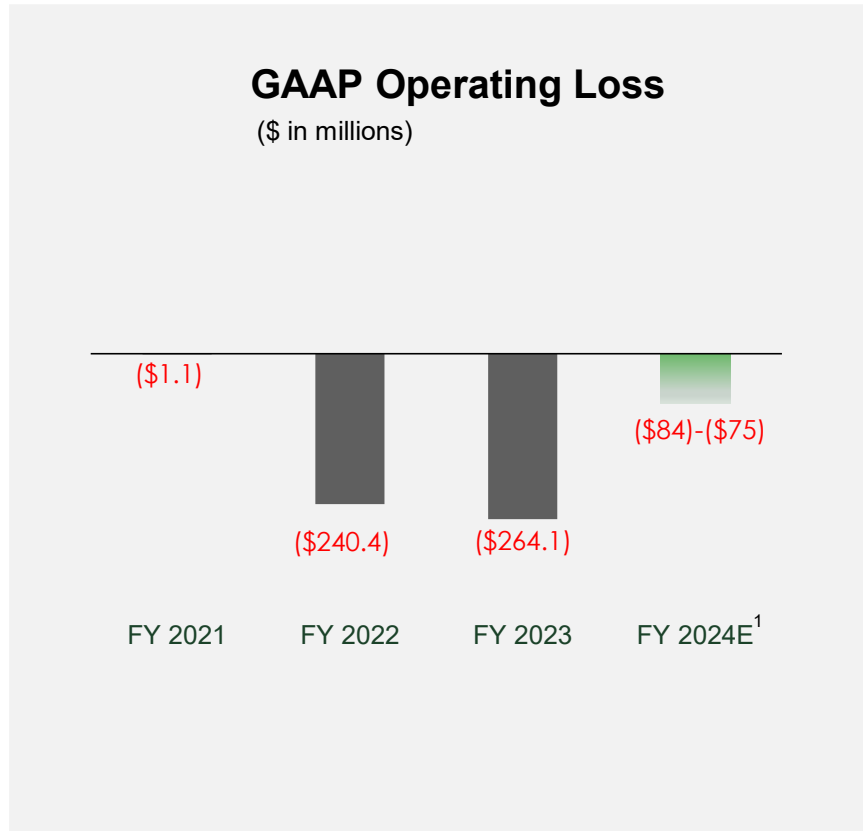
(\$ in millions)



¹Outlook as of November 6, 2024.



