

## April 12, 2021 Dear Fellow Stockholder,

You are cordially invited to attend the annual meeting of stockholders of iRobot Corporation, a Delaware corporation (the “Company”), to be held on Tuesday, May 25, 2021, at 8:30 a.m., Eastern Time. The annual meeting will again be held entirely online this year. You will be able to attend and participate in the annual meeting online by visiting [www.virtualshareholdermeeting.com/IRBT2021](http://www.virtualshareholdermeeting.com/IRBT2021), where you will be able to vote electronically and submit questions. Given the virtual format, there is no opportunity to attend this annual meeting in person. You will need the 16-digit control number included on your Notice of Internet Availability or your proxy card (if you received a printed copy of the proxy materials) to attend the annual meeting.



At this annual meeting, you will be asked to (1) elect three (3) Class I directors, each to serve for a three-year term; (2) ratify the appointment of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for the current fiscal year; (3) approve amendments to our amended and restated certificate of incorporation to eliminate supermajority voting requirements; (4) approve amendments to our amended and restated certificate of incorporation to declassify the board of directors; (5) approve amendments to our amended and restated certificate of incorporation to eliminate the prohibition on stockholders’ ability to call a special meeting; and (6) approve, on a non-binding, advisory basis, the compensation of our named executive officers as disclosed in this Proxy Statement.

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The board of directors unanimously recommends that you vote FOR election of the director nominees, FOR ratification of appointment of our independent registered public accounting firm, FOR approval of amendments to our amended and restated certificate of incorporation to eliminate supermajority voting requirements, FOR approval of amendments to our amended and restated certificate of incorporation to declassify the board of directors, FOR approval of amendments to our amended and restated certificate of incorporation to eliminate the prohibition on stockholders’ ability to call a special meeting, and FOR approval, on a non-binding, advisory basis, of the compensation of our named executive officers as disclosed in this Proxy Statement. Details regarding the matters to be acted upon at this annual meeting appear in the accompanying Proxy Statement. Please give the accompanying materials your careful attention.

**Whether or not you plan to attend the annual meeting online, we urge you to vote on the business to come before this annual meeting so that your shares will be represented at the annual meeting. If you attend the annual meeting online, you may vote during the meeting electronically even if you have previously returned a proxy. Your prompt cooperation will be greatly appreciated.**

**BECAUSE APPROVAL OF PROPOSALS 3, 4 AND 5 REQUIRES THE AFFIRMATIVE VOTE OF AT LEAST 75% OF THE OUTSTANDING SHARES, YOUR VOTE WILL BE ESPECIALLY IMPORTANT AT THIS YEAR’S ANNUAL MEETING.**

Thank you for your continued support, interest and investment in iRobot.

Sincerely,

A handwritten signature in black ink, appearing to be 'C Angle', written over a white background.

Colin M. Angle  
Chairman of the Board and Chief Executive Officer

April 12, 2021

## **SUMMARY OF RECENT AND PROPOSED CHANGES TO CORPORATE GOVERNANCE AND EXECUTIVE COMPENSATION**

In recent years, iRobot has taken important steps to evolve key corporate governance practices and policies that shape board engagement, the composition of the board of directors, and executive compensation matters. For the upcoming 2021 annual meeting of stockholders (the “2021 Annual Meeting”), stockholders are asked to vote on six proposals that are detailed in this year’s Proxy Statement, including proposals related to the aforementioned areas. Below are some highlights of recent governance changes, including additional information about certain proposals that will be voted upon at the 2021 Annual Meeting:

### **Corporate Governance**

iRobot has continued a strong commitment to adopting and maintaining best practices in its corporate governance activities and policies, which informs overall board engagement, board composition and executive compensation matters. The past year tested our Company like no other. We take tremendous pride in our 2020 performance, achievements and strategic progress. The insights, guidance and counsel from our board of directors was invaluable in helping us successfully navigate a year of unprecedented challenges.

For the upcoming 2021 Annual Meeting, stockholders are asked to vote on six proposals that are detailed in this year’s Proxy Statement. Three specific proposals aimed at enhancing our corporate governance practices and responding to expressed interests of stockholders have failed to attain the required stockholder support to pass in recent years notwithstanding our ongoing investments and efforts in getting these proposals passed. These proposals are: (1) eliminating supermajority voting requirements; (2) declassifying our board of directors; and (3) eliminating the prohibition on stockholders’ ability to call a special meeting. Our board has again carefully considered the advantages and disadvantages of each of these proposals this year and determined that the merits of these proposals outweigh their disadvantages. Accordingly, our board has again submitted these proposals to our stockholders for approval. In addition to these proposals, stockholders are also asked to vote on the election of three (3) class I directors, the ratification of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for the current fiscal year, and approval, on a non-binding, advisory basis, of the compensation of our named executive officers as disclosed in this Proxy Statement.

## Notable Practices and Policies

As you review the details of these proposals within the accompanying Proxy Statement, we ask stockholders to keep in mind the Company's successful implementation of a range of what we believe are stockholder-friendly practices and policies. These include the following:



ANNUAL ELECTION OF DIRECTORS\*



PROXY ACCESS



MAJORITY VOTING FOR DIRECTORS



DIRECTOR STOCK OWNERSHIP GUIDELINES



NO SUPERMAJORITY VOTING REQUIREMENTS\*



LEAD INDEPENDENT DIRECTOR



INDEPENDENT DIRECTORS MEET WITHOUT MANAGEMENT PRESENT



NOTICE & ACCESS



SHAREHOLDERS ALLOWED TO CALL SPECIAL MEETINGS\*



CODE OF BUSINESS CONDUCT & ETHICS FOR DIRECTORS, OFFICERS AND EMPLOYEES



DIRECTOR SELF-EVALUATION PROGRAM

\* The Company is seeking stockholder approval at the 2021 Annual Meeting to 1) declassify its board of directors; 2) eliminate supermajority voting requirements in its governing documents relating to removal of directors and amendments to the Company's certificate of incorporation and bylaws; and 3) allow stockholders to call special meetings.

## Board Composition

We did not make any changes to the composition of our board of directors in 2020. We evaluate our board member skills for alignment with iRobot's strategic goals on an ongoing basis. Each independent director on our board brings considerable experience, domain expertise, complementary skills and relevant insights in the areas that are critical to the Company's strategic direction and long-term success. Additionally, our board is strengthened by its diversity whether it be the industry expertise, gender, geographic residency or ethnicity of its members. Please see pages 9-17 of the Proxy Statement for additional information about each director serving on our Board, including the director nominees.

## Director Facts and Figures



**9**  
Total Directors



**8**  
Independent Directors



Average Tenure of Independent Directors



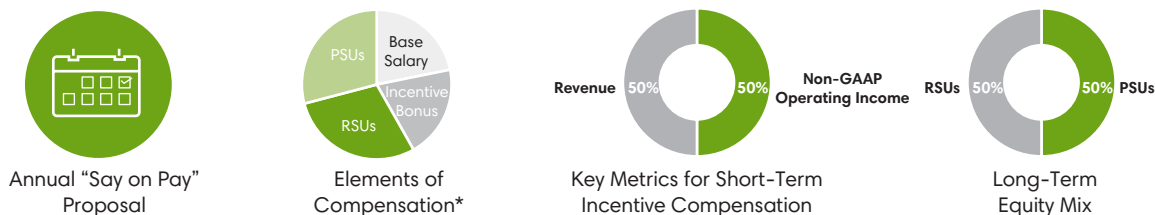
Average Age of Directors



Board Meetings Held in 2020

## Executive Compensation

Since 2017, the long-term incentive component of our executive compensation plan has reflected a 50/50 mix of performance share units (“PSUs”) and time-based restricted stock units (“RSUs”). The PSUs have metrics based on our cumulative financial performance measured at the end of a given three-year performance period. Additionally, since 2017 we have had the ability to achieve an above-target payout for PSUs when the performance metrics exceed our target levels. In 2020, we continued to evolve our executive compensation plan designs to better reflect underlying business conditions and better align with recent changes in our financial reporting. The following represents key elements of our executive compensation practices:



*Representative mix of compensation. For additional information, please see page 43 of this Proxy Statement.*

## Your Vote Matters

As noted above and outlined in greater detail within the Proxy Statement, stockholders have overwhelmingly supported the three proposals included in the enclosed Proxy Statement relating to amendments of our certificate of incorporation to (1) declassify our board of directors; (2) eliminate supermajority voting requirements in our governing documents relating to removal of directors and amendments to the Company’s certificate of incorporation and bylaws; and (3) allow stockholders to call special meetings. However, none of these proposals achieved the requisite affirmative vote of at least 75% of the outstanding shares to pass. We strongly believe in the merits of each proposal, and we urge all stockholders to vote their shares, regardless of how many shares you own or whether you plan to attend the online meeting. We appreciate your cooperation and support.

# iROBOT CORPORATION

## NOTICE OF ANNUAL MEETING OF STOCKHOLDERS To Be Held on May 25, 2021

To the Stockholders of iRobot Corporation:

The annual meeting of stockholders of iRobot Corporation, a Delaware corporation (the “Company”), will be held on Tuesday, May 25, 2021, at 8:30 a.m., Eastern Time. The annual meeting will be held entirely online this year again due in part to the ongoing COVID-19 pandemic. The annual meeting is being held for the following purposes:

1. To elect three (3) Class I directors, nominated by the board of directors, each to serve for a three-year term and until his or her successor has been duly elected and qualified or until his or her earlier death, resignation or removal;
2. To ratify the appointment of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for the current fiscal year;
3. To approve amendments to our amended and restated certificate of incorporation to eliminate supermajority voting requirements;
4. To approve amendments to our amended and restated certificate of incorporation to declassify the board of directors;
5. To approve amendments to our amended and restated certificate of incorporation to eliminate the prohibition on stockholders’ ability to call a special meeting;
6. To hold a non-binding, advisory vote on the approval of the compensation of our named executive officers as disclosed in this Proxy Statement; and
7. To transact such other business as may properly come before the annual meeting and at any adjournments or postponements thereof.

Proposal 1 relates solely to the election of three (3) Class I directors nominated by the board of directors and does not include any other matters relating to the election of directors. Only stockholders of record at the close of business on March 31, 2021 (the “Record Date”) are entitled to notice of and to vote at the annual meeting and at any adjournment or postponement thereof.

We are mailing our stockholders a Notice of Internet Availability of Proxy Materials (the “Notice”), instead of a paper copy of our Proxy Statement and our Annual Report to Stockholders for the fiscal year ended January 2, 2021 (the “2020 Annual Report”). Stockholders who have requested a paper copy of our proxy materials will continue to receive them by mail. The Notice contains instructions on how to access those documents over the Internet and how to request a paper copy of our Proxy Statement, the 2020 Annual Report, and a form of proxy card or voting instruction card.

All stockholders are cordially invited to attend the annual meeting online. To assure your representation at the annual meeting, we urge you, regardless of whether you plan to attend the annual meeting online, to sign, date and return the proxy card (if you received printed proxy materials) or to vote over the telephone or on the Internet as instructed in these proxy materials so that your shares will be represented at the annual meeting. If your shares are held in “street name,” that is, held for your account by a broker or other nominee, you will receive instructions from the holder of record that you must follow for your shares to be voted.

To be admitted to the annual meeting at [www.virtualshareholdermeeting.com/IRBT2021](http://www.virtualshareholdermeeting.com/IRBT2021), you must enter the 16-digit control number included on your Notice or your proxy card (if you received a printed copy of the proxy materials) to attend the annual meeting. We encourage you to access the annual meeting before it begins. Online check-in to access the meeting will start shortly before the meeting on May 25, 2021. If you attend the annual meeting at [www.virtualshareholdermeeting.com/IRBT2021](http://www.virtualshareholdermeeting.com/IRBT2021), you may vote electronically during the meeting even if you have previously returned a proxy. Stockholders will also have the opportunity to submit questions prior to the annual meeting at [www.proxyvote.com](http://www.proxyvote.com) by logging on with your control number or during the annual meeting through [www.virtualshareholdermeeting.com/IRBT2021](http://www.virtualshareholdermeeting.com/IRBT2021). A technical support telephone number will be posted on the log-in page of [www.virtualshareholdermeeting.com/IRBT2021](http://www.virtualshareholdermeeting.com/IRBT2021) that you can call if you encounter any difficulties accessing the virtual meeting during the check-in or during the meeting.

In closing, we urge all stockholders to vote their shares TODAY using the proxy card (if you received printed proxy materials) or vote online or by telephone, as instructed, regardless of how many shares you own or whether you plan to attend the meeting online. We appreciate your cooperation and support in making sure your shares are represented.

**Important Notice Regarding the Internet Availability of Proxy Materials  
for the Stockholder Meeting to Be Held on May 25, 2021**

This Notice of 2021 Annual Meeting, Proxy Statement, and 2020 Annual Report are available for viewing, printing and downloading at [www.proxyvote.com](http://www.proxyvote.com).

By Order of the Board of Directors,



GLEN D. WEINSTEIN  
Executive Vice President,  
Chief Legal Officer and Secretary  
Bedford, Massachusetts  
April 12, 2021

**REGARDLESS OF WHETHER YOU EXPECT TO ATTEND THE ANNUAL MEETING ONLINE, PLEASE VOTE BY TELEPHONE, OVER THE INTERNET, OR BY SIGNING, DATING AND RETURNING THE PROXY CARD IN THE POSTAGE-PAID ENVELOPE PROVIDED (IF YOU RECEIVED PRINTED PROXY MATERIALS) IN ORDER TO ENSURE REPRESENTATION OF YOUR SHARES.**

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# iROBOT CORPORATION

## PROXY STATEMENT For the Annual Meeting of Stockholders To Be Held on May 25, 2021

April 12, 2021

This Proxy Statement and related materials have been made available to you on the Internet, or have been delivered to you by mail at your request, on behalf of the board of directors of iRobot Corporation, a Delaware corporation (the “Company” or “iRobot”), for use at the annual meeting of stockholders to be held on Tuesday, May 25, 2021, at 8:30 a.m., Eastern Time. The annual meeting will again be held entirely online this year again due in part to the ongoing COVID-19 pandemic. Additional details regarding attending the virtual annual meeting and voting at the meeting are provided below.

### **Important Notice Regarding the Internet Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on May 25, 2021**

We have elected to provide access to our proxy materials over the Internet under the Securities and Exchange Commission’s (“SEC”) “notice and access” rules, which we believe produces cost savings associated with reduced printing and postage expenses as well as promotes a positive environmental impact tied to lower quantities of materials that will be produced and delivered to stockholders. On or about April 13, 2021, we mailed to our stockholders a Notice of Internet Availability containing instructions on how to access our proxy materials, including our Proxy Statement and our 2020 Annual Report. We believe that providing our proxy materials over the Internet expedites stockholders’ receipt of proxy materials, lowers costs and reduces the environmental impact of our annual stockholder meeting. As a stockholder of the Company, you are invited to participate in the annual meeting, and are entitled and requested to vote on the proposals described in this Proxy Statement. The Notice of Internet Availability instructs you on how to submit your proxy or voting instructions through the Internet. If you would like to receive a paper copy of our proxy materials, the Notice of Internet Availability instructs you on how to request a paper copy of our proxy materials, including a proxy card or voting instruction form that includes instructions on how to submit your proxy or voting instructions by mail or telephone.

This Proxy Statement and our 2020 Annual Report to stockholders are available for viewing, printing and downloading at [www.proxyvote.com](http://www.proxyvote.com). A copy of our Annual Report on Form 10-K for the fiscal year ended January 2, 2021, as filed with the SEC on February 16, 2021, will be furnished without charge to any stockholder upon written request to iRobot Corporation, 8 Crosby Drive, Bedford, Massachusetts 01730, Attention: Investor Relations. This Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended January 2, 2021 are also available on the SEC’s website at [www.sec.gov](http://www.sec.gov).

The purposes of the annual meeting are to elect three (3) Class I directors, each for a three-year term, to ratify the appointment of the Company’s independent registered public accounting firm, to approve amendments to our amended and restated certificate of incorporation to eliminate supermajority voting requirements, to approve amendments to our amended and restated certificate of incorporation to declassify the board of directors, to approve amendments to our amended and restated certificate of incorporation to eliminate the prohibition on stockholders’ ability to call a special meeting (such amendments, together, the “Charter Amendments”), and to hold a non-binding,

advisory vote on the compensation of our named executive officers as disclosed in this Proxy Statement. Only stockholders of record at the close of business on March 31, 2021, will be entitled to receive notice of and to vote at the annual meeting. As of March 31, 2021, 28,395,015 shares of common stock, \$0.01 par value per share, of the Company were issued and outstanding. The holders of common stock are entitled to one vote per share on any proposal presented at the annual meeting.

Stockholders may vote via the Internet during the online meeting or by proxy. If you attend the annual meeting online, you may vote during the meeting electronically even if you have previously voted by proxy. Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by (i) filing a written notice of revocation bearing a later date than the proxy with the Secretary of the Company, (ii) duly completing a later-dated proxy relating to the same shares, or (iii) attending the annual meeting online and voting during the meeting electronically (although attendance at the annual meeting online will not in and of itself constitute a revocation of a proxy). Any written notice of revocation or subsequent proxy should be sent so as to be delivered to iRobot Corporation, 8 Crosby Drive, Bedford, Massachusetts 01730, Attention: Secretary, before the taking of the vote at the annual meeting.

The representation at the annual meeting online or by proxy of a majority of the outstanding shares of common stock entitled to vote at the annual meeting is necessary to constitute a quorum for the transaction of business. Votes withheld from any nominee, abstentions and broker “non-votes” are counted as present or represented for purposes of determining the presence or absence of a quorum for the annual meeting. A broker “non-vote” occurs when a nominee holding shares for a beneficial owner votes on one proposal but does not vote on another proposal because, with respect to such other proposal, the nominee does not have discretionary voting power and has not received instructions from the beneficial owner. Broker “non-votes” are not considered voted for the particular matter. If you hold your shares in “street-name” through a broker or other nominee, if the nominee does not have discretionary voting power and absent voting instructions from you, your shares will not be counted as voting.

For Proposal 1, our by-laws require that each director be elected by the affirmative vote of holders of a majority of the votes cast by holders of shares present, online or represented by proxy, and entitled to vote on the matter. Abstentions and broker non-votes, if any, will not be counted as voting with respect to the election of the directors and, therefore, will not have an effect on the election of the Class I directors.

For Proposal 2, the ratification of the appointment of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for the current fiscal year, and Proposal 6, the non-binding, advisory vote on the compensation of our named executive officers as disclosed in this Proxy Statement, an affirmative vote of holders of a majority of the votes cast by holders of shares present, online or represented by proxy, and entitled to vote on each such matter is required for approval. Abstentions and broker non-votes, if any, are not considered votes cast for Proposals 2 and 6, and, therefore, will not have any effect on the outcome of such Proposals.

For Proposals 3, 4 and 5, votes on the Charter Amendments, an affirmative vote of not less than 75% of the outstanding shares entitled to vote as of the record date is required for approval of each such Proposal. Abstentions and broker non-votes, if any, will have the same effect as if you voted against Proposals 3, 4 and 5.

All properly executed proxies returned in time to be counted at the annual meeting will be voted by the named proxies at the annual meeting. Where a choice has been specified on the proxy with respect to the foregoing matters, the shares represented by the proxy will be voted in accordance with

the specifications. If you return a validly executed proxy without indicating how your shares should be voted on a matter, your proxies will be voted FOR election of the director nominees, FOR ratification of the appointment of our independent registered public accounting firm, FOR each of the Charter Amendments and FOR the approval, on a non-binding, advisory basis, of the compensation of our named executive officers as disclosed in this Proxy Statement.

Aside from the election of directors, the ratification of the appointment of the independent registered public accounting firm, the approval of the Charter Amendments and the non-binding, advisory vote on the compensation of our named executive officers as disclosed in this Proxy Statement, the board of directors knows of no other matters to be presented at the annual meeting. If any other matter should be presented at the annual meeting upon which a vote properly may be taken, shares represented by all proxy cards received by the board of directors will be voted with respect thereto at the discretion of the persons named as proxies.

It is important that your shares be voted regardless of whether you attend the online meeting. Please follow the voting instructions on the Notice of Internet Availability of Proxy Materials that you received. If you received a proxy card or voting instruction form, please complete the proxy card or voting instruction form promptly. If your shares are held in a bank or brokerage account, you may be eligible to vote electronically or by telephone – please refer to your voting instruction form. If you attend the meeting online, you may vote electronically during the meeting even if you have previously returned your vote in accordance with the foregoing. We appreciate your cooperation.

### Important Information about How to Vote

All stockholders may vote their shares over the Internet, by telephone or during the annual meeting by going to [www.virtualshareholdermeeting.com/IRBT2021](http://www.virtualshareholdermeeting.com/IRBT2021). If you requested and/or received a printed version of the proxy card, you may also vote by mail.

- **By Internet (before the Annual Meeting).** You may vote at [www.proxyvote.com](http://www.proxyvote.com), 24 hours a day, seven days a week. You will need the 16-digit included in your Notice of Internet Availability or your proxy card (if you received a printed copy of the proxy materials). Votes submitted through the Internet must be received by 11:59 p.m. Eastern Standard on May 24, 2021.
- **By Telephone.** You may vote using a touch-tone telephone by calling 1-800-690-6903, 24 hours a day, seven days a week. You will need the 16-digit control number included on your Notice of Internet Availability or your proxy card (if you received a printed copy of the proxy materials). Votes submitted by telephone must be received by 11:59 p.m. Eastern Standard on May 24, 2021.
- **By Mail.** If you received printed proxy materials, you may submit your vote by completing, signing and dating each proxy card received and returning it promptly in the prepaid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. Sign your name exactly as it appears on the proxy card. Proxy cards submitted by mail must be received no later than by May 24, 2021 to be voted at the annual meeting.
- **During the Annual Meeting.** You may vote during the annual meeting by going to [www.virtualshareholdermeeting.com/IRBT2021](http://www.virtualshareholdermeeting.com/IRBT2021). You will need the 16-digit control number included on your Notice of Internet Availability or your proxy card (if you received a printed copy of the proxy materials). If you previously voted via the Internet (or by telephone or mail), you will not limit your right to vote online at the annual meeting.

If you vote via the Internet or by telephone, your electronic vote authorizes the named proxies in the same manner as if you signed, dated and returned your proxy card. If you vote via the Internet or by telephone, do not return your proxy card.

### **Participation in the Virtual Annual Meeting**

Our 2021 Annual Meeting will be a completely virtual meeting. There is no physical meeting location.

To participate in the virtual meeting, visit [www.virtualshareholdermeeting.com/IRBT2021](http://www.virtualshareholdermeeting.com/IRBT2021) and enter the 16-digit control number included on your Notice of Internet Availability or your proxy card (if you received a printed copy of the proxy materials). You may begin to log into the meeting platform beginning at 8:15 a.m. Eastern Time on May 25, 2021. The meeting will begin promptly at 8:30 a.m. Eastern Time on May 25, 2021.

Stockholders will also have the opportunity to submit questions prior to the annual meeting at [www.proxyvote.com](http://www.proxyvote.com) by logging on with your control number or during the annual meeting through [www.virtualshareholdermeeting.com/IRBT2021](http://www.virtualshareholdermeeting.com/IRBT2021). A technical support telephone number will be posted on the log-in page of [www.virtualshareholdermeeting.com/IRBT2021](http://www.virtualshareholdermeeting.com/IRBT2021) that you can call if you encounter any difficulties accessing the virtual meeting during the check-in or during the meeting.

## **PROPOSAL 1 ELECTION OF DIRECTORS**

### **Nominees**

Our board of directors currently consists of nine members. Our amended and restated certificate of incorporation currently divides the board of directors into three classes. One class is elected each year for a term of three years. The board of directors, upon the recommendation of the nominating and corporate governance committee, has nominated Colin M. Angle, Deborah G. Ellinger and Eva Manolis, and recommended that each be elected to the board of directors as a Class I director, each to hold office until the annual meeting of stockholders to be held in the year 2024 or until his or her successor has been duly elected and qualified or until his or her earlier death, resignation or removal. Each of Mr. Angle and Mses. Ellinger and Manolis has consented to being named in this Proxy Statement and has agreed to serve if elected. The board of directors is also composed of (i) three Class II directors (Mohamad Ali, Michael Bell and Ruey-Bin Kao) whose terms are currently set to expire upon the election and qualification of directors at the annual meeting of stockholders to be held in 2022 and (ii) three Class III directors (Elisha Finney, Andrew Miller, and Michelle V. Stacy) whose terms are currently set to expire upon the election and qualification of directors at the annual meeting of stockholders to be held in 2023. If Proposal 4 is approved by the stockholders, each of Mr. Angle and Mses. Ellinger and Manolis, along with all other directors, will stand for election at the annual meeting of stockholders to be held in 2022.

The board of directors knows of no reason why any of the nominees named in this Proxy Statement would be unable or for good cause will not serve, but if any nominee should for any reason be unable to serve or for good cause will not serve, the board of directors reserves the right to nominate substitute nominees for election prior to the annual meeting, in which case the Company will file an amendment to this Proxy Statement disclosing the identity of such substitute nominees and related information and the proxies will be voted for such substitute nominees. Unless otherwise instructed, the proxy holders will vote the proxies received by them for the nominees named below.

### **Recommendation of the Board:**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS  
THAT YOU VOTE "FOR" ELECTION OF THE NOMINEES LISTED BELOW.**

The following table sets forth our nominees to be elected at the annual meeting and continuing directors, the positions with us currently held by each nominee and director, the year each nominee's or director's current term is currently set to expire and each nominee's and director's current class:

Nominee's or Director's Name	Position(s) with the Company	Year Current Term Will Expire	Current Class of Director
<b>Nominees for Class I Directors:</b>			
Colin M. Angle	Chairman of the Board, Chief Executive Officer and Director	2021	I
Deborah G. Ellinger	Director	2021	I
Eva Manolis	Director	2021	I
<b>Continuing Directors:</b>			
Mohamad Ali	Lead Independent Director	2022	II
Michael Bell	Director	2022	II
Ruey-Bin Kao	Director	2022	II
Andrew Miller	Director	2023	III
Elisha Finney	Director	2023	III
Michelle V. Stacy	Director	2023	III

## Specific Qualifications, Skills and Experience Required of the Board

The nominating and corporate governance committee believes that certain qualifications, skills and experience should be represented on the board, as described below, although not every member of the board must possess all such qualifications, skills and experience to be considered capable of making valuable contributions to the board.



### PUBLIC CO. LEADERSHIP

Our business is complex and evolving rapidly. Our leadership is comprised of individuals who have helped lead public companies or operating business units of significant size and have proven leadership experience in developing and advancing a vision and making executive-level decisions.



### PUBLIC CO. BOARD EXPERIENCE

We look for directors who have proven public company board experience, and who have demonstrated a steady hand in representing stockholders' interests.



### FINANCE AND CAPITAL MANAGEMENT

Our business and financial model is complex and global in scope. Individuals with financial expertise are able to identify and understand the issues associated with our business and take an analytical approach to capital allocation decisions.



### GLOBAL OPERATING EXPERIENCE

We are a global company, with approximately 57% of our Revenue coming from the Americas, 27% from Europe and 16% from the Asia-Pacific region. Global experience enhances understanding of the complexities and issues associated with running a global business and the challenges we face.



### CONSUMER PRODUCTS

Since 2016, our business has been entirely focused on delivering exceptional consumer products. We benefit from directors who have deep experience with consumer-centric businesses focused on meeting the consumers' needs.



### CONSUMER TECHNOLOGY

Our products represent the marriage of consumer convenience with high tech engineering. We look for directors with expertise in and comfort with technology.



### CLOUD INFRASTRUCTURE

We have built a robust Home Knowledge Cloud that supports over-the-air delivery of new digital features and enhanced functionality for customers globally. Additionally, our cloud infrastructure enables us to gain substantial insight into the performance of our robots and is valuable for advancing third-party developer and related product integration activities. We benefit from directors who bring relevant insights into the technical and financial implications of cloud-based connectivity.



### SOFTWARE/SAAS

The largest portion of our employee base is comprised of software engineers and our products can contain more than a million lines of code. Directors that can help steer the Company with issues of agile software development, competitive hiring of software engineers, and alternate business models drawn from the software industry help keep us competitive.



### SMART HOME

Our newest products represent an important part of the Internet of Things and emerging smart home ecosystems. Directors with experience in this area aid in the execution of our corporate strategy.



### ROBOTICS

We are a leading consumer robotics company, and our experience in this area enhances our understanding of this nascent industry categorized by deep technical challenges.



### DIVERSITY

We believe directors with diverse backgrounds, including gender diversity, provide competing perspectives that enhance our competitiveness.

## Board of Directors

Over the past six years we have added six independent directors who have further diversified the board in terms of experience, expertise, geographical residency and understanding, and gender. In particular, these new directors have brought relevant, complementary skill sets and insights in disciplines that span global branding, strategic software development, cloud infrastructure, data analytics, consumer business and finance, all of which are critical to our strategy. We continually evaluate our board member skills for alignment with our strategic goals. The following matrix summarizes our directors' skills that are critical to our success:

Skills Matrix											
Board Members	Public Co. Leadership Experience	Public Co. Board Experience	Finance and Capital Management	Global Operating Experience	Consumer Products	Consumer Technology	Cloud Infrastructure	Software/SaaS	Smart Home	Robotics	Diversity
Colin Angle	X	X	X	X	X	X		X	X	X	
Mohamad Ali	X	X	X	X	X	X	X	X	X		X
Michael Bell	X	X	X	X	X	X		X	X		
Deborah G. Ellinger	X	X	X	X	X	X					X
Elisha Finney	X	X	X	X		X		X			X
Ruey-Bin Kao	X	X	X	X	X	X	X	X	X		X
Eva Manolis	X	X		X	X	X			X		X
Andrew Miller	X	X	X	X	X	X	X	X	X		
Michelle Stacy	X	X	X	X	X	X					X

Board and Governance Information	
9	Size of Board
8	Number of Independent Directors
58	Average Age of Directors
8	Board Meetings Held in Fiscal 2020
5	Average Tenure of Independent Directors (in years)
✓	Annual Election of Directors*
✓	Proxy Access
✓	Majority Voting for Directors
✓	No Supermajority Voting Requirements*
✓	Lead Independent Director
✓	Independent Directors Meet Without Management Present
✓	Director Stock Ownership Guidelines
✓	Code of Business Conduct and Ethics for Directors, Officers and Employees
✓	Director Self-Evaluation Program

\* The Company is seeking stockholder approval at the 2021 Annual Meeting to declassify its board of directors and eliminate supermajority voting requirements in its governing documents



Director Nominees



**Colin Angle**

**DIRECTOR SINCE: 1992**

**AGE: 53**

**Chairman, CEO and Founder**



**iRobot Committees:**

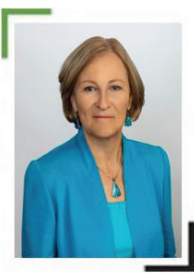
- None

**Colin M. Angle**, a co-founder of iRobot, has served as chairman of the board since October 2008, as chief executive officer since June 1997, and prior to that, as our president since November 1992. He has served as a director since October 1992. Mr. Angle previously worked at the National Aeronautical and Space Administration’s Jet Propulsion Laboratory where he participated in the design of the behavior controlled rovers that led to Sojourner exploring Mars in 1997. He is a director of Ixcela, Inc., a private company. Mr. Angle holds a B.S. in Electrical Engineering and an M.S. in Computer Science, both from MIT.

**Experience and Qualifications**

As a co-founder and chief executive officer, Mr. Angle provides a critical contribution to the board of directors with his detailed knowledge of the Company, our employees, our client base, our prospects, the strategic marketplace and our competitors.





## Deborah G. Ellinger

**DIRECTOR SINCE: 2011**

**AGE: 62**

**Director**



### **iRobot Committees:**

- Chair of the Nominating and Corporate Governance Committee



### **Public Directorships:**

- Tupperware Brands Corporation (since March 2021)
- Covetrus, Inc. (since February 2019)
- Interpublic Group of Companies, Inc. (former) (from February 2015 to May 2017)

**Deborah G. Ellinger** has served as a director since November 2011. Ms. Ellinger is also a director of Tupperware Brands Corporation (NYSE: TUP), a leading global consumer products company, and Covetrus, Inc. (NASDAQ: CVET), a \$4 billion tech-enabled veterinarian services and supply company, and is a senior advisor to the Boston Consulting Group. She was the president and CEO of Ideal Image, a chain of 130 medical spas providing non-surgical cosmetic procedures across the US and Canada, from 2016 until her retirement in March 2018; chairman and chief executive officer of The Princeton Review, a company which assists students globally in test preparation and tutoring, from 2012 to 2014; president of Restoration Hardware, a luxury home furnishings retailer, from 2008 to 2009; and chief executive officer of Wellness Pet Food, a natural pet-food company, from 2004 to 2008. Ms. Ellinger led each of those companies while they were owned by two private equity firms, and three of the four transitioned to new ownership, yielding three to seven times return on capital to investors. Previously, she served as an executive vice president at CVS Pharmacy, a senior vice president at Staples, and a partner at The Boston Consulting Group, and began her career with Mellon Financial Corporation. Ms. Ellinger also serves on the board of the WomenCorporateDirectors Foundation a nonprofit entity, and is a former director of Interpublic Group, The Princeton Review, Sealy Corporation, National Life Group, and several other private companies. Her assignments have taken her all over the world; she has lived and worked in Europe, Asia, and America. Ms. Ellinger is qualified as a Barrister-at-Law in London, as a member of the Inner Temple. She holds an M.A. and B.A. in Law and Mathematics from the University of Cambridge, England.

### **Experience and Qualifications**

Ms. Ellinger is a former CEO with extensive global board experience. Her background is in consumer products and services, technology and digitalization, and she has significant experience in M&A, private equity investment, activist investor engagement, board governance and women's leadership. She was recognized by the National Association of Corporate Directors as a Top 100 Director in 2019.





**Eva Manolis**

**DIRECTOR SINCE: 2019**

**AGE: 57**

**Director**



**iRobot Committees:**

- Audit Committee



**Public Directorships:**

- Fair Isaac Corporation (since April, 2018)
- Shutterfly, Inc. (former) (from October 2016 to September 2019)

**Eva Manolis** has served as a director since July 2019. She brings more than 30 years of product development and global ecommerce experience within the consumer technology space to the iRobot board. Eva served in a variety of executive roles at Amazon.com, Inc. from 2005 through 2016 where she was successful in developing and growing customer adoption of technologies, products, programs and services across a variety of categories including consumer electronics. Most recently, Eva served as vice president of consumer shopping at Amazon.com, Inc. from 2010 until 2016 with responsibility for worldwide innovative shopping experiences, including the development of features and services for the company’s mobile app and website on a global scale. Prior to that, Eva served as vice president of web and mobile retail applications from 2008 to 2010 and vice president of global retail applications from 2005 to 2008. Eva also founded Shutterfly, Inc. in 1999 and served as executive vice president of products, services and strategy until 2002. At Shutterfly, she was responsible for the vision, architecture, design and development of the company’s website from inception to profitability. In addition to her service on the iRobot board of directors, she also currently serves on the board of directors at Fair Isaac Corporation and previously served on the board of directors at Shutterfly, Inc.

**Experience and Qualifications**

Ms. Manolis brings more than 30 years of product development and global ecommerce experience within the consumer technology space to iRobot.



## Continuing Directors



### Mohamad Ali

**DIRECTOR SINCE: 2015**

**AGE: 50**

**Lead Independent Director**



#### iRobot Committees:

- Nominating and Corporate Governance Committee



#### Public Directorships:

- Henry Schein (since February 2021)
- Carbonite, Inc. (former) (from December 2014 to July 2019)

**Mohamad Ali** has served as a director since August 2015 and brings extensive experience with capital allocation in technology companies, as well as strategic software development, including cloud infrastructure and data analytics. Mohamad became chief executive officer and a director of International Data Group, Inc. (IDG), the world's leading technology media, events and research company, in August 2019. Prior to this, he served as the president, chief executive officer and director of Carbonite, Inc., a global leader in data protection, since 2014. Mohamad successfully led Carbonite's continued growth, serving the ever-evolving technology needs of small and midsize businesses and consumers. Previously, Mohamad served as chief strategy officer at Hewlett-Packard, a manufacturer of computers and enterprise products, from 2012 to 2014 and president of Avaya Global Services, an enterprise communications company. He also served in senior leadership roles at IBM Corporation, a multinational technology and consulting company, where he acquired numerous companies to build IBM's analytics and big data business. Mohamad is a director of Henry Schein (Nasdaq: HSIC), the world's largest provider of health care solutions to office-based dental and medical practitioners, as well as Oxfam America, Massachusetts Technology Leadership Council and the WGBH Educational Foundation, each a nonprofit entity and previously served on the board of directors of Carbonite, Inc, City National Corporation and City National Bank. The Massachusetts Technology Leadership Council recognized Mohamad as "CEO of the Year" in 2018 and he was named to the Boston Business Journal's 2008 "40 Under 40" list. Mohamad holds a B.S. and an M.S. in Electrical Engineering, both from Stanford University.

### Experience and Qualifications

Mr. Ali brings extensive experience with capital allocation in technology companies, as well as strategic software development, including cloud infrastructure and data analytics.





**Michael Bell**

**DIRECTOR SINCE: 2016**

**AGE: 54**

**Director**



**iRobot Committees:**

- Chair of the Compensation and Talent Committee



**Public Directorships:**

- Silver Spring Networks, Inc. (former) (from September 2015 to January 2018)

**Michael Bell** has served as a director since March 2016. In March 2021, Mr. Bell became the senior vice president of digital at Lucid Motors USA, Inc., an electric vehicle company. Mr. Bell served as chief technology officer of Michigan based electric vehicle startup Rivian from June 2019 until February 2020. Prior to this, he was the chief executive officer and president of Silver Spring Networks, a leading networking platform and solutions provider for smart energy networks, since September 2015 until his retirement in January 2018. Previously, from 2010 to 2015, he held various roles at Intel Corporation, a multinational technology corporation specializing in the production of semiconductor chips, including Corporate Vice President New Devices Group, Corporate VP Mobile and Communications Group and Corporate Vice President Ultra Mobility Group. He was head of Product Development at Palm, Inc. from 2007 to 2010. He worked at Apple, Inc. from 1991 to 2007 and played significant roles in development of Apple iPhone and Apple TV products, serving as Vice President, CPU Software from 2002 to 2007. He holds a B.S. in Mechanical Engineering from the University of Pennsylvania.

**Experience and Qualifications**

Mr. Bell brings significant expertise in the Internet of Things from his work at Silver Spring Networks, Inc., Intel Corporation, Apple, Inc., and Palm, Inc.





## Dr. Ruey-Bin Kao

**DIRECTOR SINCE: 2018**

**AGE: 60**

**Director**



### **iRobot Committees:**

- Compensation and Talent Committee



### **Public Directorships:**

- Want Want China Holdings Ltd. (former) (from 2011 to July 2018)
- Autohome, Inc. (former) (from February 2014 to June 2016)

**Dr. Ruey-Bin Kao** has served as a director since June 2018. He has more than 35 years of expertise in technology, telecommunication, corporate governance, and consumer business. Dr. Kao has held senior leadership roles, driving revenue growth and profitability, at numerous global companies, including Telstra Corporation Ltd. (“Telstra”) (Chief Executive Officer, Greater China), Applied Materials China (President, China), China Hewlett-Packard Co. Ltd (China Managing Director/General Manager of Enterprise Business), Motorola, Inc. (China Chairman / President) and AT&T Bell Laboratories (Business and Product Marketing Manager). Most recently, from January 2014 to December 2017, Dr. Kao served as the Chief Executive Officer, Greater China, at Telstra, Australia’s leading telecommunications and technology company, where his management responsibilities included building strategic partnerships to enhance the company’s brand, as well as developing and executing an effective growth strategy by identifying areas of potential in the rapidly evolving Greater China market. Dr. Kao was formerly a director of China Telecommunications Corporation, China National Travel Services Group Corporation Ltd. and Shenhua Group Corporation Ltd. (now known as China Energy Investment Corporation Ltd.). Dr. Kao holds a bachelor degree in Computer Science from Tamkang University, master’s degree in Computer and Information Science from the University of Delaware and a doctorate degree of Business Administration from the Hong Kong Polytechnic University.

### **Experience and Qualifications**

Dr. Kao has deep experience as an executive in high-tech companies and in international operations, particularly in China, through his work with Telstra Corporation, Applied Materials, China Hewlett-Packard and Motorola, and extensive experience in telecommunication, corporate governance, and consumer business.





**Andrew Miller**

**DIRECTOR SINCE: 2016**

**AGE: 59**

**Director**



**iRobot Committees:**

- Chair of Audit Committee
- Nominating and Corporate Governance Committee



**Public Directorships:**

- Verint Systems (since December 2019)
- Vontier Corporation (since October 2020)

**Andrew Miller** has served as a director since September 2016 and brings critical financial leadership as well as software, cloud infrastructure and Internet of Things (IoT) experience to iRobot as the Company continues to grow its consumer business globally and focus on the connected home. Mr. Miller most recently served as executive vice president and chief financial officer of PTC, a provider of software technology platforms and solutions, from early 2015 until May 2019. At PTC, he was responsible for global finance, tax and treasury, investor relations, information technology, pricing, corporate real estate, and customer administration. From 2008 to 2015, Mr. Miller served as chief financial officer of Cepheid, a high-growth molecular diagnostics company, where he built world-class finance and information technology teams and a nationally recognized investor relations program. Mr. Miller has also served in financial leadership roles at Autodesk, MarketFirst Software, Cadence Design Systems, and Silicon Graphics. In addition to his service on the iRobot board of directors, Mr. Miller serves as a director on the board of Verint Systems (Nasdaq: VRNT), a global software and cloud provider of actionable intelligence solutions, where he is a member of the board’s audit committee. Mr Miller also serves on the board of Vontier Corporation (NYSE: VNT), a global industrial technology company focused on smarter transportation and mobility, where he is chair of the audit committee and a member of the compensation committee. He is also a former director of United Online, where he chaired the audit committee and served on the compensation committee. Mr. Miller holds a B.S. in Commerce with an emphasis in Accounting from Santa Clara University and was a CPA.

**Experience and Qualifications**

Mr. Miller brings critical financial leadership as well as software, cloud infrastructure and Internet of Things (IoT) experience to iRobot as the Company continues to grow its consumer business globally and focus on the connected home.