Narrowing Operating Loss

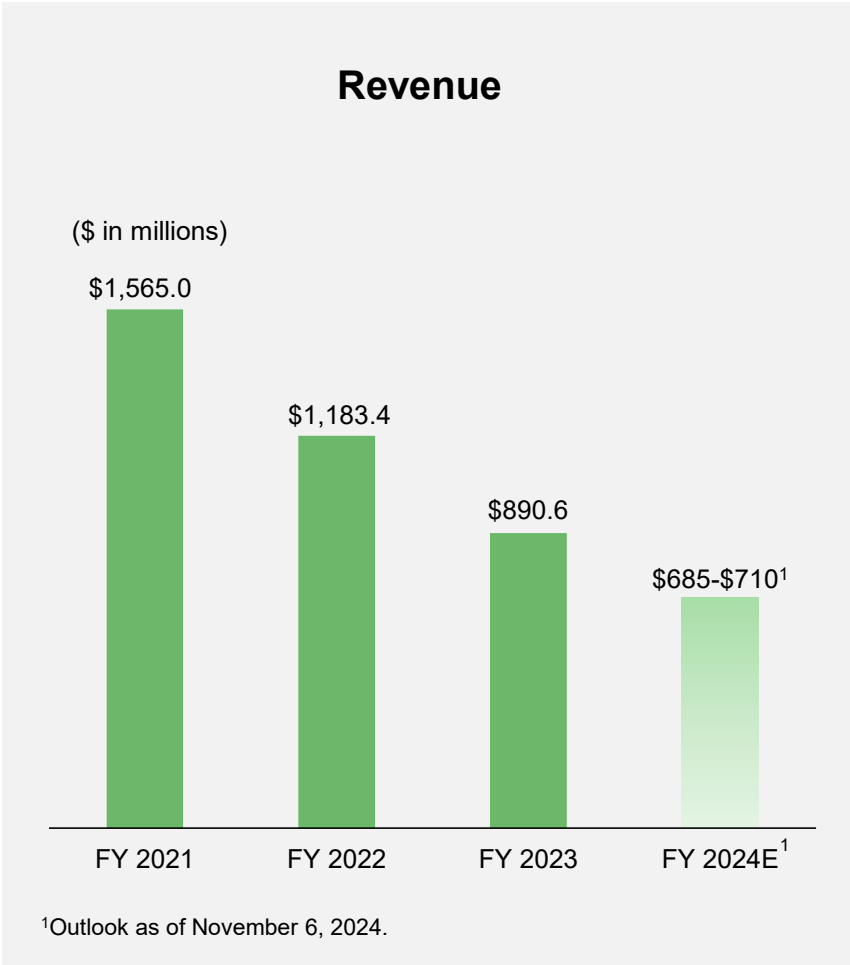


¹Outlook as of November 6, 2024.



Setting the Stage for Growth in 2025

- FY24 revenue target: \$685-\$710mm¹
- Cautious due to the macroeconomic environment¹
- Expecting return to YOY organic topline growth for FY25¹
- Q125 transitional period for product line¹
- 2H25 stronger than 1H25 as new products ramp¹



iRobot is Positioned for Success

A Market Leader With An Iconic Brand And Innovative Products

- ✓ Featuring a portfolio with advanced technologies and concepts for cleaning, mapping, and navigation utilizing cutting-edge AI, robotics, and software intelligence
- ✓ Powered by a talented team of designers and builders

Near-term Plan For Improving Operational Performance

- ✓ Aggressively cutting costs, implementing a sustainable model, and improving operations while focusing on core growth drivers
- ✓ Stabilizing the business in the current market while pursuing long-term growth

Focused Investments In Innovation To Drive Long-term Growth

- ✓ Investing in higher-value robotics, computer vision, machine learning, and complex mechanical design to improve robot core functionality

Transforming Go-To-Market Strategy

- ✓ Maintaining omnipresence in large markets while working with new and existing distribution partners in smaller markets
- ✓ Targeting investments to support e-commerce and direct-to-consumer channel





Q&A

Appendix



Non-GAAP Reconciliations



Supplemental Reconciliation of GAAP Actuals to Non-GAAP Actuals

(In thousands, except per-share amounts) (Unaudited)

	For the three months ended		For the nine months ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
GAAP Revenue	\$ 193,435	\$ 186,176	\$ 509,811	\$ 583,036
GAAP Gross Profit	\$ 62,377	\$ 47,996	\$ 125,946	\$ 138,240
Amortization of acquired intangible assets	-	292	-	864
Stock-based compensation	387	838	1,486	2,226
Net merger, acquisition and divestiture expense	-	288	-	898
Non-GAAP Gross Profit	\$ 62,764	\$ 49,414	\$ 127,432	\$ 142,228
GAAP Gross Margin	32.2 %	25.8 %	24.7 %	23.7 %
Non-GAAP Gross Margin	32.4 %	26.5 %	25.0 %	24.4 %
GAAP Operating Expenses	\$ 55,120	\$ 107,490	\$ 167,856	\$ 350,087
Amortization of acquired intangible assets	(1,066)	(174)	(1,405)	(529)
Stock-based compensation	(5,093)	(8,537)	(16,451)	(23,654)
Net merger, acquisition and divestiture income (expense)	656	(8,564)	74,813	(21,991)
Restructuring and other	(1,922)	(152)	(24,298)	(8,236)
Non-GAAP Operating Expenses*	\$ 47,695	\$ 90,063	\$ 200,515	\$ 295,677
GAAP Operating Expenses as a % of GAAP Revenue	28.5 %	57.7 %	32.9 %	60.0 %
Non-GAAP Operating Expenses as a % of Non-GAAP Revenue*	24.7 %	48.4 %	39.3 %	50.7 %
GAAP Operating Income (Loss)	\$ 7,257	\$ (59,494)	\$ (41,910)	\$ (211,847)
Amortization of acquired intangible assets	1,066	466	1,405	1,393
Stock-based compensation	5,480	9,375	17,937	25,880
Net merger, acquisition and divestiture (income) expense	(656)	8,852	(74,813)	22,889
Restructuring and other	1,922	152	24,298	8,236
Non-GAAP Operating Income (Loss)*	\$ 15,069	\$ (40,649)	\$ (73,083)	\$ (153,449)
GAAP Operating Margin	3.8 %	(32.0)%	(8.2)%	(36.3)%
Non-GAAP Operating Margin*	7.8 %	(21.8)%	(14.3)%	(26.3)%

Supplemental Reconciliation of GAAP Actuals to Non-GAAP Actuals (Cont.)

(In thousands, except per-share amounts) (Unaudited)

	For the three months ended		For the nine months ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
GAAP Income Tax Expense	\$ 1,080	\$ 598	\$ 1,917	\$ 5,053
Tax effect of non-GAAP adjustments	650	32,045	1,667	565
Other tax adjustments	(203)	(1,638)	(811)	(4,150)
Non-GAAP Income Tax Expense	<u>\$ 1,527</u>	<u>\$ 31,005</u>	<u>\$ 2,773</u>	<u>\$ 1,468</u>
GAAP Net Loss	\$ (6,371)	\$ (79,205)	\$ (68,410)	\$ (241,117)
Amortization of acquired intangible assets	1,066	466	1,405	1,393
Stock-based compensation	5,480	9,375	17,937	25,880
Net merger, acquisition and divestiture (income) expense	(656)	8,852	(74,813)	22,889
Restructuring and other	1,922	152	24,298	8,236
Loss on strategic investments	-	758	375	3,910
Debt issuance costs	52	11,837	529	11,837
Income tax effect	(447)	(30,407)	(856)	3,585
Non-GAAP Net Income (Loss)*	<u>\$ 1,046</u>	<u>\$ (78,172)</u>	<u>\$ (99,535)</u>	<u>\$ (163,387)</u>
GAAP Net Loss Per Diluted Share	\$ (0.21)	\$ (2.86)	\$ (2.34)	\$ (8.73)
Amortization of acquired intangible assets	0.03	0.02	0.05	0.05
Stock-based compensation	0.18	0.34	0.61	0.93
Net merger, acquisition and divestiture (income) expense	(0.02)	0.32	(2.55)	0.83
Restructuring and other	0.06	-	0.83	0.30
Loss on strategic investments	-	0.03	0.01	0.14
Debt issuance costs	-	0.43	0.02	0.43
Income tax effect	(0.01)	(1.10)	(0.03)	0.13
Non-GAAP Net Income (Loss) Per Diluted Share*	<u>\$ 0.03</u>	<u>\$ (2.82)</u>	<u>\$ (3.40)</u>	<u>\$ (5.92)</u>
Number of shares used in diluted per share calculation	30,551	27,738	29,276	27,608
Supplemental Information				
Days sales outstanding	48	36		
GAAP Days in inventory	104	161		
Non-GAAP Days in inventory ⁽¹⁾	104	163		

* Beginning in the fourth quarter of fiscal 2023, we updated our calculation of non-GAAP financial measures to no longer exclude "IP litigation expense, net." The metrics for each period are presented in accordance with this updated methodology; as a result, the third quarter and the nine months ended September 30, 2023 differ from those previously presented by the amount of IP litigation expense, net recorded in such period.

⁽¹⁾ Non-GAAP Days in inventory is calculated as inventory divided by (Revenue minus Non-GAAP Gross Profit), multiplied by 91 days.



Supplemental Reconciliation of GAAP Actuals to Non-GAAP Actuals (Cont.)