## Elisha Finney

**DIRECTOR SINCE: 2017**

**AGE: 59**

**Director**



### **iRobot Committees:**

- Audit Committee
- Compensation and Talent Committee



### **Public Directorships:**

- Mettler-Toledo International Inc. (since November 2017)
- NanoString Technologies, Inc. (since May 2017)
- ICU Medical, Inc. (since January 2016)
- Cutera, Inc. (former) (from October 2017 to May 2019)

**Elisha Finney** has served as a director since January 2017. Until her retirement in May 2017, she served as executive vice president and CFO of Varian Medical Systems since 1999, a leading developer of radiation oncology treatments and software, where she served in various management roles since 1988. Ms. Finney's management responsibilities included corporate accounting; corporate communications and investor relations; internal financial and compliance audit; risk management; tax and treasury, and information technology. She previously served as a board member at Altera Corporation from 2011 to December 2015, Thoratec Corporation from 2007 to 2013, and Laserscope from 2005 to 2006. She holds a B.A. in Risk Management and Insurance from the University of Georgia and an M.B.A. from Golden Gate University where she received the 1992 "Outstanding Graduate of the Masters Programs in Finance" Award. Ms. Finney was the 2015 UGA Terry College of Business Distinguished Alumni of the Year and the recipient of Silicon Valley Business Journal's 2013 "Women of Influence" Award.

### **Experience and Qualifications**

Ms. Finney brings more than 25 years of financial and technology-related expertise to iRobot as the Company focuses on expanding internationally, scaling its connected product line and maximizing value for its stockholders.







## Michelle V. Stacy

**DIRECTOR SINCE: 2014**

**AGE: 65**

**Director**



### **iRobot Committees:**

- Compensation and Talent Committee



### **Public Directorships:**

- Flex Pharma, Inc. (former) (from March 2016 to July 2019)

**Michelle V. Stacy** has served as a director since August 2014. During her five-year tenure as president at Keurig Inc., a division of Keurig Green Mountain, Inc., from 2008 to 2013, the company's revenue grew from \$493 million in 2008 to \$4.3 billion for 2013. Ms. Stacy has also served as lead executive director of Coravin, Inc. and a director of LCP Edge Holdco, LLC (Hydrafacial), Young Innovations Inc., Flex Pharma and Tervis Inc. Ms. Stacy currently serves on the board of Bellwether Coffee Co. Ms. Stacy is a recognized expert on identifying strategies to successfully build top line growth for global brands. She holds a B.S. from Dartmouth College and an M.S. in Management from J.L. Kellogg Graduate School of Management — Northwestern University, and is bilingual in French and English.

### **Experience and Qualifications**

As the former president of Keurig, Inc. and former vice president and general manager with Gillette/Procter & Gamble Co., Ms. Stacy brings to the board of directors a wealth of experience leading consumer-focused, high-growth businesses and building global brands.



## The Board of Directors and Its Committees

### Board of Directors

The board of directors met eight (8) times during the fiscal year ended January 2, 2021, and took action by unanimous written consent four (4) times. Each of the directors attended at least 75% of the aggregate of the total number of meetings of the board of directors and the total number of meetings of all committees of the board of directors on which he or she served during fiscal 2020. The board of directors has the following standing committees: audit committee; compensation and talent committee and nominating and corporate governance committee, each of which operates pursuant to a separate charter that has been approved by the board of directors. A current copy of each charter is available within the Corporate Governance section of our website at <https://investor.irobot.com/corporate-governance/highlights>. The information found on, or accessible through, our website is not incorporated into, and does not form a part of, this Proxy Statement or any other report or document we file with or furnish to the SEC. Each committee reviews the appropriateness of its charter at least annually and retains the authority to engage its own advisors and consultants. The composition and responsibilities of each committee are summarized below.

### Board Committees

Below is a summary of our committee structure and membership information.

	Audit Committee	Compensation and Talent Committee	Nominating and Corporate Governance Committee
Mohamad Ali			
Michael Bell			
Deborah G. Ellinger			
Elisha Finney 			
Ruey-Bin Kao			
Eva Manolis			
Andrew Miller 			
Michelle V. Stacy			

 = Chairperson     = Member     = Financial Expert

## Audit Committee

Met 9 times in 2020

**Committee Chair**  
Andrew Miller



### Responsibilities

- Appointing, approving the compensation of, and assessing the independence of our independent registered public accounting firm;
- Pre-approving auditing and permissible non-audit services (including certain tax compliance, planning and advice services), and the terms of such services, to be provided by our independent registered public accounting firm;
- Reviewing and discussing with management and the independent registered public accounting firm our annual and quarterly financial statements and related disclosures;
- Coordinating the oversight and reviewing the adequacy of our internal control over financial reporting;
- Overseeing the performance of our internal auditors and internal audit functions, including reviewing the annual internal audit risk assessment as well as the scope of, and overall plans for, the annual internal audit program;
- Establishing policies and procedures for the receipt and retention of accounting related complaints and concerns;
- Reviewing and discussing with management risk assessments and risk management, including cyber security;
- Overseeing our compliance with certain legal and regulatory requirements including, but not limited to, the Foreign Corrupt Practices Act;
- Preparing the audit committee report required by SEC rules to be included in our annual proxy statement;
- Reviewing certain relationships and related transactions; and
- Such other matters as the committee deems appropriate.

For additional information concerning the audit committee, see the “Report of the Audit Committee of the Board of Directors.”

**Committee Members**  
Elisha Finney



### Independence and Financial Expertise

Each member of the audit committee of the board of directors is an independent director within the meaning of the director independence standards of Nasdaq and the SEC, including Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In addition, the board of directors has determined that each of Mr. Miller, Ms. Finney and Ms. Manolis are financially literate and that Mr. Miller and Ms. Finney each qualifies as an “audit committee financial expert” under the rules of the SEC.

Eva Manolis



# Compensation and Talent Committee

Met 6 times in 2020

**Committee Chair**  
**Michael Bell**



## Responsibilities

- Annually reviewing and approving corporate goals and objectives relevant to compensation of our chief executive officer and other executive officers;
- Evaluating the performance of our chief executive officer in light of such corporate goals and objectives and determining the compensation of our chief executive officer and other executive officers;
- Overseeing and administering our compensation, welfare, benefit and pension plans and similar plans;
- Reviewing and making recommendations to the board of directors with respect to director compensation;
- Reviewing and making recommendations to the board of directors with respect to succession planning for senior management;
- Reviewing the Company's programs related to diversity and inclusion;
- Retaining and approving the compensation of any compensation advisers; and
- Evaluating the independence of any such compensation advisers.

The compensation and talent committee took action by unanimous written consent five (5) times during the fiscal year ended January 2, 2021.

**Committee Members**  
**Elisha Finney**



## Independence

Each member of the compensation and talent committee of the board of directors is an independent director within the meaning of the director independence standards of Nasdaq, a non-employee director as defined in Rule 16b-3 of the Exchange Act, and an outside director pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

**Ruey-Bin Kao**



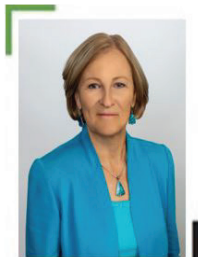
**Michelle V. Stacy**



## Nominating and Corporate Governance Committee

### Committee Chair

Deborah G. Ellinger



### Responsibilities

Met 3 times in 2020

- Developing and recommending to the board a set of corporate governance principles and best practices, including considering the adequacy of the by-laws and certificate of incorporation for consideration by stockholders;
- Evaluating, monitoring and recommending to the board corporation governance policies, including a code of business conduct and ethics and a set of corporate governance guidelines;
- Overseeing the annual evaluation of the board, the committees of the board and management;
- Developing and recommending to the board criteria for board and committee membership;
- Establishing procedures for identifying and evaluating director candidates including nominees recommended by stockholders;
- Overseeing the Company's environment, social and governance ("ESG") programs, including assessing the Company's performance against ESG metrics and reviewing ESG disclosures;
- Coordinating continuing education for directors on topics that will assist them in discharging their duties;
- Identifying individuals qualified to become board members; and
- Recommending to the board the persons to be nominated for election as directors and to each of the board's committees.

### Committee Members

Mohamad Ali



### Independence

Each member of the nominating and corporate governance committee of the board of directors is an independent director within the meaning of the director independence standards of Nasdaq and applicable rules of the SEC.

Andrew Miller



## DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the director nominees to be elected at the annual meeting, the continuing directors, the executive officers of the Company and individuals chosen to be executive officers of the Company, their ages immediately prior to the annual meeting, and the positions currently held by each such person with the Company:

Name	Age	Position
Colin M. Angle	53	Chairman of the Board, Chief Executive Officer and Director
Mohamad Ali (3)	50	Lead Independent Director
Michael Bell (1)	54	Director
Deborah G. Ellinger (3)	62	Director
Elisha Finney (1)(2)	59	Director
Ruey-Bin Kao (1)	60	Director
Eva Manolis (2)	57	Director
Andrew Miller (2)(3)	59	Director
Michelle V. Stacy (1)	65	Director
Russell J. Campanello	65	Executive Vice President, Human Resources and Corporate Communications
Keith Hartsfield	50	Executive Vice President, Chief Product Officer
Glen D. Weinstein	50	Executive Vice President, Chief Legal Officer
Julie Zeiler	55	Executive Vice President, Chief Financial Officer

(1) Member of the compensation and talent committee

(2) Member of the audit committee

(3) Member of the nominating and corporate governance committee

### Executive Officers

**Russell J. Campanello** has served as our executive vice president, human resources and corporate communications since February 2014. Mr. Campanello previously served as our senior vice president, human resources and corporate communications from July 2013 until February 2014. From November 2010 until July 2013, Mr. Campanello served as our senior vice president, human resources. Prior to joining iRobot, Mr. Campanello served as senior vice president, human resources and administration at Phase Forward, Inc. from April 2008 until September 2010. Mr. Campanello previously served as senior vice president of human resources and marketing at Keane, Inc., a business process and information technology consulting firm, from September 2003 to October 2007. Prior to Keane, Mr. Campanello served as chief people officer at NerveWire, Inc. from August 2000 to February 2003. Prior to NerveWire, he served as senior vice president, human resources at Genzyme Corp. from November 1997 to July 2000. Earlier in his career, Mr. Campanello spent nine years as vice president of human resources at Lotus Development Corporation. He holds a B.S. in Business Administration from the University of Massachusetts.

**Keith Hartsfield** has served as our executive vice president and chief product officer since September 2019. Prior to joining iRobot, Mr. Hartsfield served in multiple executive roles at HP, Inc., a multinational information technology company, from 2014 to 2019, including vice president of the Z workstation products, vice president of mobility products and workflow transformation, and vice president of mobility products. Prior to his time with HP, he served as chief operating officer for Green Edge Technologies, an “Internet of things” (“IoT”) startup focused on energy management and home

automation. Earlier in his career, Mr. Hartsfield held a variety of executive roles with Motorola and Nokia. Mr. Hartsfield holds a B.S. in Electrical Engineering from Purdue University, a M.S. in Electrical Engineering and Applied Physics from Case Western Reserve University and an M.B.A. from the Wharton School, University of Pennsylvania. Mr. Hartsfield has been awarded several U.S. patents.

**Glen D. Weinstein** has served as our executive vice president and chief legal officer since August 2012. Mr. Weinstein previously served as our general counsel from July 2000 to August 2012 and as senior vice president from January 2005 to August 2012. He has also served as our secretary since March 2004. Prior to joining the Company, Mr. Weinstein was with Covington & Burling LLP, a law firm in Washington, D.C. Mr. Weinstein holds a B.S. in Mechanical Engineering from MIT and a J.D. from the University of Virginia School of Law.

**Julie Zeiler** has served as our executive vice president and chief financial officer since May 2020, overseeing the Company's financial operations, investor relations, facilities and IT organizations. Prior to being appointed chief financial officer, Ms. Zeiler served as the Company's vice president of finance since joining the Company in January 2017. In this position, she led the Company's financial planning and analysis, and treasury functions. Prior to joining iRobot, Ms. Zeiler served in a number of senior financial leadership positions at Boston Scientific Corporation from 1996 to 2017 that included its global operations, European business and major product lines. In addition, her experience includes financial management roles at Digital Equipment Corporation from 1987 to 1996. Ms. Zeiler holds a B.A. in Economics and English from Albion College.

Our executive officers are elected by the board of directors on an annual basis and serve until their successors have been duly elected and qualified or until their earlier death, resignation or removal.

## CORPORATE GOVERNANCE AND BOARD MATTERS

### Board Leadership Structure

Mr. Angle serves as our chief executive officer and chairman of the board. The board of directors believes that having our chief executive officer as chairman of the board facilitates the board of directors' decision-making process because Mr. Angle has first-hand knowledge of our operations and the major opportunities and challenges facing us. This also enables Mr. Angle to act as the key link between the board of directors and other members of management. To assure effective independent oversight, our by-laws provide that the independent members of our board of directors will designate a lead independent director if the chairman of the board is not an independent director, as discussed further in "Executive Sessions of Independent Directors" below.

### Independence of Members of the Board of Directors

The board of directors has determined that Dr. Kao, Mses. Ellinger, Finney, Manolis and Stacy, and Messrs. Ali, Bell and Miller are independent within the meaning of the director independence standards of Nasdaq and the SEC. Furthermore, the board of directors has determined that each member of each of the committees of the board of directors is independent within the meaning of the director independence standards of Nasdaq and the SEC.

### Executive Sessions of Independent Directors

Executive sessions of the independent directors are held during each regularly scheduled in-person meeting of the board of directors. Executive sessions do not include any of our non-independent directors and are chaired by a lead independent director who is appointed annually by the board of directors from our independent directors. Mr. Ali currently serves as the lead independent director. In this role, Mr. Ali serves as chairperson of the independent director sessions. The independent directors of the board of directors met in executive session six (6) times in 2020.

### Role of Lead Independent Director

The lead independent director works to ensure that "all voices are heard" within the boardroom, proactively spends considerable time with the chief executive officer and other executive officers, to understand the Company's vision and strategy, and helps focus the board of directors on areas aligned with the Company's vision and strategy. In addition to acting as the chairperson of the independent director sessions, the lead independent director also assists the board in assuring effective corporate governance. The lead independent director's specific duties include:

- Providing the chairman of the board with input as to preparation of agendas for meetings;
- Advising the chairman of the board as to the quality, quantity and timeliness of the flow of information from the Company's management that is necessary for the independent directors to effectively and responsibly perform their duties;
- Coordinating and developing the agenda for the executive sessions of the independent directors;
- Acting as principal liaison between the independent directors and the chairman of the board on critical issues;
- Acting as a spokesperson for the independent directors able to talk with major investors and stockholders on topics of overall governance;



- Evaluating, along with the members of the compensation and talent committee, the chief executive officer's performance and meeting with the chief executive officer to discuss such evaluation; and
- Acting as chairperson of the board in the absence of the chairman of the board or a vacancy in the position of chairman of the board.

### **The Board of Directors' Role in Risk Oversight**

The board of directors oversees our risk management process. This oversight is primarily accomplished through the board of directors' committees and management's reporting processes, including receiving regular reports from members of senior management on areas of material risk to the Company, including operational, financial, legal and regulatory, and strategic and reputational risks. The audit committee focuses on risk related to accounting, internal controls, financial and tax reporting, privacy and cybersecurity. The audit committee also assesses economic and business risks and monitors compliance with ethical standards. The compensation and talent committee identifies and oversees risks associated with our executive compensation policies and practices, and the nominating and corporate governance committee identifies and oversees risks associated with director independence, related party transactions and the implementation of corporate governance policies.

### **Policies Governing Director Nominations**

#### ***Director Qualifications***

The nominating and corporate governance committee of the board of directors is responsible for reviewing with the board of directors from time to time the appropriate qualities, skills and characteristics desired of members of the board of directors in the context of the needs of the business and current make-up of the board of directors. This assessment includes consideration of the following minimum qualifications that the nominating and corporate governance committee believes must be met by all directors:

- Nominees must have experience at a strategic or policy making level in a business, government, non-profit or academic organization of high standing;
- Nominees must be highly accomplished in their respective fields, with superior credentials and recognition;
- Nominees must be well regarded in the community and shall have a long-term reputation for the highest ethical and moral standards;
- Nominees must have sufficient time and availability to devote to the affairs of the Company, particularly in light of the number of boards on which the nominee may serve;
- Nominees must be free of conflicts of interest and potential conflicts of interest, in particular with relationships with other boards; and
- Nominees must, to the extent such nominee serves or has previously served on other boards, demonstrate a history of actively contributing at board meetings.

We do not have a formal board diversity policy. However, pursuant to the Policy Governing Director Qualifications and Nominations, as part of its evaluation of potential director candidates and in addition to other standards the nominating and corporate governance committee may deem appropriate from time to time for the overall structure and composition of the board of directors, the nominating and corporate governance committee may consider whether each candidate, if elected, assists in achieving a mix of board members that represent a diversity of background and experience. Accordingly, the board of directors seeks members from diverse professional backgrounds who combine a broad spectrum of relevant industry, geographical understanding and strategic experience

and expertise that, in concert, offer us and our stockholders a diverse set of opinions and insights in the areas most important to us and our corporate mission. In addition, nominees for director are selected to bring complementary, rather than overlapping, skill sets. All candidates for director nominee must have time available to devote to the activities of the board of directors. The nominating and corporate governance committee also considers the independence of candidates for director nominee, including the appearance of any conflict in serving as a director. Candidates for director nominee who do not meet all of these criteria may still be considered for nomination to the board of directors, if the nominating and corporate governance committee believes that the candidate will make an exceptional contribution to us and our stockholders.

### ***Process for Identifying and Evaluating Director Nominees***

The board of directors delegates the initial selection and nomination process to the nominating and corporate governance committee, with the expectation that other members of the board of directors, and of management, will be requested to take part in the process as appropriate.

Generally, the nominating and corporate governance committee identifies candidates for director nominee in consultation with management, through the use of search firms or other advisors, through the recommendations submitted by stockholders or through such other methods as the nominating and corporate governance committee deems to be helpful to identify candidates. Once candidates have been identified, the nominating and corporate governance committee confirms that the candidates meet all of the minimum qualifications for director nominees established by the nominating and corporate governance committee. The nominating and corporate governance committee may gather information about the candidates through interviews, detailed questionnaires, comprehensive background checks or any other means that the nominating and corporate governance committee deems to be helpful in the evaluation process. The nominating and corporate governance committee then meets as a group to discuss and evaluate the qualities and skills of each candidate, both on an individual basis and taking into account the overall composition and needs of the board of directors. Based on the results of the evaluation process, the nominating and corporate governance committee recommends candidates for the board of directors' approval as director nominees for election to the board of directors. The nominating and corporate governance committee also recommends candidates to the board of directors for appointment to the committees of the board of directors. Once appropriate candidates have been identified, the entire board of directors votes on the candidates, as the selection of board nominees is a responsibility of the entire board of directors.

### ***Procedures for Recommendation of Director Nominees by Stockholders***

The nominating and corporate governance committee will consider director nominee candidates who are recommended by our stockholders. Stockholders, in submitting recommendations to the nominating and corporate governance committee for director nominee candidates, shall follow the following procedures:

The nominating and corporate governance committee must receive any such recommendation for nomination not earlier than the close of business on the 120th day prior to the first anniversary of the date of the Proxy Statement delivered to stockholders in connection with the preceding year's annual meeting.

All recommendations for nomination must be in writing and include the following:

- Name and address of the stockholder making the recommendation;
- A representation that the stockholder is a record holder of the Company's securities, or if the stockholder is not a record holder, evidence of ownership;

- Name, age, business and residential address, educational background, current principal occupation or employment, and principal occupation or employment for the preceding five full fiscal years of the individual recommended for consideration as a director nominee;
- A description of the qualifications and background of the proposed director nominee which addresses the minimum qualifications, actual or potential conflicts of interest, and other criteria for board membership approved by the board of directors from time to time and set forth in the Company's Policy Governing Director Qualifications and Nominations;
- A description of all arrangements or understandings between the stockholder and the proposed director nominee;
- The consent of the proposed director nominee (i) to be named in the Proxy Statement for the annual meeting and (ii) to serve as a director if elected at such annual meeting; and
- Any other information regarding the proposed director nominee that is required to be included in the Proxy Statement.

Nominations must be sent to the attention of our secretary by U.S. mail (including courier or expedited delivery service) to:

iRobot Corporation  
8 Crosby Drive  
Bedford, Massachusetts 01730  
Attn: Secretary of iRobot Corporation

Our Secretary will promptly forward any such nominations to the nominating and corporate governance committee.

In addition, our by-laws permit eligible stockholders, or groups of stockholders, owning continuously for at least three years shares of the Company's stock representing an aggregate of at least 3% of the Company's outstanding shares, to nominate and include in the Company's proxy materials director nominees constituting up to two or 25%, whichever is greater, of the board of directors, provided that the stockholders and nominees satisfy the requirements in our by-laws. Written notice of stockholder nominees to the board of directors must be received not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the proceeding year's annual meeting. For details on the Company's proxy access procedures, please refer to our by-laws.