(In thousands, except per-share amounts) (Unaudited)

	For the three months ended		For the nine months ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
GAAP Research and development	\$ 19,630	\$ 37,336	\$ 76,739	\$ 116,576
Stock-based compensation	(1,296)	(3,355)	(4,994)	(8,737)
Net merger, acquisition and divestiture income (expense)	-	(1,202)	-	(3,000)
Non-GAAP Research and development	<u>\$ 18,334</u>	<u>\$ 32,779</u>	<u>\$ 71,745</u>	<u>\$ 104,839</u>
GAAP Selling and marketing	\$ 29,270	\$ 41,558	\$ 98,966	\$ 139,630
Stock-based compensation	(903)	(1,384)	(3,403)	(4,221)
Net merger, acquisition and divestiture income (expense)	-	(698)	-	(1,688)
Non- GAAP Selling and marketing	<u>\$ 28,367</u>	<u>\$ 39,476</u>	<u>\$ 95,563</u>	<u>\$ 133,721</u>
GAAP General and administrative	\$ 3,232	\$ 28,270	\$ (33,552)	\$ 85,116
Stock-based compensation	(2,894)	(3,798)	(8,054)	(10,696)
Net merger, acquisition and divestiture income (expense)	656	(6,664)	74,813	(17,303)
Non- GAAP General and administrative	<u>\$ 994</u>	<u>\$ 17,808</u>	<u>\$ 33,207</u>	<u>\$ 57,117</u>

Reconciliation tables for the full fiscal year periods included in this presentation can be found in our Annual Report on Form 10-K for the fiscal year ended December 30, 2023, filed with the Securities and Exchange Commission on February 27, 2024.



Supplemental Reconciliation of Fourth-Quarter and Full-Year 2024 GAAP to Non-GAAP Guidance (Unaudited)

	Q4-24	FY-24
GAAP Gross Profit	\$42 - \$54 million	\$168 - \$179 million
Stock-based compensation	~\$0 million	~\$2 million
Total adjustments	~\$0 million	~\$2 million
Non-GAAP Gross Profit	\$42 - \$54 million	\$170 - \$181 million
	Q4-24	FY-24
GAAP Gross Margin	24% - 27%	25% - 26%
Stock-based compensation	~0%	~0%
Total adjustments	~0%	~0%
Non-GAAP Gross Margin	24% - 27%	25% - 26%
	Q4-24	FY-24
GAAP Operating Expenses	\$85 - \$86 million	\$252 - \$254 million
Amortization of acquired intangible assets	~(\$0) million	~(\$2) million
Stock-based compensation	~(\$6) million	~(\$23) million
Net merger, acquisition and divestiture income (expense)	-	~\$75 million
Restructuring and other	~(\$5) million	~(\$29) million
Total adjustments	~(\$11) million	~\$22 million
Non-GAAP Operating Expenses	\$74 - \$75 million	\$274 - \$276 million



Supplemental Reconciliation of Fourth-Quarter and Full-Year 2024 GAAP to Non-GAAP Guidance (Unaudited) (Cont.)

	Q4-24	FY-24
GAAP Operating Loss	(\$43) - (\$34) million	(\$84) - (\$75) million
Amortization of acquired intangible assets	~\$0 million	~\$2 million
Stock-based compensation	~\$7 million	~\$25 million
Net merger, acquisition and divestiture expense (income)	-	~(\$75) million
Restructuring and other	~\$5 million	~\$29 million
Total adjustments	~\$12 million	~(\$20) million
Non-GAAP Operating Loss	(\$31) - (\$22) million	(\$104) - (\$95) million
	Q4-24	FY-24
GAAP Net Loss Per Share	(\$1.88) - (\$1.58)	(\$4.27) - (\$3.96)
Amortization of acquired intangible assets	~\$0.01	~\$0.05
Stock-based compensation	~\$0.22	~\$0.83
Net merger, acquisition and divestiture expense (income)	-	~(\$2.53)
Restructuring and other	~\$0.15	~\$0.98
Loss on strategic investments	-	~\$0.01
Debt issuance costs	-	~\$0.02
Income tax effect	~\$0	~\$0
Total adjustments	~\$0.38	~(\$0.64)
Non-GAAP Net Loss Per Share	(\$1.50) - (\$1.20)	(\$4.91) - (\$4.60)
Number of shares used in per share calculations*	~30.6 million	~29.6 million

* Number of shares does not include any additional issuances under our ATM

Certain numbers may not total due to rounding





THANK YOU