### **Policy Governing Security Holder Communications with the Board of Directors**

The board of directors provides to every security holder the ability to communicate with the board of directors as a whole and with individual directors on the board of directors through an established process for security holder communications as follows:

For communications directed to the board of directors as a whole, security holders may send such communications to the attention of the chairman of the board of directors by U.S. mail (including courier or expedited delivery service) to:

iRobot Corporation  
8 Crosby Drive  
Bedford, Massachusetts 01730  
Attn: Chairman of the Board, c/o Secretary

For security holder communications directed to an individual director in his or her capacity as a member of the board of directors, security holders may send such communications to the attention of the individual director by U.S. mail (including courier or expedited delivery service) to:

iRobot Corporation  
8 Crosby Drive  
Bedford, Massachusetts 01730  
Attn: [Name of the director], c/o Secretary

We will forward any such security holder communication to the chairman of the board, as a representative of the board of directors, or to the director to whom the communication is addressed. We will forward such communications by certified U.S. mail to an address specified by each director and the chairman of the board for such purposes or by secure electronic transmission.

### **Policy Governing Director Attendance at Annual Meetings of Stockholders**

Our policy is to schedule a regular meeting of the board of directors on the same date as our annual meeting of stockholders and, accordingly, directors are encouraged to be present at our stockholder meetings. Our directors are expected to participate in the virtual annual meeting of stockholders, unless they have a conflict that cannot be resolved. Eight board members who were directors at the time of the annual meeting of stockholders held in 2020 attended the meeting.

### **Board of Directors Evaluation Program**

The board of directors performs annual self-evaluations of its composition and performance, including evaluations of its standing committees and individual evaluations for each director. In addition, each of the standing committees of the board of directors conducts its own self-evaluation, which is reported to the board of directors. The board of directors retains the authority to engage its own advisors and consultants.

For more corporate governance information, you are invited to access such information at <https://investor.irobot.com/corporate-governance/highlights>.

### **Code of Business Conduct and Ethics**

We have adopted a “code of ethics,” as defined by regulations promulgated under the Securities Act of 1933, as amended, and the Exchange Act, that applies to all of our directors and employees worldwide, including our principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions. A current copy of the Code of Business Conduct and Ethics is available at <https://investor.irobot.com/corporate-governance/highlights>. A copy of the Code of Business Conduct and Ethics may also be obtained, free of charge, from us upon a request directed to: iRobot Corporation, 8 Crosby Drive, Bedford, Massachusetts 01730, Attention: Investor Relations. We intend to disclose any amendment to or waiver of a provision of the Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, by posting such information on our website available at <https://investor.irobot.com/corporate-governance/highlights> and/or in our public filings with the SEC.

## Human Rights Policy

We have adopted a Human Rights Policy. Respect for human rights is an essential value for our Company and for the communities in which we operate. We are committed to ensuring that our employees and individuals in the communities affected by our activities are treated with dignity and respect. We believe that following these principles helps our employees and our business thrive as we develop new and exciting technologies for the smart home. For additional information about this policy, please visit our website at [www.irobot.com](http://www.irobot.com).

## iRobot's Manufacturing Supply Chain Partners: Business Conduct, Environment, Labor Practices

Our primary contract manufacturers and most significant suppliers work under a master supply agreement that includes provisions for compliance with environmental regulations consistent with the iRobot General Environmental Regulatory Requirements, conflict minerals provisions within Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, anti-corruption laws and all applicable local government regulations regarding minimum wage, living conditions, overtime, working conditions, child labor laws and the applicable labor and environmental laws. For additional information about these practices, please visit the Corporate Social Responsibility section of our website at [www.irobot.com/about-irobot/corporate-social-responsibility](http://www.irobot.com/about-irobot/corporate-social-responsibility).

## Compensation and Talent Committee Interlocks and Insider Participation

During 2020, Mses. Finney and Stacy, and Mr. Bell and Dr. Kao served as members of the compensation and talent committee. No member of the compensation and talent committee was an employee or former employee of us or any of our subsidiaries, or had any relationship with us requiring disclosure herein.

During the last year, no executive officer of the Company served as: (i) a member of the compensation and talent committee (or other committee of the board of directors performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on our compensation and talent committee; (ii) a director of another entity, one of whose executive officers served on our compensation and talent committee; or (iii) a member of the compensation and talent committee (or other committee of the board of directors performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served as a director of the Company.

## REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

*No portion of this audit committee report shall be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), through any general statement incorporating by reference in its entirety the Proxy Statement in which this report appears, except to the extent that the Company specifically incorporates this report or a portion of it by reference. In addition, this report shall not be deemed filed under either the Securities Act or the Exchange Act.*

This report is submitted by the audit committee of the board of directors. The audit committee currently consists of Andrew Miller, Elisha Finney and Eva Manolis. None of the members of the audit committee is an officer or employee of the Company, and the board of directors has determined that each member of the audit committee meets the independence requirements promulgated by Nasdaq and the SEC, including Rule 10A-3(b)(1) under the Exchange Act. Each of Mr. Miller and Ms. Finney is an "audit committee financial expert" as is currently defined under SEC rules. The audit committee operates under a written charter adopted by the board of directors.

The audit committee oversees the Company's accounting and financial reporting processes on behalf of the board of directors. The meetings of the audit committee are designed to facilitate and encourage communication among the audit committee, Company management, the independent registered public accounting firm and the Company's internal audit function. The Company's management has the primary responsibility for the financial statements, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting. In fulfilling its oversight responsibilities, the audit committee has reviewed and discussed with management the Company's consolidated financial statements for the fiscal quarters and full year ended January 2, 2021, including a discussion of, among other things, the quarterly and annual earnings press releases, the quality of the Company's accounting principles, the reasonableness of significant estimates and judgments, and the clarity of disclosures in the Company's financial statements.

The audit committee ensures that the Company establishes and appropriately resources a professional internal auditing function and that there are no unjustified restrictions or limitations imposed on that function. In addition to reviewing and approving the annual internal audit plan and overseeing other internal audit activities, the audit committee regularly reviews and discusses the results of internal audit reports.

The audit committee also reviewed with PricewaterhouseCoopers LLP, the Company's independent registered public accounting firm, the results of their audit and discussed matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board and the SEC. The audit committee has reviewed permitted services under rules of the SEC as currently in effect and discussed with PricewaterhouseCoopers LLP their independence from management and the Company, including the matters in the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, and has considered and discussed the compatibility of non-audit services provided by PricewaterhouseCoopers LLP with that firm's independence. For each engagement, Company management provided the audit committee with information about the services and fees, sufficiently detailed to allow the audit committee to make an informed judgment about the nature and scope of the services and the potential for the services to impair the independence of the independent registered public accounting firm. After the end of each fiscal year, Company management provides the audit committee with a summary of actual fees incurred with the independent registered public accounting firm.

The audit committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of their examinations; their evaluations of the Company's internal control, including internal control over financial reporting; and the overall quality of the Company's financial reporting. Additionally, the audit committee meets in separate executive sessions with the Company's chief financial officer and the head of internal audit.

In accordance with SEC rules and PricewaterhouseCoopers LLP policies, lead and concurring audit partners are subject to rotation requirements that limit the number of consecutive years an individual partner may provide services to our Company to a maximum of five years. The selection of the lead audit partner pursuant to this rotation policy involves a meeting between the candidate for the role and the chair of the audit committee, as well as with the full audit committee and members of management.

The audit committee has also evaluated the performance of PricewaterhouseCoopers LLP, including, among other things, the length of time the firm has been engaged; its familiarity with our operations and businesses, accounting policies and practices, and our internal controls over financial reporting; and the appropriateness of fees paid to PricewaterhouseCoopers LLP for audit and non-audit services in 2020, on an absolute basis and as compared with the scope of prior year audits. Information about PricewaterhouseCoopers LLP's fees for 2020 is discussed below in this Proxy Statement under "Proposal 2 - *Ratification of Appointment of Independent Registered Public Accounting Firm.*" Based on its evaluation, the audit committee has retained PricewaterhouseCoopers LLP to serve as the Company's independent registered public accounting firm for the 2021 fiscal year.

Based on its review of the financial statements and the aforementioned discussions, the audit committee concluded that it would be reasonable to recommend, and on that basis, did recommend, to the board of directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended January 2, 2021, which was filed with the SEC on February 16, 2021.

Respectfully submitted by the Audit Committee,

Andrew Miller (chairman)  
Elisha Finney  
Eva Manolis

## REPORT OF THE COMPENSATION AND TALENT COMMITTEE OF THE BOARD OF DIRECTORS

*No portion of this compensation and talent committee report shall be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), through any general statement incorporating by reference in its entirety the Proxy Statement in which this report appears, except to the extent that the Company specifically incorporates this report or a portion of it by reference. In addition, this report shall not be deemed filed under either the Securities Act or the Exchange Act.*

The compensation and talent committee of the board of directors, which is comprised solely of independent directors within the meaning of applicable rules of Nasdaq, outside directors within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and non-employee directors within the meaning of Rule 16b-3 under the Exchange Act, is responsible for developing executive compensation policies and advising the board of directors with respect to such policies and administering the Company's cash incentive and equity incentive plans. The compensation and talent committee sets performance goals and objectives for the chief executive officer and the other executive officers, evaluates their performance with respect to those goals and sets their compensation based upon the evaluation of their performance. In evaluating executive officer pay, the compensation and talent committee retains the services of a compensation consultant and considers recommendations from the chief executive officer with respect to goals and compensation of the other executive officers. The compensation and talent committee assesses the information it receives in accordance with its business judgment. The compensation and talent committee also periodically reviews director compensation. All decisions with respect to executive and director compensation are approved by the compensation and talent committee. All decisions regarding chief executive officer and director compensation are reviewed and ratified by the full board. Mr. Bell, Dr. Kao and Ms. Finney and Stacy are the current members of the compensation and talent committee.

The compensation and talent committee has reviewed and discussed the Compensation Discussion and Analysis (the "CD&A") for the year ended January 2, 2021 with management. In reliance on the reviews and discussions referred to above, the compensation and talent committee recommended to the board of directors, and the board of directors has approved, that the CD&A be included in this Proxy Statement and incorporated by reference in our Annual Report on Form 10-K for the year ended January 2, 2021, which was filed with the SEC on February 16, 2021.

Respectfully submitted by the Compensation and Talent Committee,

Michael Bell (chairman)

Elisha Finney

Ruey-Bin Kao

Michelle Stacy



## COMPENSATION AND OTHER INFORMATION CONCERNING EXECUTIVE OFFICERS AND DIRECTORS

### Compensation Discussion and Analysis

#### *Executive Overview*

The pandemic has impacted individuals and families in profound ways with the home becoming a primary hub for work, education, exercise, entertainment and more. The fluid, often frenetic pace of day-to-day life continues to elevate our value proposition and product differentiation. As the benefits of robotic floor cleaning become more widely appreciated and the home remains a central hub for everyday life, we plan to continue capitalizing on the many opportunities arising from the continued growth of our marketplace. When combined with the accelerating pace of the adoption and use of robotics more broadly, the competition for executive talent in our industry continues to be significant. While we compete to attract and retain talent against other established technology companies, the skill sets, expertise and capabilities that we believe will help us further expand our business and drive value creation increasingly bring us into competition for talent against a wider range of technology companies, including those focused on disruptive and emerging technologies.

Our compensation philosophy is based on a desire to emphasize pay for performance through incentive compensation that is designed to closely link the realized compensation of our named executive officers to our financial and operating performance. We also believe that the compensation of our named executive officers should strongly align our executives' interests with those of our stockholders and focus executive behavior on the achievement of both near-term corporate targets as well as long-term business objectives and strategies.

#### *2020 Financial Performance Highlights*

Our performance as a Company in 2020 was exceptionally strong. Notwithstanding the initial impact of the pandemic on our business and on our retail partners, we achieved outstanding financial results and continued to position the Company for future success through ongoing investments in product development and our direct-to-consumer ("DTC") strategy. Resurgent demand combined with outstanding collaboration and execution among our sales, marketing and supply chain teams underpinned excellent performance over the balance of the year. More specifically:

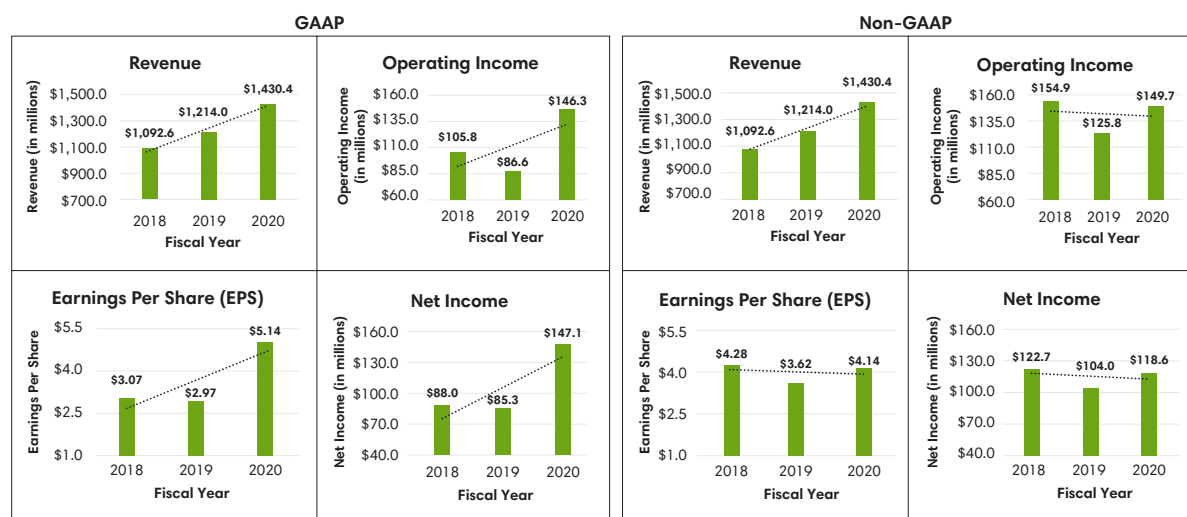
- Revenue grew 18% to a record \$1.43 billion.
- Full-year Operating Income was up 69% to \$146.3 million, compared with \$86.6 million in 2019. Non-GAAP Operating Income increased 19% to \$149.7 million.
- Our top-line expansion resulted in an Operating Profit Margin of 10% (GAAP and Non-GAAP).
- Net Income increased 72% to \$147.1 million, from \$85.3 million in 2019. Non-GAAP Net Income increased to \$118.6 million, from \$104.0 million in 2019.
- Diluted Earnings Per Share ("EPS") grew 73% to \$5.14, from \$2.97 in 2019. Diluted Non-GAAP EPS of \$4.14 increased 14% from \$3.62 in 2019.

These metrics all surpassed our original targets for 2020. Our strong 2020 performance is particularly notable coming on the heels of 2019 financial performance that fell below our target objectives. We believe that our investments, progress and achievements have placed iRobot on a very exciting path to continue to drive substantial value creation for customers, employees and stockholders over the coming years. See pages 28 and 29 of our Form 10-K for the year ended January 2, 2021 for a reconciliation of all non-GAAP financial measures to the comparable GAAP financial measures.

<b>Revenue</b> <b>\$1.4B</b> an increase of 18% from full-year 2019	<b>Operating Income</b> <b>\$146.3M</b> compared with \$86.6M from full-year 2019	<b>Non-GAAP Revenue</b> <b>\$1.4B</b> an increase of 18% from full-year 2019	<b>Non-GAAP Operating Income</b> <b>\$149.7M</b> compared with \$125.8M from full-year 2019
<b>Diluted Earnings Per Share</b> <b>\$5.14</b> compared with \$2.97 for full-year 2019	<b>Net Income</b> <b>\$147.1M</b> compared with \$85.3M from full-year 2019	<b>Non-GAAP Diluted Earnings Per Share</b> <b>\$4.14</b> compared with \$3.62 for full-year 2019	<b>Non-GAAP Net Income</b> <b>\$118.6M</b> compared with \$104.0M from full-year 2019

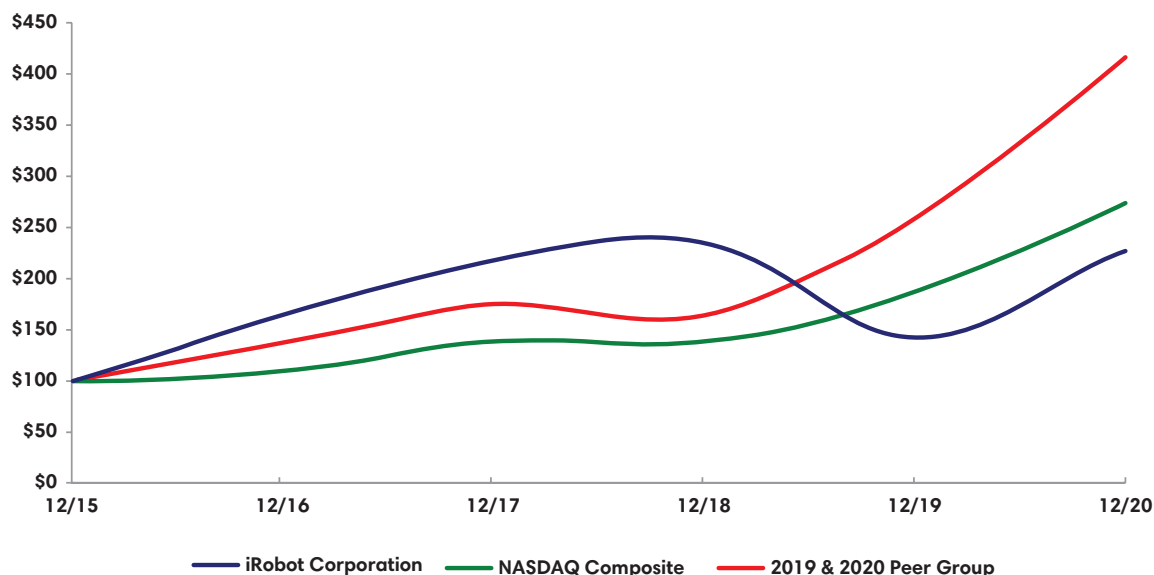
### Historical Financial Performance

Our recent financial performance has been very strong. While 2019 was a challenging year given the more difficult than anticipated market conditions in the U.S., we delivered strong results in 2020. Revenue in 2020 grew 18% to \$1.43 billion, with an operating margin of 10%. The performance below demonstrates our focus on growing our business while continuing to deliver stockholder value.



## COMPARISON OF 5 YEAR CUMULATIVE TOTAL STOCKHOLDER RETURN\*

Among iRobot Corporation, the NASDAQ Composite Index, 2019 Peer Group and 2020 Peer Group



\*\$100 invested on 12/31/15 in stock or index, including reinvestment of dividends. Fiscal year ending December 31.

\*\*Performance for the 2019 and 2020 Peer Groups are the same from 2016 to 2018 and have immaterial differences in 2019 and 2020. Please see the performance table below for the performance of each peer group.

	12/15	12/16	12/17	12/18	12/19	12/20
iRobot Corporation	100.00	165.11	216.67	236.55	143.02	226.81
Nasdaq Composite	100.00	108.87	141.13	137.12	187.44	271.64
2019 Peer Group	100.00	136.04	177.63	163.16	258.70	414.62
2020 Peer Group	100.00	136.04	177.63	163.16	258.71	414.10

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

The graph above compares the cumulative 5-Year total stockholder return provided on iRobot Corporation's common stock relative to the cumulative total returns of the Nasdaq Composite index and two customized peer groups of sixteen companies and seventeen companies, respectively, with those individual companies listed in footnotes 1 and 2 below. There is an expanded discussion on our peer group in the section "Compensation Comparisons" on page 41. An investment of \$100 (with reinvestment of all dividends) is assumed to have been made in our common stock, the index and in each of the peer groups on December 31, 2015 and its relative performance is tracked through December 31, 2020.

- (1) There are sixteen companies included in the Company's 2019 peer group which are: 3d Systems Corp, Brooks Automation Inc., Coherent Inc., Dolby Laboratories Inc., Faro Technologies Inc., Fitbit Inc., Garmin Ltd., Gopro Inc., Logitech International S.A., Netgear Inc., Novanta Inc., Plantronics Inc., TiVo Corporation, Trimble Inc., Ubiquiti Inc. and Universal Electronics Inc.
- (2) The 2020 peer group remained largely the same, except for the removal of TiVo Corporation and the addition of Roku Inc., and Sonos Inc.

Despite expected headwinds due to tariffs and a shift in our manufacturing strategy and the unanticipated challenges that arose directly and indirectly from the pandemic, we remained focused on the safety of our employees and customers and continued to execute on key elements of our strategy during 2020:

<b>2020 Strategic Priorities and Outcomes:</b>	
<b>Differentiate the Cleaning Experience</b>	Introduced our state-of-the-art robot AI platform, iRobot Genius Home Intelligence, unlocking a range of new features and functionality, giving users greater control over where, when, and how our robots clean.
	Expanded our lineup of intelligent, self-emptying robot vacuum cleaners in September 2020 with launch of the Roomba i3 Series.
	Introduced the Roomba Combo, our first 2-in-1 floor cleaning robot that consolidates vacuuming and mopping functionality.
<b>Build Stronger, Enduring Relationships with Consumers Worldwide</b>	Ended 2020 with nearly 10 million connected consumers who have opted-in to our digital communications, up more than 80% over 2019.
	Delivered great value to our customers through digital features within our Genius platform as evidenced by consistently high levels of utilization by our connected customers and robust engagement around new capabilities.
	Expanded engagement within our base of connected customers receiving in-app notifications and emails. This demonstrates their interest in better understanding how to maximize the cleaning capabilities of their robots and facilitates opportunities to help customers better maintain their robots, replace and upgrade their robots, add new robots and potentially purchase other new services and products from us that complement our current role in helping them keep homes clean.
<b>Nurture Lifetime Value of Customer Relationships</b>	Accelerated investments to further enhance the buying experience, including upgrading our digital marketing capabilities and investing in making our website a desired destination for current and prospective customers.
	Conducted tests of new services that span extended warranties, a robot-as-a-service membership program, and a premium care and maintenance offering, with plan to commercialize these services over the course of 2021.
	Significantly expanded our DTC sales. DTC sales represented more than 11% of total Revenue in 2020, up from 6% in 2019. We view our DTC channel as a powerful complement to our strong retail partnerships.

**Compensation Highlights:**

We proactively modified certain aspects of our compensation plan designs in 2020 to better reflect increased uncertainty and our expected business conditions in 2020. These adjustments primarily reflected ongoing and anticipated challenges related to our supply chain, including geographically diversifying our manufacturing activities associated with expanding production in Malaysia and managing through significant uncertainty related to the U.S. tariffs and trade negotiations between the U.S. and China. In addition, we transitioned to a new profitability metric that better aligned with recent changes in our financial reporting. Highlights of our proactive incentive plan design changes are outlined below:

**2020 Annual Bonus Plan Changes:**

- For our profitability metric, in response to the target being set lower than the prior year's performance, we instituted a requirement to achieve 110% of the internally set target to earn a target payout.
- In 2020 we changed the profitability metric to Non-GAAP Operating Income, from Adjusted EBITDA to better align with our public disclosures while still ensuring that profitability remains a key element of our short-term incentive plan.
- We increased the threshold performance requirement on our Revenue metric, making it more challenging to achieve a payout. Specifically, for fiscal 2020, the threshold was 95% of target, whereas in the prior year plan, the threshold performance requirement was 90% of target.

**2020 Performance Based Equity Award Changes:**

- We changed the financial metric from GAAP Operating Income to Non-GAAP Operating Income, which better aligns with our public disclosures and is consistent with our belief that this metric provides not only a good short-term view into our underlying performance but a good long-term view on the health of our business.
- We modified the "target performance range" to 100% to 110%, where attainment in the target performance range earns a payout of 100% of target. In the prior year plan, the "target performance range" was 90% to 110%. This change provides for a lower payout opportunity at the same attainment levels as the prior year plan.
- We increased the level of outperformance required for payments above target relative to historical plans. For example, achieving a maximum payout requires 130% of target performance achievement versus 120% performance historically.

**CEO Compensation Changes:**

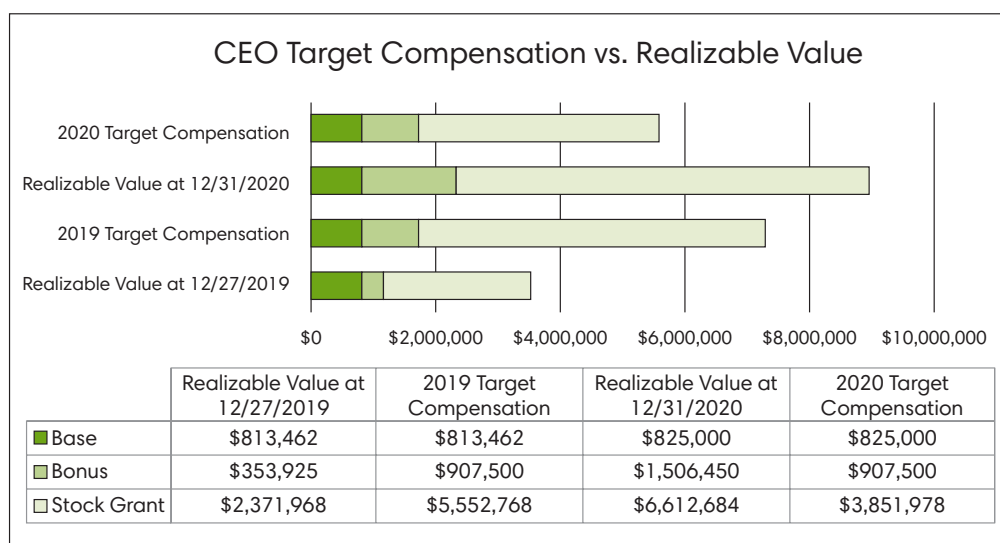
Reduced the CEO's 2020 equity grant value by over 30% from prior year to acknowledge 2019 performance and the outlook for 2020.

Named Executive Officer	Total Grant Date Fair Value 2019	Total Grant Date Fair Value 2020	Difference
Colin M. Angle	\$5,552,768	\$3,851,978	(\$1,700,790) (30.6%)

iRobot’s compensation programs are designed to align pay with Company performance and while our 2019 financial results fell short of targets, our 2020 financial performance was very strong. The compensation and talent committee’s executive pay decisions and our pay outcomes reflect this trajectory and alignment:

	Outcomes Related to 2019 Performance	Outcomes Related to 2020 Performance
<b>Base Salary</b>	No base salary increases in 2020 other than for one NEO	Base salary increases were provided to each NEO in recognition of the strong performance
<b>Annual Incentive Bonus</b>	Bonus payout of 39% of target, which reflected falling short of target on Revenue & falling short of threshold performance on Adjusted EBITDA	Bonus payout of 166% of target, which reflected achievement above target on both Revenue & Non-GAAP Operating Income
<b>Performance Based Equity Awards</b>	Payout for 2017 Plan (performance period ending December 28, 2019): 77% of target	Payout for 2018 Plan (performance period ending January 2, 2021): 100% of target

Our compensation plans are highly sensitive to Company performance and emphasize pay that is variable and/or “at risk.” As a result of our very strong performance during 2020, our CEO’s 2020 realizable pay was 160% of his targeted total compensation, as shown below. In 2019, when performance fell below our expectations, our CEO’s realizable pay was only 49% of his targeted total compensation, also shown below.



### **Objectives of Our Compensation Program**

We believe our compensation philosophies and objectives, as further described below, have aligned executive compensation with Company performance. Our compensation programs for our executive officers are designed to achieve the following objectives:

- Provide competitive compensation that attracts, motivates and retains the best talent and the highest caliber executives in order to help us to achieve our strategic objectives;
- Connect a significant portion of the total potential compensation paid to executives to our annual financial performance;
- Directly align management's interest with the interests of stockholders through long-term equity incentives; and
- Provide management with performance goals that are directly linked to our longer-term plans for growth and profit.

We believe the compensation of our named executive officers should reflect their success as a management team, rather than as individuals, in attaining key operating objectives, such as Non-GAAP Operating Income and Revenue. We define Non-GAAP Operating Income as Operating Income before amortization of acquired intangible assets, stock-based compensation expense, tariff refunds, net merger, acquisition and divestiture (expense) income, net intellectual property litigation expense, and restructuring and other expense. See pages 28 and 29 of our Form 10-K for the year ended January 2, 2021 for a reconciliation of Non-GAAP Operating Income to GAAP Operating Income.

We also believe that the compensation of our named executive officers should not be based on the short-term performance of our stock, whether favorable or unfavorable, but rather that the price of our stock will, over the long-term, reflect our operating performance, and ultimately, the refinement and execution of our strategy by the Company's management and employees.

### **Methodologies for Establishing Executive Compensation**

The compensation and talent committee, which is comprised entirely of independent directors, reviews the compensation packages for our named executive officers, including an analysis of all elements of compensation separately and in the aggregate. In determining the appropriate compensation levels for our chief executive officer, the compensation and talent committee meets with the executive vice president, human resources and corporate communications, along with the independent compensation consultant engaged by the compensation and talent committee. With respect to the compensation levels of all other named executive officers, the compensation and talent committee meets with our chief executive officer and, as needed, our executive vice president, human resources and corporate communications, as well as with the independent compensation consultant engaged by the compensation and talent committee. Our chief executive officer annually reviews the performance of each of the other named executive officers with the compensation and talent committee.

The compensation and talent committee has engaged Pay Governance as its independent executive compensation consultant. The consultant works with the compensation and talent committee in addition to our human resources department and the chief executive officer to assist them with a range of items including establishing an appropriate peer group, developing the structure of the executive compensation program and in formulating recommendations regarding base salary levels, target incentive awards, performance goals for incentive compensation and equity awards for named executive officers. In conjunction with the annual performance review of each named executive officer, the compensation and talent committee carefully considers the recommendations of the chief executive officer with respect to the other executive officers when setting base salary, bonus payments under the prior year's incentive compensation plan, and target amounts and performance goals for the current year's incentive compensation plan. In addition, the compensation and talent committee similarly determines the size and structure of equity incentive awards, if any, for each named executive officer.

Moreover, the compensation and talent committee considers the results of the advisory vote on named executive officer compensation, or the “say on pay” vote, that is currently held each year at the Company’s annual meeting of stockholders.

At the May 2020 annual meeting of stockholders, the Company held its annual say on pay vote. The results of the say on pay vote held in May 2020 were as follows (as a percentage of the votes cast):

For	12,861,084	96.0%
Against	344,716	2.6%
Abstain	194,820	1.5%

The results of the say on pay vote are advisory and not binding on the Company, the board of directors or the compensation and talent committee. The board of directors and the compensation and talent committee, however, value the opinions of our stockholders and take the results of the say on pay vote into account when making decisions regarding the compensation of our named executive officers. Additionally, a valuable aspect of our investor relations activities involves interacting with our current and prospective stockholders to discuss our executive compensation programs, answer timely and important questions about our compensation philosophies and practices, and gain direct feedback in the process.

The compensation and talent committee will, in consultation with Pay Governance and as appropriate, continue to consider changes to our compensation programs intended to further align the pay of our senior executives with our performance while taking into account input from stockholders and evolving factors such as the business environment, the competitive market for talent and other emerging trends. Additionally, the compensation and talent committee will continue to consider the outcome of our say on pay votes, regulatory changes and emerging best practices when making future compensation decisions for our named executive officers.

Our compensation plans are developed, in part, by utilizing publicly available compensation data and subscription compensation survey data for national and regional companies in the technology and consumer technology industries, including those that focus on smart-tech and high-tech products. When determining the range of competitive practice for executive compensation, we review compensation data for companies with revenues, market capitalization, headcount and levels of ongoing research and development investment similar to our profile. There is an expanded discussion on our peer group in the section “Compensation Comparisons” on page 41. While there are no perfect benchmarks for our Company, we believe that this approach provides us with valuable insights as to the competitive range of pay levels and practices of companies similar to ours.

### **Compensation Consultants**

As the independent compensation consultant, Pay Governance provides the compensation and talent committee with advice on a broad range of executive compensation matters. In fiscal 2020, the scope of Pay Governance’s services included the following:

- Apprising the compensation and talent committee of compensation-related and regulatory trends and developments in the marketplace;
- Assessing the composition of the peer companies used for comparative purposes;
- Performing a competitive assessment of our non-employee director and executive compensation programs;



- Identifying potential changes to the executive compensation program to maintain competitiveness and ensure consistency with business strategies, good governance practices and alignment with stockholder interests; and
- Reviewing the Compensation Discussion & Analysis section of the Company's Proxy Statement.

As more fully described on page 53, the compensation and talent committee reviewed its relationship with Pay Governance pursuant to SEC rules and determined Pay Governance's work for the compensation and talent committee did not raise any conflicts of interest. The Company did not engage Pay Governance for any other consulting work in fiscal 2020.

### **Compensation Comparisons**

Developing a compensation peer group for compensation comparison purposes is not an easy task for our Company. We do not have any "true" consumer robotic peer companies that are publicly-traded, stand-alone, U.S.-based and size-appropriate. We believe the mix of technology, smart technology/connected devices, and technology/consumer products entities that comprise our current compensation peer group provides appropriate reference points for compensation and performance comparisons.

The following selection criteria, developed in conjunction with the compensation and talent committee, which are carefully reviewed annually and adjusted as needed, were used to develop the comparative compensation peer group used in assessing the competitiveness of our executive compensation program and in helping develop fiscal year 2020 compensation actions:

- Companies with revenues within a similar range and generally similar market capitalization;
- Companies within comparable industries that focus on smart-tech and high-tech products (e.g., consumer durables, consumer services, aerospace, capital goods, electronics equipment, information technology, instruments and components, computers and peripherals, networking equipment and computer hardware);
- Companies with highly-engineered products and complex networked technologies with multiple industry applications;
- Technology companies whose products contain both hardware and software components, in particular cloud-connected devices, smart monitors, networked devices and consumer wearables; and
- Companies with moderate to high sales growth and opportunity.
- Other secondary criteria also considered include:
  - Companies considered to be engaging in "disruptive innovation;"
  - Companies producing high-technology products with brand recognition and/or that focus on disposable income "luxury" goods; and
  - Companies with comparable levels of ongoing investment in research and development that indicate similar business models and financial strategy.

Our compensation peer group for 2020 consisted of the following seventeen companies which we show in two different technology segments. Technology companies that focus on high tech products for consumers, and broader companies that have a technology focus and meet some or all of the criteria mentioned above.

<b>Consumer Technology Companies</b>	<b>Broader Technology Companies</b>
Fitbit, Inc.	3D Systems Corporation
Garmin Ltd.	Brooks Automation, Inc.
GoPro, Inc.	Coherent, Inc.
Logitech International S.A.	Dolby Laboratories, Inc.
NETGEAR, Inc.	Faro Technologies, Inc.
Poly (Plantronics, Inc.)	Novanta Inc.
Roku, Inc.	Trimble Inc.
Sonos, Inc.	Ubiquiti, Inc.
Universal Electronics Inc.	

This 2020 compensation peer group differs slightly from the 2019 compensation peer group due to the removal of TiVo Corporation and the addition of Roku, Inc. and Sonos, Inc. to our compensation peer group. The compensation and talent committee believes that the changes to the compensation peer group create better alignment with respect to key financial criteria and companies in comparable industries.

These companies, at the time of the analysis on June 30, 2019, had a trailing 12-month median Revenue of approximately \$1.1 billion and a median market capitalization of approximately \$2.7 billion. iRobot at this same time had trailing 12-month Revenue of approximately \$1.1 billion and a market capitalization of approximately \$2.5 billion.

The compensation and talent committee reviews all components of compensation for named executive officers. In accordance with its charter, the compensation and talent committee also, among other responsibilities, administers our incentive compensation plan, and reviews management's recommendations on Company-wide compensation programs and practices. In setting compensation levels for our executive officers in fiscal 2020, the compensation and talent committee considered many factors in addition to the competitive market analysis described above, including, but not limited to:

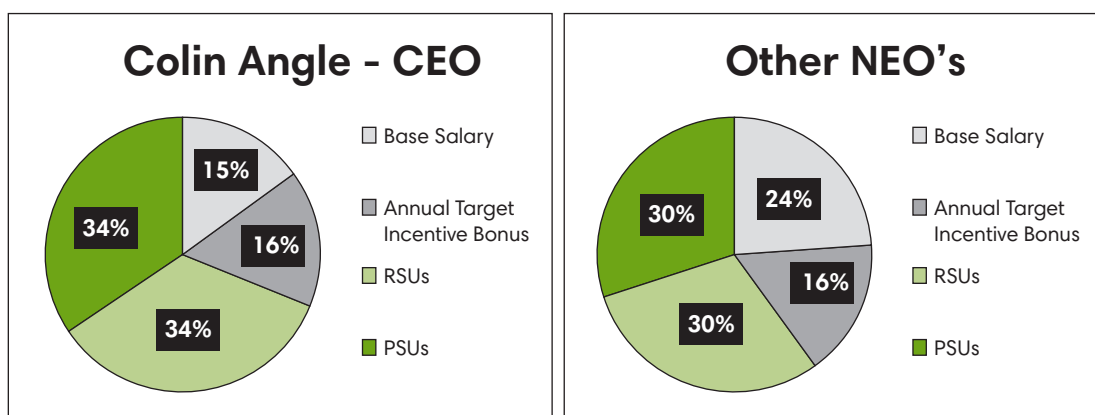
- The scope and strategic impact of the executive officer's responsibilities;
- Our past business performance, and future expectations;
- Our long-term goals and strategies;
- The performance and experience of each individual;
- Retention considerations;
- Unvested equity holdings;
- Past compensation levels of each individual and of the named executive officers as a group;
- Relative levels of pay among the executive officers;
- The amount of each component of compensation in the context of the executive officer's total compensation and other benefits;
- Input from the board with respect to its evaluation of and recommendations for the chief executive officer; and
- Input from the chief executive officer with respect to the evaluation of and recommendations for the other named executive officers.

The compensation and talent committee recommends to the full board compensation for our chief executive officer using the same factors it considers for other executive officers, while placing greater emphasis on performance-based opportunities through long-term equity and short-term cash incentive compensation, which we believe strongly aligns our chief executive officer's interests and the interests of

our stockholders. In assessing the compensation paid to our chief executive officer, the compensation and talent committee relies on input from the board of directors on performance and information from our selected peer group benchmarks and its judgment with respect to the factors described above.

### Elements of Compensation and 2020 Annual Target Compensation

Our executive compensation program in 2020 consisted of three primary elements: base salary, annual cash incentives, and long-term equity awards, in the form of time-based RSUs and PSUs. All of our executive officers also are eligible for certain benefits offered to employees generally, including life, health, disability and dental insurance, as well as participation in our 401(k) plan and employee stock purchase plan. We have also entered into executive agreements with our executive officers that provide for certain severance benefits upon termination of employment, including a termination in connection with a change in control of the Company. The target compensation mix for each of our named executive officers was determined at the beginning of 2020 and is summarized in the charts below.



The compensation mix shown above is based on the target amount for each of the elements and does not contemplate the upside and downside opportunity included in our variable incentive plans.

### Elements of Compensation

#### Base Salary

Salaries are reviewed on an annual basis and are structured to be within the market competitive range of salaries paid by the peer companies reviewed by the compensation and talent committee described above. While we generally aim to set base salaries for each of our executives to market competitive levels, the compensation and talent committee also takes into consideration many additional factors (described below) that we believe are important and have enabled us to attract, motivate and retain a high performing leadership team in an extremely competitive environment.

In 2020, the compensation and talent committee reviewed the base salaries for each of our executive officers, taking into account an assessment of the individual's responsibilities, experience, performance and contribution to the Company's performance, and also generally taking into account the competitive environment for attracting and retaining executives consistent with our business needs, along with those factors previously described. With respect to each of our other named executive officers, our chief executive officer provided a detailed evaluation and recommendation related to base salary adjustments, if any (excluding for himself). The compensation levels for our executive officers in fiscal 2020 were determined in February 2020 following our 2019 performance in which we delivered 11% Revenue growth, an Operating Margin of nearly 7%, and Diluted EPS of \$2.97. Additionally, our stock was trading close to a 52-week low.

In connection with our annual review process in February 2020 and taking into account the considerations discussed above as well as our 2019 performance, the compensation and talent committee only made one base salary adjustment for Mr. Campanello as noted in the table below. This adjustment to Mr. Campanello was in recognition of his exceptional performance. Ms. Zeiler received a base salary adjustment on May 4, 2020 as part of her promotion to EVP, Chief Financial Officer.

For 2021, base salaries of our named executives were reviewed by the compensation and talent committee and adjustments were made to the base salaries of certain of our named executive officers. These adjustments to salaries were in recognition of exceptional performance and to ensure we are maintaining a competitive position with our peer group and the market.

	2019 Base Salary	% Increase	2020 Base Salary	% Increase	2021 Base Salary
Colin M. Angle	\$825,000	0.0%	\$825,000	3.0%	\$850,000
Julie Zeiler(1)	\$307,654	38.0%	\$425,000	17.6%	\$500,000
Glen D. Weinstein	\$410,000	0.0%	\$410,000	4.9%	\$430,000
Tim Saeger(2)	\$400,000	0.0%	\$400,000	0%	\$400,000
Keith Hartsfield	\$400,000	0.0%	\$400,000	2.5%	\$410,000
Russell J. Campanello	\$350,000	14.2%	\$400,000	2.5%	\$410,000
Alison Dean(3)	\$500,000	0.0%	\$500,000	—	—

- (1) Ms. Zeiler was promoted to EVP, Chief Financial Officer on May 4, 2020. Her base salary was increased from \$307,654 to \$425,000 in connection with her promotion.
- (2) Mr. Saeger resigned as an officer of the Company effective September 14, 2020, and his last day of employment with us was March 26, 2021.
- (3) Ms. Dean resigned as EVP, Chief Financial Officer effective May 4, 2020 and her employment with the Company terminated on August 28, 2020.

We believe that the base salaries of our named executive officers, which range from 13% to 24% as a percentage of total target compensation, are set at an appropriate level to align our compensation mix with our compensation philosophy.

#### *Cash Incentive Compensation*

The compensation and talent committee believes that short-term cash incentive compensation for our executive officers should be contingent upon successful achievement of significant financial and business objectives and implementation of our business strategy. For our named executive officers, including our chief executive officer, the payment of cash incentive awards is based on an evaluation of achievement against predetermined Company financial and operational metrics in accordance with our Senior Executive Incentive Compensation Plan ("SEICP") adopted by the compensation and talent committee. For each named executive officer, 100% of his or her target cash incentive compensation in 2020 was tied to key Company financial and operating performance measures. We aim to set our cash incentive opportunities for named executive officers to be market competitive for performance at target with actual amounts earned adjusted up or down based on performance achievement, as described below.

For fiscal 2020, the threshold, target and maximum bonus award opportunities under our SEICP for each of our named executive officers, as a percentage of base salary are set forth in the table below. These target bonus amounts were set at levels the compensation and talent committee determined were appropriate to support our business plan, which involved growing the Company in a profitable, cost-effective way.

	Incentive Bonus Award Opportunity Payout Scale (% of base salary)		
	Threshold (12.5% of target opportunity) (1)	Target (100%)	Maximum (200% of target opportunity) (2)
Colin M. Angle	13.75%	110.00%	220.00%
Julie Zeiler(3)	13.61%	64.18%	128.35%
Glen D. Weinstein	9.38%	75.00%	150.00%
Tim Saeger(4)	8.13%	65.00%	130.00%
Keith Hartsfield	7.50%	60.00%	120.00%
Russell J. Campanello	8.13%	65.00%	130.00%
Alison Dean(5)	10.00%	80.00%	160.00%

- (1) Cash incentive payments are made only if the Company has achieved a specified Non-GAAP Operating Income hurdle, excluding cash incentive compensation expense.
- (2) This reflects the maximum incentive cash payout levels established under our SEICP for 2020 based on the specific goals established for fiscal 2020.
- (3) Ms. Zeiler joined the SEICP on May 4, 2020, therefore the award opportunity payout scale above reflects a pro-rated portion from SEICP and a pro-rated portion from another incentive plan she was a participant in prior to her promotion. For the 2020 calendar year, Ms. Zeiler's target bonus opportunity prior to her promotion was \$107,679 (35% of her base salary). In connection with her promotion, Ms. Zeiler's target bonus opportunity was increased to \$318,750 (75% of her base salary). Her threshold bonus prior to her moving onto SEICP was equal to 20% of target and her threshold bonus following her promotion was 12.5% of target.
- (4) Mr. Saeger resigned as an officer of the Company effective September 14, 2020, and his last day of employment with us was March 26, 2021.
- (5) Ms. Dean resigned as EVP, Chief Financial Officer effective May 4, 2020 and her employment with the Company terminated in August 2020 and, accordingly, she received no bonus award for 2020.

The following tables summarize the 2020 performance measures, associated weightings and goals for each of the named executive officers under the SEICP, including actual performance achievement. When establishing our 2020 SEICP targets, to earn 100% payout for the Non-GAAP Operating Income metric, attainment had to be 110% of our annual operating plan (AOP) target of \$90.6 million. To earn the threshold payout for the Revenue metric, 95% achievement of the Revenue target must be achieved. In prior years, 90% achievement of the Revenue target resulted in threshold payout. As discussed previously, the payout opportunity ranges from 12.5% of the target incentive opportunity for achieving threshold performance for one metric to 200% of the target incentive opportunity for achieving maximum level of performance for both metrics. For example, in the event the Non-GAAP Operating Income is achieved at threshold and the Revenue target is not achieved, a 12.5% overall payout threshold would be achieved.

Metric	Weightings	Performance Goal			2020 Actual Performance	Actual Percentage Earned (as % of target)
		Threshold	Target*	Maximum		
Non-GAAP Operating Income, excluding cash incentive compensation expense	50%	\$81.5	\$99.6	\$120.5	\$216.4	100%
Company Revenue	50%	\$1,278.9	\$1,346.2	\$1,615.4	\$1,430.4	66%
Total Payout (as a % of Target)						166%

\* Please note our internal goal for Non-GAAP Operating Income was \$90.6 million, and achievement at this level would have provided less than a target payout. The plan needed to achieve 110% of the internal target, or \$99.6 million to earn a target payout.

Actual percentage earned (as % of target) is relative to the weightings of both metrics, which are 50% respectively.

Non-GAAP Operating Income (excluding cash incentive compensation expense) was achieved at 217% of target, which allowed for a maximum payout of 200% for this metric. This performance includes a \$36.5 million Section 301 tariff refund, related to tariff payments made in 2018 and 2019, which the Company worked diligently to obtain through petitioning officials at the White House, United States Trade Representative, and the Commerce Department. Non-GAAP Operating Income would have achieved a maximum payout even without the tariff refund. No adjustments were made due to the COVID-19 pandemic.

Revenue achieved 106.3% of target, which resulted in a 131% payout for this metric.

Overall payout as a result of the overachievement performance of both metrics is 166%.

The compensation and talent committee chose this mix of financial targets for cash incentive compensation because it believes it creates a balanced focus on growth and profitability, and it believes that executive officers should be focused on a small set of critical, team-based financial and operating metrics that reinforce the executive's role and impact the Company's business strategy.

Also, the compensation and talent committee established a minimum level of profitability whereby the available total incentive compensation payout for the entire employee base — including the named executive officers — would be reduced on a dollar-for-dollar basis if Non-GAAP Operating Income, including cash incentive compensation expense, fell below \$58.3 million for the fiscal year.

We had a very strong 2020 with Revenue, Non-GAAP Operating Income and EPS surpassing the plans that we outlined at the beginning of the year. Solid demand combined with excellent collaboration and execution among our sales, marketing and operations teams and our broader supply chain enabled us to grow our top line performance. The strong Revenue performance, when combined with gaining a tariff exclusion and our diligence in managing our costs, resulted in an increased Non-GAAP Operating Income and EPS performance. Maintaining a clean home has taken on increasing importance with the pandemic forcing people to stay at home. Differentiating our floor cleaning robots with innovative features and functionality that support the fluid lifestyles of their owners is resonating in the marketplace. We were able to generate significant growth with our premium floor cleaning robots throughout the year. We also had a substantial expansion of our connected customer base, which grew over 80% in 2020.

We are very proud of our accomplishments in 2020, and the strong Revenue and Non-GAAP Operating Income performance notably exceeded each respective target. The below table outlines the cash awards to the named executive officers for performance in fiscal 2020 pursuant to our SEICP:

	Incentive Bonus Award		
	Original Target Incentive Opportunity	Achievement	SEICP Earned & Paid
Colin M. Angle	\$907,500	166%	\$1,506,450
Julie Zeiler(1)	\$247,240	166%	\$410,418
Glen D. Weinstein	\$307,500	166%	\$510,450
Tim Saeger(2)	\$260,000	166%	\$431,600
Keith Hartsfield	\$240,000	166%	\$398,400
Russell J. Campanello	\$260,000	166%	\$431,600
Alison Dean(3)	\$400,000	—	—

- (1) Ms. Zeiler was promoted to EVP, Chief Financial Officer on May 4, 2020 therefore her target incentive opportunity is a combination of being eligible to participate in the SEICP and another incentive plan prior to her promotion.
- (2) Mr. Saeger resigned as an officer of the Company effective September 14, 2020, and his last day of employment with us was March 26, 2021.
- (3) Ms. Dean resigned as EVP, Chief Financial Officer effective May 4, 2020 and her employment with the Company terminated on August 28, 2020 and, accordingly, she received no bonus award for 2020.

### Long-Term Incentives

#### Overview

In 2020, executive officers were eligible to receive a mix of time-based RSUs and PSUs that are intended to promote success by aligning employee financial interests with long-term stockholder value. Long-term incentives are awarded based on various factors primarily relating to the responsibilities of the individual officer or employee, his or her past performance, anticipated future contributions, prior grants, and competitive market and retention considerations as well as the pool of shares available for grant and Company performance. In general, our compensation and talent committee bases its decisions to grant long-term incentives on recommendations of our chief executive officer (for employees other than himself) and the compensation and talent committee's analysis of peer group and industry compensation information, with the intention of keeping the executives' overall target compensation levels competitive with our peers.

In 2020, we shifted the payout metric of the PSUs from GAAP Operating Income to Non-GAAP Operating Income. We also adjusted the 2020 PSU "target range" to 100% to 110%, where performance in the target range earns 100% payout. The 2019 PSUs had a "target range" of 90% to 110%, where performance in the target range earned 100% payout. To earn maximum payout of 200%, the Company's performance must be at or above 130% of target, whereas for the 2019 PSUs, a performance of 120% of target earned a maximum payout of 200%.

The compensation and talent committee believes that our mix of long-term equity awards is market competitive and strongly aligns the incentives of our executives with the interests of our stockholders and the long-term performance of the Company by directly tying a significant portion of the value that may be realized from our equity compensation to the performance of the Company and the value of our stock.

Both RSUs and PSUs are typically granted in March. RSUs vest based on continued service in equal annual installments over four years. PSUs have three-year cliff vesting based on performance as well as continued service with the Company. Please note that for newly hired executives, the timing of the grants and mix may vary based on the timing of the hire and other potential factors as part of the recruitment of each executive.

During fiscal year 2020, our compensation and talent committee approved the RSU and PSU awards set forth in the table below to each of our named executive officers.

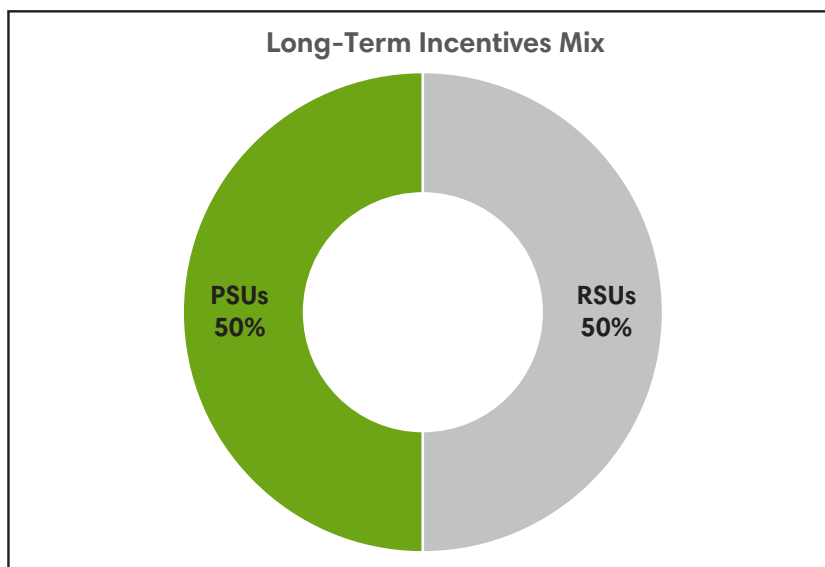
The payout opportunity on the PSUs to be earned at the end of the three-year performance period ranges from 0% for below threshold performance to 200% of the target opportunity for achieving the maximum level of performance. For PSUs granted in 2020, at threshold performance, 25% of the target amount is earned and, at target performance, 100% of the target awards is earned. Linear interpolation is used to determine the percentage of the PSUs earned where achievement is between threshold and target and between target and maximum performance levels. The number of PSUs actually earned will be determined at the end of the three-year performance period by measuring the Company's actual 2020 to 2022 cumulative financial performance against the target performance.

	Grant Date Fair Value (\$)	RSUs (#)	PSUs (# at Threshold) (25% of Target)	PSUs (# at Target)	PSUs (# at Maximum) (200% of Target)
Colin M. Angle	3,851,978	41,180	10,295	41,180	82,360
Julie Zeiler(1)	1,526,012	16,314	4,079	16,314	32,628
Glen D. Weinstein	1,130,150	12,082	3,021	12,082	24,164
Tim Saeger(2)	1,231,828	13,169	3,292	13,169	26,338
Keith Hartsfield	462,368	4,943	1,236	4,943	9,886
Russell J. Campanello	923,895	9,877	2,469	9,877	19,754
Alison Dean(3)	—	—	—	—	—

- (1) Ms. Zeiler was promoted to EVP, Chief Financial Officer on May 4, 2020.
- (2) Mr. Saeger resigned as an officer of the Company effective September 14, 2020, and his last day of employment with us was March 26, 2021.
- (3) Ms. Dean did not receive any PSU or RSU awards in 2020. Ms. Dean resigned as EVP, Chief Financial Officer effective May 4, 2020 and her employment with the Company terminated on August 28, 2020. All of the PSU and RSU awards granted to her were forfeited in connection with such termination.



The following chart depicts the mix of PSUs and RSUs in our annual long-term incentive program for 2020:



#### Performance Share Units

The Company's and the compensation and talent committee's overall goals for selecting metrics for the PSU component of the long-term incentive program include:

- Alignment with business strategy;
- Alignment with stockholder interest in improving long-term business fundamentals;
- Correlation with total stockholder return; and
- Complementary to our short-term incentive metrics and measurement period.

For 2020, the compensation and talent committee determined that Non-GAAP Operating Income was a more optimal metric for our PSUs in large part because Non-GAAP Operating Income is a key financial measure that can be reasonably forecasted over the relevant performance period and reflects the operating performance of our management team. We believe using Non-GAAP Operating Income over a multi-year period for our PSUs, coupled with the annual Revenue component of our short-term incentive plan, provides strong focus on, and balance between, important short- and long-term business drivers.

PSUs granted in 2020 will be measured and vested only if earned at the end of the three-year performance period based upon performance over the entire three-year period. As shown in the table below, the number of shares earned at the end of the three-year period will range from 0% to 200% of the target number of PSUs granted based on the Company's performance against a three-year cumulative Non-GAAP Operating Income goal. This goal was established at the beginning of the three-year performance period. The following table outlines the threshold, target, and maximum Non-GAAP Operating Income goals for the three-year performance period covering 2020 through 2022.

2020-2022 PSU Performance Cycle	Operating Income Performance (in millions)		
	Threshold (70%)	Target Range (100% to 110%)	Maximum (130%)
Cumulative Non-GAAP Operating Income (\$M)	\$250	\$357-\$393	\$464
PSUs Eligible for Vesting	25%	100%	200%

For the PSUs granted in 2018, the number of shares earned at the end of the three-year performance period could have ranged from 0% to 200% of the target number of PSUs granted based on the Company's performance against a three-year cumulative operating income goal. The following table outlines the operating income threshold, target, and maximum goals, along with the Company's actual performance for the three-year performance period from 2018 through 2020. Payout achievement is shown in the table.

2018-2020 PSU Performance Cycle	Operating Income Performance (in millions)			Actual Performance Achieved	Actual Payout Level
	Threshold	Target Range	Maximum		
Cumulative	\$285	\$321-\$392	\$428	\$338.7	100%
PSUs Eligible for Vesting	50%	100%	200%		

For the 2018 PSUs, the three-year cumulative operating income achievement was \$338.7 million, which fell within the target range of \$321 million to \$392 million; therefore 100% of the PSUs granted in 2018 were deemed earned and vested. Specifically, the named-executive officers earned the following PSUs with respect to the PSUs granted in 2018:

	2018-2020 PSUs At Threshold, Target & Maximum			
	PSUs At Threshold	PSUs At Target	PSUs Maximum	Total PSUs Earned
Colin M. Angle	14,573	29,146	58,292	29,146
Julie Zeiler	282	564	1,128	564
Glen D. Weinstein	3,429	6,858	13,716	6,858
Tim Saeger(1)	2,571	5,143	10,286	5,143
Russell J. Campanello	2,742	5,486	10,972	5,486
Alison Dean(2)	4,972	9,944	19,888	—

- (1) Mr. Saeger resigned as an officer of the Company effective September 14, 2020, and his last day of employment with us was March 26, 2021.
- (2) Ms. Dean resigned as EVP, Chief Financial Officer effective May 4, 2020 and her employment with the Company terminated on August 28, 2020, and all of the PSUs granted to her in 2018 were forfeited in connection with such termination.

### *Other Benefits and Perquisites*

We also have various broad-based employee benefit plans. Our executive officers participate in these plans on the same terms as other eligible employees, subject to any legal limits on the amounts that may be contributed by or paid to executive officers under these plans. We offer a 401(k) plan, which allows our U.S. employees an opportunity to invest in a wide array of funds on a pre-tax basis. The Company matches up to 3% of eligible pay (\$0.50 on each dollar an employee contributes up to a maximum of 6%). In 2017, we established an employee stock purchase plan for the benefit of all of our U.S., UK and Canadian based employees. We do not provide pension arrangements or post-retirement health coverage for our named executive officers or other employees. We also maintain insurance and other benefit plans for our employees. We offer no perquisites to our executive officers that are not otherwise available to all of our employees.

### *Stock Ownership Guidelines*

We maintain equity ownership guidelines to further align the interests of our senior management and directors with those of our stockholders. Under the guidelines, executives are expected to hold common stock that is valued at an amount ranging from two times base salary for our senior executives to six times base salary for our chief executive officer. Our directors are also expected to hold common stock in an amount equal to six times their current annual cash retainer fee for board service.

For purposes of these guidelines, stock ownership includes shares for which the executive or director has direct or indirect ownership or control, including stock and in-the-money vested stock options, but does not include unvested restricted stock units or unvested stock options. Executives and directors are expected to meet their ownership guidelines within five years of becoming subject to the guidelines. All executives and directors who have served the Company for five or more years are currently meeting their ownership targets, while those executives and directors with less than five years of service are either currently meeting or are making progress to achieve these ownership targets.

### *Hedging/Pledging Policy*

Since 2005, we have had a written insider trading policy that applies to all of our employees, including officers, and directors. The policy, among other things, prohibits holding Company securities as collateral in a margin account, any hedging transactions, short sales, and puts/calls, and pledging of Company securities as collateral for a loan unless the pledge has been approved by the compensation and talent committee of the board of directors. To date, no such approval has been requested or given.

### *Executive Agreements*

We have entered into executive agreements with each of our named executive officers. The executive agreements provide for severance payments equal to 50% of such officer's annual base salary at the highest annualized rate in effect during the one-year period immediately prior to termination, payable in six equal monthly installments, as well as monthly premium payments for continued health, dental and vision benefits for up to six months following termination, in the event that we terminate his or her employment other than for cause, or his or her death or disability, as each term is defined in the executive agreements. In addition, these executive agreements provide that if we experience a change in control, as defined in the executive agreements, and the employment of such officer is terminated by the Company other than for cause or his or her death or disability at any time within the period beginning on the date that is 45 days prior to the date of the public announcement of the execution of a definitive agreement for a change in control and ending on the first anniversary of the effective date of the change in control, or if such officer terminates his or her employment for good

reason, as defined in the executive agreements, during the one-year period following the change in control, then all unvested equity held by such officer becomes fully-vested and immediately exercisable and such officer is entitled to severance payments equal to 200% of his or her annual base salary, at the highest annualized rate in effect during the period beginning in the year prior to the effective date of the change in control and ending on the date of termination of employment, and 200% of such officer's highest target cash incentive with respect to the year prior to the year in which the change in control occurred and ending in the year in which the officer's employment is terminated, each payable in 24 equal monthly installments, as well as monthly premium payments for continued health, dental and vision benefits for up to 24 months following termination. Receipt of the severance payments and benefits under the executive agreements is subject to the executive officer's execution of a separation agreement, including a general release of claims, in a form and of a scope reasonably acceptable to the Company and compliance with any noncompetition, inventions and/or nondisclosure obligations owed to the Company. There are no tax gross-up payable under the executive agreements or otherwise.

#### *Clawback Policy*

In 2015, the Company adopted a clawback policy that provides the board of directors discretion to reduce the amount of future compensation (both cash and equity) payable to an executive of the Company for excess proceeds from incentive compensation received by such executive due to a material restatement of financial statements. The clawback period is the three-year period following the filing of any such restated financial statements with the SEC.

#### *Tax Deductibility of Executive Compensation*

The Tax Cuts and Jobs Act of 2017, which was signed into law December 22, 2017 made a number of significant changes to Section 162(m) of the Code. Section 162(m) of the Code generally places a \$1 million limit on the amount of compensation a company can deduct in any one year for certain executive officers. While we consider tax deductibility as one factor in determining executive compensation, the compensation and talent committee also looks at other factors in making its decisions, as noted above, and retains the flexibility to award compensation that it determines to be consistent with the goals of our executive compensation program even if the awards are not deductible by us for tax purposes. Pursuant to the Tax Cut and Jobs Act, the exemption from Section 162(m)'s deduction limit for performance-based compensation has been repealed, effective for taxable years beginning after December 31, 2017, such that compensation paid to our named executive officers and certain other individuals in excess of \$1 million will not be deductible unless it qualifies for the limited transition relief applicable to certain arrangements in place as of November 2, 2017 that are not subsequently materially modified.

We believe that stockholder interests are best served if its discretion and flexibility in awarding compensation is not restricted, even though some compensation awards may result in non-deductible compensation expenses.

#### ***Risk Oversight of Compensation Programs***

As part of its annual review, the compensation and talent committee determined that our compensation program for executive officers is not structured to be reasonably likely to present a material adverse risk to us based on the following factors:

- Our compensation program for executive officers is designed to provide a balanced mix of cash and equity and annual and longer-term incentives, including compensation based on the achievement of performance targets.

- The base salary portion of compensation is designed to provide a steady income regardless of our stock price performance so executives do not feel pressured to focus primarily on stock price performance to the detriment of other important business metrics.
- Our time-based RSU grants generally vest over four years.
- Our PSUs vest only if we achieve pre-determined significant long-term metrics designed to drive the long-term interests of our stockholders.
- PSU awards align the interests of our executive officers with the success of our business strategy.
- Maximum payout levels for cash and equity incentives are capped.
- We have adopted a clawback policy that applies to cash and equity incentive compensation.
- The compensation and talent committee engages an independent compensation consultant.
- Our executive incentive programs include multiple performance measurement periods.
- Our stock ownership guidelines align the interests of our executive officers with those of our stockholders.

### Compensation Consultant Independence

Pursuant to its charter, the compensation and talent committee has the sole authority to retain, terminate, obtain advice from, oversee and compensate its outside advisors, including its compensation consultant.

The compensation and talent committee retained Pay Governance as its independent executive compensation consultant for 2020. Pay Governance reports directly to the compensation and talent committee, and the compensation and talent committee may replace Pay Governance or hire additional consultants at any time. Pay Governance attends meetings of the compensation and talent committee, as requested, and communicates with the chairman of the compensation and talent committee between meetings; however, the committee makes all decisions regarding the compensation of the Company's executive officers.

Pay Governance provides various executive compensation services to the compensation and talent committee with respect to our executive officers and other key employees at the compensation and talent committee's request. The services Pay Governance provides include advising the compensation and talent committee on the principal aspects of the executive compensation program and evolving best practices and providing market information and analysis regarding the competitiveness of our program design and awards in relationship to our performance.

The compensation and talent committee reviews the services provided by its outside consultants and believes Pay Governance is independent in providing executive compensation consulting services. The compensation and talent committee conducted a specific review of its relationship with Pay Governance, and determined Pay Governance's work for the compensation and talent committee did not raise any conflicts of interest, consistent with the guidance provided under the Dodd-Frank Act and by the SEC and Nasdaq. In making this determination, the compensation and talent committee noted the following:

- Pay Governance did not provide any services to us or our management other than service to the compensation and talent committee (including compensation benchmarking for our senior leadership team), and their services were limited to executive compensation consulting;
- Fees paid by us to Pay Governance represented less than 1.0% of Pay Governance's respective total revenue for the period January 2020 through December 2020;
- Pay Governance maintains a Conflicts Policy and an Insider Trading Policy, which are provided to the compensation and talent committee with specific policies and procedures designed to ensure independence;

- None of the Pay Governance consultants on our account had any business or personal relationship with our compensation and talent committee members;
- None of the Pay Governance consultants on our account had any business or personal relationship with our executive officers; and
- None of the Pay Governance consultants on our account directly own shares of our stock.

The compensation and talent committee continues to monitor the independence of its compensation consultant on a periodic basis.

## Executive Compensation

The following table sets forth summary compensation information for our chief executive officer, chief financial officer, the three other most highly compensated executive officers serving as executive officer as of January 2, 2021 and two former executive officers for the fiscal years indicated:

### SUMMARY COMPENSATION TABLE — 2020

Name and Principal Position	Year	Salary (\$)(1)	Bonus (\$)(2)	Stock Awards (\$)(3)	Non-Equity Incentive Plan Compensation (\$)(4)	All Other Compensation (\$)(5)	Total (\$)
<b>Colin M. Angle</b>							
Chairman, Chief Executive Officer and Director	2020	825,000	—	3,851,977	1,506,450	9,258	6,192,685
	2019	813,462	—	5,552,768	353,925	8,400	6,728,555
	2018	742,308	—	3,987,756	945,000	8,250	5,683,314
<b>Julie Zeiler(6)</b>							
Executive Vice President, Chief Financial Officer	2020	382,123	—	1,526,012	410,418	9,258	2,327,811
<b>Glen D. Weinstein</b>							
Executive Vice President and Chief Legal Officer	2020	410,000	—	1,130,150	510,450	9,965	2,060,565
	2019	405,385	—	1,221,511	103,935	8,400	1,739,231
	2018	380,000	—	938,312	311,220	8,250	1,637,782
<b>Tim Saeger(7)</b>							
Executive Vice President, Chief Research & Development Officer	2020	400,000	—	1,231,828	431,600	9,258	2,072,686
	2019	396,923	—	1,332,469	101,400	8,400	1,839,192
<b>Keith Hartsfield</b>							
Executive Vice President, Chief Product Officer	2020	400,000	250,000	462,368	398,400	133,231	1,643,999
	2019	121,539	250,000	1,968,782	30,086	72,643	2,443,049
<b>Russell J. Campanello</b>							
Executive Vice President, Human Resources and Corporate Communications	2020	392,308	—	923,895	431,600	9,258	1,757,060
	2019	350,000	—	999,352	88,725	8,400	1,446,477
	2018	350,000	—	750,595	286,650	8,250	1,395,495
<b>Alison Dean(8)</b>							
Former Executive Vice President, Chief Financial Officer, Treasurer and Principal Accounting Officer	2020	292,308	—	—	—	56,627	348,935
	2019	496,154	—	1,665,830	156,000	8,400	2,326,384
	2018	472,693	—	1,360,538	478,800	8,250	2,320,281

- (1) Represents salary earned in the fiscal years presented, which covered 53 weeks for fiscal year 2020 and 52 weeks for fiscal years 2019 and 2018.
- (2) Represents sign on bonuses paid to Mr. Hartsfield upon hire to compensate him for unvested equity with a prior employer that was forfeited.
- (3) Represents the aggregate grant date fair value for stock awards granted in the fiscal years ended January 2, 2021, December 28, 2019 and December 29, 2018, as applicable, in accordance with Financial Accounting Standards Board, Accounting Standards Codification Topic 718 ("ASC Topic 718") disregarding any estimates of service-based forfeitures. For PSUs, the value reported includes the value of the award at the grant date based upon the probable

outcome of the performance conditions. The value of PSUs at the grant date assuming that the highest level of the performance condition will be achieved, for the fiscal years ended January 2, 2021, December 28, 2019 and December 29, 2018 (as applicable), respectively, is \$3,851,978, \$5,552,768 and \$3,987,756 for Mr. Angle; \$1,526,012 for Ms. Zeiler; \$1,130,150, \$1,221,511, and \$938,312 for Mr. Weinstein; \$1,231,828, and \$1,332,469 for Mr. Saeger; \$1,968,782 and \$462,368, for Mr. Hartsfield; and \$923,895, \$999,352, and \$750,595 for Mr. Campanello. The value of PSUs at the grant date assuming that the highest level of the performance condition will be achieved, for the fiscal years ended December 28, 2019 and December 29, 2018 for Ms. Dean are \$1,665,830 and \$1,360,538, respectively. See the information appearing in note 12 to our consolidated financial statements included as part of our Annual Report on Form 10-K for the fiscal year ended January 2, 2021 for certain assumptions made in the valuation of stock awards.

- (4) Represents amounts paid in 2021, 2020 and 2019, respectively under the Company's SEICP for performance in the fiscal years ended January 2, 2021, December 28, 2019 and December 29, 2018, as applicable.
- (5) For 2020, includes the amounts set forth in the table below, including 401(k) matching contributions and a "grossed up" work from home stipend for each of our named executive officers, that was provided to all employees in the US. Excludes medical, group life insurance and certain other benefits received by the named executive officers that are available generally to all of our salaried employees.

	401(k) Matching Contributions (\$)	Work From Home Stipend (\$)	Tax Gross-Up on Work From Home Stipend (\$)	Other (\$)*
Colin M. Angle	8,550	500	208	—
Julie Zeiler	8,550	500	208	—
Glen D. Weinstein	8,550	500	208	708
Tim Saeger	8,550	500	208	—
Keith Hartsfield	8,550	500	208	123,973
Russell J. Campanello	8,550	500	208	—
Alison Dean	8,550	—	—	48,077

\* Amount represents (i) for Mr. Hartsfield, travel and lodging expenses, including airfare and expenses for use of our corporate apartment, related to travel between his home and the Company's office in Massachusetts, (ii) for Ms. Dean, a vacation payout which was made upon the termination of her employment, and (iii) for Mr. Weinstein, a service award.

- (6) Ms. Zeiler was promoted to EVP, Chief Financial Officer on May 4, 2020, and her 2020 annual base salary was adjusted at that time to reflect the increased responsibilities with her new role.
- (7) Mr. Saeger resigned as an officer of the Company effective September 14, 2020, and his last day of employment with us was March 26, 2021.
- (8) Ms. Dean resigned as EVP, Chief Financial Officer effective May 4, 2020 and her employment with the Company terminated on August 28, 2020. The amount reported in the Salary column represents her salary earned in fiscal 2020 through the date of termination. Ms. Dean did not receive any equity awards in 2020 and all unvested RSU and PSU awards granted to her were forfeited in connection with such termination.



## 2020 Pay Ratio

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Company is required to disclose the annual total compensation of our median employee (excluding our chief executive officer), the annual total compensation of our principal executive officer, Chairman of the board of directors and chief executive officer, Colin M. Angle, and the ratio of these two amounts.

In 2020, there was no change in our employee population or employee compensation arrangements that we believe would significantly impact the pay ratio. Accordingly, for purposes of calculating the pay ratio set forth below, we used the same median employee we identified for purposes of our 2018 pay ratio. The Company employed 1,032 employees as of December 29, 2018, when we identified the median employee in 2018.

In evaluating whether to re-determine the “median employee” for 2020, we concluded that changes to the employee population and employee compensation programs would not result in a significant change to the Company’s pay ratio disclosure. In particular, we considered the increase in headcount in fiscal 2019 and 2020, but determined that there was an overall equal distribution of newly hired employees above and below the median during the fiscal year. Accordingly, we believe that we may continue to use the previously-determined “median employee.” The Company employed 1,209 employees at the end of fiscal 2020 (January 2, 2021).

A Consistently Applied Compensation Measure was used to identify the median employee based on the sum of base pay/regular wages, overtime, bonus, commissions and equity grant date fair value. The Company elected to include bonus payments and equity awards given the broad participation rates in these programs across the employee population. Annualized salary rates for full-time employees and hourly pay rates and actual hours worked were used as reasonable estimates of salary/wages.

Using the compiled data, the Company determined that the 2020 annual total compensation of our median employee as of January 2, 2021 was \$131,939 and Mr. Angle’s annual total compensation for 2020 was \$6,192,685 both of which were calculated in accordance with Item 402(c) of Regulation S-K. The ratio of these amounts was 47:1.

## Grants of Plan-Based Awards in 2020

The following table sets forth, for each of the named executive officers, information about grants of plan-based awards during fiscal year 2020:

### GRANTS OF PLAN-BASED AWARDS — 2020

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares of Stock or Units (#)(3)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Colin M. Angle	—	113,438	907,500	1,815,000	—	—	—	—	—
	3/6/2020	—	—	—	—	—	—	41,180	1,925,989
	3/6/2020	—	—	—	10,295	41,180	82,360	—	1,925,989
Julie Zeiler	—	33,641	247,240	494,479	—	—	—	—	—
	3/6/2020	—	—	—	—	—	—	16,314	763,006
	3/6/2020	—	—	—	4,078	16,314	32,628	—	763,006
Glen Weinstein	—	38,438	307,500	615,000	—	—	—	—	—
	3/6/2020	—	—	—	—	—	—	12,082	565,075
	3/6/2020	—	—	—	3,020	12,082	24,164	—	565,075
Tim Saeger(4)	—	32,500	260,000	520,000	—	—	—	—	—
	3/6/2020	—	—	—	—	—	—	13,169	615,914
	3/6/2020	—	—	—	3,292	13,169	26,338	—	615,914
Keith Hartsfield	—	30,000	240,000	480,000	—	—	—	—	—
	3/6/2020	—	—	—	—	—	—	4,943	231,184
	3/6/2020	—	—	—	1,235	4,943	9,886	—	231,184
Russell J. Campanello	—	32,500	260,000	520,000	—	—	—	—	—
	3/6/2020	—	—	—	—	—	—	9,877	461,947
	3/6/2020	—	—	—	2,469	9,877	19,754	—	461,947
Alison Dean(5)	—	50,000	400,000	800,000	—	—	—	—	—

- (1) This reflects the threshold, target and maximum incentive cash payout levels established under our SEICP. The actual amounts paid for fiscal year 2020 are disclosed in the “Non-Equity Incentive Plan Compensation” column of the Summary Compensation Table.
- (2) This reflects the threshold, target and maximum equity incentive payout levels associated with PSUs made pursuant to our 2018 Stock Option and Incentive Plan (the “2018 Plan”), which amounts will be payable in shares of our common stock, if the performance metrics are achieved under the terms of the awards.
- (3) All stock awards granted were made pursuant to our 2018 Plan.
- (4) Mr. Saeger resigned as an officer of the Company effective September 14, 2020, and his last day of employment with us was March 26, 2021.
- (5) Ms. Dean resigned as EVP, Chief Financial Officer effective May 4, 2020 and her employment with the Company terminated on August 28, 2020. Accordingly, she did not earn a bonus under the SEICP for 2020. In addition, she did not receive any equity awards in 2020, and all unvested RSU and PSU awards granted to her were forfeited in connection with such termination.

## Outstanding Equity Awards at Fiscal Year End

The following table sets forth, for each of the named executive officers, information about unexercised option awards and other unvested equity awards that were held as of January 2, 2021.

### OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END — 2020

Name	Grant Date	Option Awards				Equity Incentive Plan			
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(2)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(3)	Equity Incentive Plan Awards; Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(4)	Equity Incentive Plan Awards; Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(3)
Colin M. Angle	3/7/2014	15,475	—	43.35	3/7/2021	—	—	—	—
	6/6/2014	19,700	—	35.43	6/6/2021	—	—	—	—
	3/6/2015	23,238	—	34.30	3/6/2022	—	—	—	—
	6/5/2015	23,350	—	32.38	6/5/2022	—	—	—	—
	3/11/2016	36,013	—	33.14	3/11/2023	—	—	—	—
	6/10/2016	30,950	—	37.62	6/10/2023	—	—	—	—
	3/10/2017	—	—	—	—	9,056	727,106	—	—
	3/9/2018	—	—	—	—	14,572	1,169,986	—	—
	3/8/2019	—	—	—	—	17,040	1,368,142	11,360	912,094
	3/6/2020	—	—	—	—	41,180	3,306,342	82,360	6,612,684
Julie Zeiler(5)	3/10/2017	5,578	372	57.33	3/10/2024	1,456	116,902	—	—
	3/9/2018	—	—	—	—	848	68,086	—	—
	3/8/2019	—	—	—	—	767	61,582	170	13,649
	3/6/2020	—	—	—	—	16,314	1,309,851	32,628	2,619,702
Glen D. Weinstein	3/11/2016	8,500	—	33.14	3/11/2023	—	—	—	—
	6/10/2016	7,325	—	37.62	6/10/2023	—	—	—	—
	3/10/2017	—	—	—	—	1,943	156,003	—	—
	3/9/2018	—	—	—	—	3,428	275,234	—	—
	3/8/2019	—	—	—	—	3,748	300,927	2,499	200,645
	3/6/2020	—	—	—	—	12,082	970,064	24,164	1,940,128
Tim Saeger(6)	9/4/2015	18,350	—	29.60	9/4/2022	—	—	—	—
	3/11/2016	1,202	—	33.14	3/11/2023	—	—	—	—
	6/10/2016	1,246	—	37.62	6/10/2023	—	—	—	—
	3/10/2017	—	—	—	—	2,068	166,040	—	—
	3/9/2018	—	—	—	—	2,571	206,426	—	—
	3/8/2019	—	—	—	—	4,089	328,306	2,726	218,871
	3/6/2020	—	—	—	—	13,169	1,057,339	26,338	2,114,678
Keith Hartsfield	9/6/2019	—	—	—	—	23,762	1,907,851	—	—
	3/6/2020	—	—	—	—	4,943	396,873	9,886	793,747
Russell J. Campanello	6/5/2015	292	—	32.38	6/5/2022	—	—	—	—
	3/11/2016	1,559	—	33.14	3/11/2023	—	—	—	—
	6/10/2016	1,679	—	37.62	6/10/2023	—	—	—	—
	3/10/2017	—	—	—	—	1,618	129,909	—	—
	3/9/2018	—	—	—	—	2,742	220,155	—	—
	3/8/2019	—	—	—	—	3,066	246,169	2,044	164,113
	3/6/2020	—	—	—	—	9,877	793,024	19,754	1,586,049
Alison Dean(7)	—	—	—	—	—	—	—	—	

- (1) Stock option grants vest over a four-year period, at a rate of twenty-five percent (25%) on the first anniversary of the grant date, and the remainder in equal quarterly installments thereafter.
- (2) RSU awards vest over a four-year period, at a rate of twenty-five percent (25%) on each anniversary of the grant date.
- (3) Amounts disclosed in this column were calculated based on the closing price of our common stock on December 31, 2020, the last business date of the fiscal year ended January 2, 2021.
- (4) PSU awards will be earned and vest at the end of a three-year cumulative period. For additional information on the PSU awards, see the section above entitled “Compensation Discussion and Analysis — Elements of Compensation — Long-Term Incentives.”
- (5) Ms. Zeiler was promoted to EVP, Chief Financial Officer on May 4, 2020.
- (6) Mr. Saeger resigned as an officer of the Company effective September 14, 2020, and his last day of employment with us was March 26, 2021.
- (7) Ms. Dean resigned as EVP, Chief Financial Officer effective May 4, 2020 and her employment with the Company terminated on August 28, 2020. She did not receive any equity awards in 2020, and all unvested RSU and PSU awards granted to her were forfeited in connection with such termination.

### Option Exercises and Stock Vested

The following table sets forth, for each of the named executive officers, information with respect to the exercise of stock options and the vesting of RSU awards and PSUs during the year ended January 2, 2021.

#### OPTION EXERCISES AND STOCK VESTED — 2020

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise(#)	Value Realized on Exercise (\$)(1)	Number of Shares Acquired on Vesting(#)	Value Realized on Vesting\$(2)
Colin M. Angle	36,175	951,041	62,349	2,509,377
Julie Zeiler(3)	—	—	2,136	85,922
Glen D. Weinstein	9,812	423,099	13,832	556,605
Tim Saeger(4)	—	—	12,422	500,175
Keith Hartsfield	—	—	7,921	565,639
Russell J. Campanello	—	—	11,153	448,848
Alison Dean(5)	10,429	483,644	29,050	1,418,082

- (1) Amounts disclosed in this column were calculated based on the difference between the fair market value of our common stock on the date of exercise and the exercise price of the options in accordance with regulations promulgated under the Exchange Act.
- (2) Amounts disclosed in this column were calculated based on the fair market value of the shares on the date of settlement following vesting.
- (3) Ms. Zeiler was promoted to EVP, Chief Financial Officer on May 4, 2020.
- (4) Mr. Saeger resigned as an officer of the Company effective September 14, 2020, and his last day of employment with us was March 26, 2021.
- (5) Ms. Dean resigned as EVP, Chief Financial Officer effective May 4, 2020 and her employment with the Company terminated on August 28, 2020.

## Potential Benefits Upon Termination or Change in Control

### Severance and Change in Control Arrangements in General

The Company has entered into executive agreements with each of the named executive officers, the terms of which are described in further detail in the “Compensation Discussion and Analysis” section above.

### Cash Payments and/or Acceleration of Vesting Following Certain Termination Events

Assuming the employment of our named executive officers was terminated without cause (not in connection with a change in control) on January 2, 2021, our named executive officers would be entitled to cash payments in the amounts set forth opposite their names in the table below, subject to any deferrals required under Section 409A of the Code. Ms. Dean has been omitted from the below tables because her employment with the Company terminated on August 28, 2020 and she did not receive any severance payments or benefits in connection with such termination.

	Base Salary (\$)	Continuation of Health Plan Premium Payments (\$)	Total (\$)
Colin M. Angle	412,500	15,391	427,891
Julie Zeiler	212,500	10,112	222,612
Glen D. Weinstein	205,000	11,681	216,681
Tim Saeger	200,000	7,843	207,843
Keith Hartsfield	200,000	15,391	215,391
Russell J. Campanello	200,000	15,391	215,391

Assuming the employment of our named executive officers was terminated by the Company without cause during the period beginning on the date that is 45 days prior to the date of the public announcement of the execution of a definitive agreement for a change in control and ending on the first anniversary of the effective date of the change in control, or such officers resigned with good reason during the one-year period following a change in control and that such termination or resignation occurred on January 2, 2021, our named executive officers would be entitled to cash payments in the amounts set forth opposite their names in the below table, subject to any delay in payment required under Section 409A of the Code, and acceleration of vesting as set forth in the table below. The total amount payable to each executive officer may be subject to reduction in certain circumstances if the amount would cause the executive officer to incur an excise tax under Section 4999 of the Code. The following table provides the market value (that is, the value based upon our stock price on December 31, 2020, minus the exercise price, if any) of stock options and RSUs or PSUs that would become exercisable or vested as a result of these acceleration events as of January 2, 2021.

Name	Base Salary (\$)	Bonus (\$)	Continuation of Health Plan Premium Payments (\$)	Market Value of Stock Options (\$)	Market Value of RSUs and PSUs (\$)	Total (\$)
Colin M. Angle	1,650,000	1,815,000	61,565	—	14,042,239	17,568,804
Julie Zeiler	850,000	637,500	40,449	8,541	2,939,015	4,475,506
Glen Weinstein	820,000	615,000	46,724	—	3,624,210	5,105,934
Tim Saeger	800,000	520,000	31,373	—	3,666,122	5,017,945
Keith Hartsfield	800,000	480,000	61,565	—	2,701,598	4,043,163
Russell J. Campanello	800,000	520,000	61,565	—	2,951,059	4,332,624

## Director Compensation

In connection with our efforts to attract and retain highly qualified individuals to serve on our board of directors, we maintain a cash and equity compensation policy for our non-employee members of our board of directors. In fiscal year 2020, each non-employee member of our board of directors was entitled to the following cash compensation:

Annual retainer for Board membership	\$ 55,000
Annual retainer for lead independent director	\$ 25,000
Audit Committee	
Annual retainer for committee membership	\$ 12,500
Additional retainer for committee chair	\$ 12,500
Compensation and Talent Committee	
Annual retainer for committee membership	\$ 10,000
Additional retainer for committee chair	\$ 10,000
Nominating and Corporate Governance Committee	
Annual retainer for committee membership	\$ 5,000
Additional retainer for committee chair	\$ 5,000

Pursuant to our Non-Employee Directors' Deferred Compensation Program, each non-employee director may elect in advance to defer the receipt of these cash fees. During the deferral period, the cash fees will be deemed invested in stock units. The deferred compensation will be settled in shares of our common stock upon the termination of service of the director or such other time as may have been previously elected by the director. The shares will be issued from our 2018 Plan or a subsequent stock option and incentive plan approved by our stockholders.

In 2020, each of our non-employee members of our board of directors was entitled to the following equity compensation:

At the end of the tenth week of the fiscal quarter in which our annual meeting of stockholders occurs, each re-elected non-employee director receives a grant of RSUs having a fair market value of \$175,000, which vests in full on the first anniversary of such grant.

All of our directors are reimbursed for reasonable out-of-pocket expenses incurred in attending meetings of the board of directors.

## Compensation

The following table provides compensation information for the fiscal year ended January 2, 2021 for each non-employee member of our board of directors. The table excludes Mr. Angle, who is a named executive officer of the Company and did not receive any additional compensation for his service as director in 2020.

**DIRECTOR COMPENSATION TABLE — 2020**

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Total (\$)
Mohamad Ali(2)	85,000	174,988	259,988
Michael Bell	75,000	174,988	249,988
Deborah G. Ellinger	65,000	174,988	239,988
Elisha Finney	77,500	174,988	252,488
Ruey-Bin Kao	65,000	174,988	239,988
Eva Manolis	67,500	174,988	242,488
Andrew Miller	85,000	174,988	259,988
Michelle V. Stacy	65,000	174,988	239,988

- (1) Represents the grant date fair value of RSUs awarded in the fiscal year ended January 2, 2021 in accordance with ASC Topic 718 disregarding any estimates of forfeitures. The grant date fair value is the fair market value of our common stock on the date of grant multiplied by the number of shares of common stock underlying such RSU award.
- (2) Mr. Ali deferred all of his 2020 cash compensation pursuant to our Non-Employee Directors' Deferred Compensation Program under which he received stock units in lieu of cash.

The non-employee members of our board of directors who held such position on January 2, 2021 held the following aggregate number of unvested RSUs as of such date:

Name	Number of Unvested Restricted Stock Units
Mohamad Ali	2,134
Michael Bell	2,134
Deborah G. Ellinger	2,134
Elisha Finney	3,093
Ruey-Bin Kao	3,494
Eva Manolis	2,134
Andrew Miller	2,134
Michelle V. Stacy	2,134

**Equity Compensation Plan Information**

The following table provides information as of January 2, 2021 regarding shares of common stock that may be issued under our equity compensation plans, consisting of the iRobot Corporation 2005 Stock Option and Incentive Plan, as amended, the 2015 Plan, the 2018 Plan and our 2017 Employee Stock Purchase Plan (the "ESPP"). We have no equity compensation plans that were not approved by security holders.

Plan Category	Number of securities to be issued upon exercise of outstanding options, units and rights (a)	Weighted average exercise price of outstanding options, units and rights (b)	Number of securities remaining available for future issuance under equity compensation plan (excluding securities referenced in column (a))(c)
Equity compensation plans approved by security holders	1,356,363(1)	\$36.39	1,562,092(2)
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>1,356,363</b>	<b>\$36.39</b>	<b>1,562,092</b>

- (1) Includes 232,678 shares of common stock issuable upon the exercise of outstanding options, 894,033 shares of common stock issuable upon the vesting of RSUs, and 229,652 shares of common stock issuable upon the vesting of PSUs if specified performance metrics are achieved.
- (2) As of January 2, 2021, there were no shares available for grants under the 2005 Stock Option and Incentive Plan, as amended, the Evolution Robotics, Inc. 2007 Stock Plan or the 2015 Stock Option and Incentive Plan. As of January 2, 2021, there were 1,562,092 shares available under the 2018 Plan and 508,667 shares available under the ESPP.

### Transactions with Related Persons

In 2020, there was no transaction or series of similar transactions to which we were or will be a party in which the amount involved exceeded or will exceed \$120,000 and in which any director, executive officer, holder of five percent or more of any class of our capital stock or any member of their immediate family had or will have a direct or indirect material interest.

Our board of directors has adopted a written related party transaction approval policy, which sets forth our policies and procedures for the review, approval or ratification of any transaction required to be reported in our filings with the SEC. Our policy with regard to related party transactions is that all related party transactions are to be reviewed by our general counsel, who will determine whether the contemplated transaction or arrangement requires the approval of the board of directors, the nominating and corporate governance committee, both or neither.



## PROPOSAL 2

### RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The audit committee of the board of directors has retained PricewaterhouseCoopers LLP (“PwC”), independent registered public accounting firm, to serve as independent registered public accountants for our 2021 fiscal year. PwC has served as our independent registered public accounting firm since 1999. The Company is asking stockholders to ratify the selection by the audit committee of the board of directors of PwC as our independent auditors for the 2021 fiscal year. Although ratification by the stockholders is not required by law, the board of directors has determined that it is desirable to request approval of this selection by the stockholders as a matter of good corporate governance. In the event the stockholders fail to ratify the appointment of PwC, the audit committee will consider this factor when making any determinations regarding PwC.

#### Independence and Quality

As provided in the audit committee charter, the audit committee is directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. Each year, the audit committee considers whether to retain PwC and whether such service continues to be in the best interests of the Company and our stockholders. Among other things, the audit committee considers:

- the quality and scope of the audit;
- the independence of PwC;
- the performance of the lead engagement partner, the number of people staffed on the engagement team, and the quality of the engagement team, including the quality of the audit committee’s ongoing communications with and the capability and expertise of the team;
- PwC’s tenure as our independent auditor and its familiarity with our global operations and business, accounting policies and practices, and internal controls over financial reporting; and
- external data relating to audit quality and performance, including recent PCAOB inspection reports available for PwC.

Based on this evaluation, the members of the audit committee and the board of directors believe that PwC is independent and that it is in the best interests of the Company and its stockholders to retain PwC to serve as its independent auditors for the fiscal year 2021.

The audit committee is also responsible for selecting the lead engagement partner. The rules of the SEC and PwC’s policies require mandatory rotation of the lead engagement partner every five years. In 2020, the audit committee selected a new lead engagement partner to begin in the 2021 fiscal year. During 2020, the audit committee, including the chair of the audit committee, were directly involved in the selection of the new lead engagement partner. The process for selecting a new lead engagement partner was fulsome and allowed for thoughtful consideration of multiple candidates, each of whom met a list of specified criteria. The process included discussions between the chair of the audit committee and PwC as to all of the final candidates under consideration for the position, meetings with the full audit committee and management, and robust interviews with the final candidates.

## Pre-Approval of Audit and Non-audit Services

The audit committee has implemented procedures under our audit committee pre-approval policy for audit and non-audit services (the "Pre-Approval Policy") to ensure that all audit and permitted non-audit services to be provided to us have been pre-approved by the audit committee. Specifically, the audit committee pre-approves the use of PwC for specified audit and non-audit services, within approved monetary limits. If a proposed service has not been pre-approved pursuant to the Pre-Approval Policy, then it must be specifically pre-approved by the audit committee before it may be provided by PwC. Any pre-approved services exceeding the pre-approved monetary limits require specific approval by the audit committee. For additional information concerning the audit committee and its activities with PwC, see "The Board of Directors and Its Committees" and "Report of the Audit Committee of the Board of Directors."

Representatives of PwC attended all of the standard audit committee meetings in 2020. We expect that a representative of PwC will attend the annual meeting, and the representative will have an opportunity to make a statement if he or she so desires. The representative will also be available to respond to appropriate questions from stockholders.

## PricewaterhouseCoopers LLP Fees

The following table shows the aggregate fees for professional services rendered by PwC to us during the fiscal years ended January 2, 2021 and December 28, 2019.

	2020	2019
Audit Fees	\$ 1,470,034	\$ 1,379,133
Audit-Related Fees	100,280	19,080
Tax Fees	308,738	695,413
All Other Fees	16,941	1,800
<b>Total</b>	<b>\$ 1,895,994</b>	<b>\$ 2,052,176</b>

### Audit Fees

Audit Fees for both years consist of fees for professional services associated with the annual consolidated financial statements audit, statutory filings, consents and assistance with and review of documents filed with the SEC.

### Audit-Related Fees

Consists of fees associated with services related to review of accounting for significant transactions and other services that were reasonably related to the performance of audits or reviews of our financial statements and were not reported above under "Audit Fees."

### Tax Fees

Tax Fees consist of fees for professional services rendered for assistance with federal, state, local and international tax planning and compliance.

**All Other Fees**

All other fees include licenses to technical accounting research software and fees associated with services to perform an assessment of compliance with global privacy laws. The audit committee has determined that the provision of services described above to us by PwC is compatible with maintaining their independence.

**Recommendation of the Board:**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU  
VOTE “FOR” THE RATIFICATION OF PRICEWATERHOUSECOOPERS LLP  
AS IROBOT’S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL 2021.**

### PROPOSAL 3

#### APPROVAL OF AMENDMENTS TO OUR AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO ELIMINATE SUPERMAJORITY VOTING REQUIREMENTS

At our 2014 annual meeting of stockholders, our stockholders voted to request that our board of directors take the steps necessary so that each voting requirement in our existing amended and restated certificate of incorporation (the “Existing Certificate”) and by-laws that calls for a greater than a simple majority vote be eliminated and replaced by a majority voting standard.

In each year from 2015 to 2020, our nominating and corporate governance committee and our board of directors determined it was appropriate to propose the amendments described below, and included the proposal described below in our Proxy Statement for the respective annual meeting. As detailed in the table below, despite receiving the affirmative votes of a majority of holders of the outstanding shares at each annual meeting from 2015 to 2019, in each year since 2015 the proposal failed to receive the affirmative vote of holders of 75% of the outstanding shares, which is required for approval.

Year	For	Against	Abstentions	Broker Non-Votes
2020	13,190,094	161,387	49,139	6,772,725
2019	18,492,812	138,436	40,470	5,749,298
2018	14,914,013	86,022	59,826	6,363,508
2017	18,913,736	118,581	53,434	4,221,576
2016	19,761,152	326,257	204,328	202,522
2015	17,179,055	101,106	33,543	6,857,005

Our board of directors continues to believe that the amendments to the Existing Certificate described below and set forth in the Certificate of Amendment attached to this Proxy Statement as Annex A are in the best interests of the Company’s stockholders, and, in light of the strong support received at the 2015 to 2020 annual meetings, our board of directors has unanimously adopted a resolution approving and declaring the advisability of the Certificate of Amendment, which changes the voting provisions in the Existing Certificate as follows:

**Removal of Directors; Article VI, Section 5** - Currently, the approval of the holders of 75% or more of the shares of the Company entitled to vote at an election of directors is required to remove a director from office prior to the expiration of his or her term with cause. If this proposal is approved, stockholders will have the ability to remove a director from office prior to the expiration of his or her term with cause and the affirmative vote of a majority of the shares of the Company entitled to vote at an election of directors, which is the lowest allowable vote threshold under Delaware law; provided, however, that if Proposal 4 is approved by stockholders, the ability to remove will be without cause.

**By-law Amendments; Article VIII, Section 2** - Currently, the Existing Certificate allows stockholders to amend or repeal our by-laws if at least 75% of the shares of the Company entitled to vote on such matter vote in favor of the amendment or repeal. If this proposal is approved, stockholders will have the ability to amend our by-laws with the affirmative vote of a majority of the shares cast and entitled to vote on such matter (with “abstentions,” “broker non-votes,” and “withheld” votes not counted as a vote either “for” or “against” such amendment or repeal).

Amendments to Certain Provisions of the Certificate of Incorporation; Article IX - Currently, the approval of at least 75% of the shares of the Company entitled to vote on such matter is required to amend or repeal Articles V, VI, VII, VIII or IX of the Existing Certificate, which address, among other things, actions by written consent of stockholders, special meetings of stockholders requirements and procedures for electing and removing board members and filling vacancies, limitation of liability of directors, by-law amendments, and amendments of the Existing Certificate. If this proposal is approved, the threshold approval for stockholders to amend or repeal these provisions will be a vote of the majority of the outstanding shares of the Company entitled to vote on such amendment or repeal, which is the lowest allowable vote threshold under Delaware law.

This description of the proposed amendments to our Existing Certificate is a summary and is qualified by the full text of the proposed Certificate of Amendment to our Existing Certificate, which is attached to this Proxy Statement as Annex A and is incorporated herein by reference.

To be approved, the proposed Certificate of Amendment requires an affirmative vote of holders of 75% of the outstanding shares entitled to vote on the record date. If approved, the Certificate of Amendment will become effective upon filing with the Secretary of State of the State of Delaware, which we would do promptly after the annual meeting.

**Recommendation of the Board:**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR”  
THE APPROVAL OF AMENDMENTS TO OUR AMENDED AND RESTATED CERTIFICATE OF  
INCORPORATION TO ELIMINATE SUPERMAJORITY VOTING REQUIREMENTS.**

## PROPOSAL 4

### APPROVAL OF AMENDMENTS TO OUR AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO DECLASSIFY THE BOARD OF DIRECTORS

At our 2015 annual meeting of stockholders, our stockholders voted to request that our board of directors take the steps necessary to reorganize the board of directors into one class with each director subject to election each year. As part of the request, our stockholders proposed that the Company would have the option to phase such declassification in over three years.

In 2016, our board of directors, after carefully considering the advantages and disadvantages of reorganizing the board of directors into one class with each director subject to election each year, unanimously adopted a resolution approving and declaring the advisability of amendments to our Existing Certificate that would declassify our board of directors over a three-year period and provide for the annual election of all of our directors commencing at the 2017 annual meeting, subject to obtaining approval of such amendments by our stockholders at the 2016 annual meeting. Despite receiving the affirmative votes of holders of a majority of the outstanding shares at the 2016 annual meeting, the proposal failed to receive the affirmative vote of holders of 75% of the outstanding shares, which is the required threshold for approval of the proposal.

In each year from 2016 to 2020, our board of directors, after further careful consideration, unanimously adopted a resolution approving and declaring the advisability of amendments to our Existing Certificate that would immediately declassify our board of directors and provide for the annual election of all of our directors commencing at the next scheduled annual meeting, subject to obtaining approval of such amendments by our stockholders.

Despite receiving the affirmative votes of a majority of holders of the outstanding shares at each annual meeting from 2016 to 2019, in each year since 2016 the proposal failed to receive the affirmative vote of holders of 75% of the outstanding shares, which is required for approval. The table below details the voting results on proposals to declassify our board of directors since 2016:

Year	For	Against	Abstentions	Broker Non-Votes
2020	13,230,665	75,909	94,046	6,772,725
2019	18,508,599	114,069	49,050	5,749,298
2018	14,932,946	57,771	69,144	6,363,508
2017	18,910,693	121,045	54,013	4,221,576
2016	19,752,012	318,969	220,756	202,522

Our board of directors continues to believe that the amendments to the Existing Certificate described below and set forth in the Certificate of Amendment attached to this Proxy Statement as Annex B are in the best interests of the Company's stockholders and has again unanimously adopted a resolution approving and declaring the advisability of amendments to our Existing Certificate to declassify the board of directors commencing at the 2022 annual meeting, subject to approval by the Company's stockholders. If this Proposal 4 is approved by the stockholders, the terms for all directors will end at the 2022 annual meeting, and commencing with the 2022 annual meeting, all directors will be elected for one-year terms at each subsequent annual meeting. If this Proposal 4 is approved, any director appointed by the board of directors as a result of a newly created directorship or to fill a vacancy would hold office until the next occurring annual meeting.

Article VI, Section 3 of our Existing Certificate currently provides that our directors are divided into three classes, with each class serving a three-year term. Under the proposed amendments to our Existing Certificate in this Proposal 4, Article VI, Section 3 of the Existing Certificate would be amended to eliminate the classified board structure. If the proposed amendments are approved, commencing with the 2022 annual meeting of stockholders, all directors will stand for election for one-year terms expiring at the next succeeding annual meeting of stockholders. In all cases, each director will hold office until his or her successor is duly elected and qualified or until his or her earlier resignation or removal. Any director appointed to the board of directors to fill a vacancy following the 2022 annual meeting of stockholders will hold office for a term expiring at the next annual meeting of stockholders following such appointment. Corresponding changes related to the declassification of the board will be made to Article VI, Section 4 of the Existing Certificate pertaining to vacancies on the board of directors. Article VI, Section 5 of the Existing Certificate, which currently provides that directors may be removed by stockholders only for cause, will also be amended to allow for removal of directors without cause. If the stockholders do not approve this Proposal 4, our board of directors will remain classified and our directors will continue to be subject to the classifications set forth in our Existing Certificate.

This description of the proposed amendments to our Existing Certificate is a summary and is qualified by the full text of the proposed Certificate of Amendment to our Existing Certificate, which is attached to this Proxy Statement as Annex B and is incorporated herein by reference.

To be approved, the proposed Certificate of Amendment requires an affirmative vote of holders of 75% of the outstanding shares entitled to vote on the record date. If approved, the proposed Certificate of Amendment will become effective upon filing with the Secretary of State of the State of Delaware, which we would do promptly after the annual meeting.

**Recommendation of the Board:**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” THE APPROVAL OF AMENDMENTS TO OUR AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO DECLASSIFY THE BOARD OF DIRECTORS.**

## PROPOSAL 5

### APPROVAL OF AMENDMENT TO OUR AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO ELIMINATE THE PROHIBITION ON STOCKHOLDERS' ABILITY TO CALL A SPECIAL MEETING

Our Existing Certificate and our by-laws provide that special meetings of the stockholders may be called only by the affirmative vote of a majority of the board of directors.

As part of our board of directors' ongoing review of corporate governance practices, the board of directors has reviewed and considered the advantages and disadvantages of permitting stockholders to call special meetings. Stockholder-called special meetings may divert management's time away from the Company's day-to-day operations and involve significant organization, distribution, legal and other costs, which may ultimately be counter to the best interest of the Company's stockholders as a whole. The board of directors also recognizes that the ability to call special meetings would allow stockholders to convene to vote on matters outside of the annual meeting that are important to the Company's growth and success. As a result, our board of directors believes that stockholders, or groups of stockholders, owning at least 25% of the Company's outstanding common stock (the "Requisite Threshold") should have the ability to call special meetings.

In each year from 2017 to 2020, our board of directors unanimously adopted a resolution approving and declaring the advisability of an amendment to our Existing Certificate to eliminate the prohibition on stockholders' ability to call a special meeting, subject to obtaining approval of such amendments by our stockholders.

As detailed in the table below, despite receiving the affirmative votes of a majority of holders of the outstanding shares at each annual meeting from 2017 to 2019, in each year since 2017 the proposal failed to receive the affirmative vote of holders of 75% of the outstanding shares, which is the required threshold for approval of the proposal.

Year	For	Against	Abstentions	Broker Non-Votes
2020	13,232,040	115,547	53,033	6,772,725
2019	18,450,183	119,269	102,266	5,749,298
2018	14,945,267	62,032	52,562	6,363,508
2017	18,948,123	97,937	39,691	4,221,576

Our board of directors continues to believe that the amendment to the Existing Certificate to eliminate the prohibition on stockholders' ability to call a special meeting is in the best interests of the Company's stockholders and has again unanimously adopted a resolution approving and declaring the advisability of an amendment to our Existing Certificate to remove the first sentence of Article V, Section 2, which provides that special meetings may only be called by the affirmative vote of a majority of the board of directors, subject to approval by the Company's stockholders.

If this proposal is approved by the stockholders, we will make conforming amendments to our by-laws to establish the requirements and procedures for stockholders to call special meetings (the "By-law Amendment"). The By-law Amendment will provide that stockholders, or groups of stockholders, holding the Requisite Threshold may direct the Company's Secretary to call special meetings.

The above description of the proposed amendment to our Existing Certificate is a summary and is qualified by the full text of the proposed Certificate of Amendment to our Existing Certificate, which is attached to this Proxy Statement as [Annex C](#) and is incorporated herein by reference.



To be approved, the proposed Certificate of Amendment requires an affirmative vote of holders of 75% of the outstanding shares entitled to vote on the record date. If approved, the proposed Certificate of Amendment will become effective upon filing with the Secretary of State of the State of Delaware, which we would do promptly after the annual meeting.

**Recommendation of the Board:**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” THE APPROVAL OF AN AMENDMENT TO OUR AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO ELIMINATE THE PROHIBITION ON STOCKHOLDERS’ ABILITY TO CALL A SPECIAL MEETING.**

## PROPOSAL 6

### NON-BINDING ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

Pursuant to Section 14A of the Exchange Act, we are providing our stockholders with the opportunity to vote on a non-binding advisory resolution approving the named executive officers' compensation described herein. This proposal, known as a "say-on-pay" proposal, gives the Company's stockholders the opportunity to express their views on our named executive officer's compensation. At our 2017 annual meeting of stockholders, our stockholders voted, on a non-binding, advisory basis, for the Company to hold future say-on-pay votes on an annual basis. In accordance with the advisory vote by our stockholders, we hold a non-binding, advisory vote on the compensation of our named executive officers every year.

This vote is not intended to address any specific item of compensation or the compensation of any particular officer, but rather the overall compensation of our named executive officers and our compensation philosophy, policies and practices, as discussed in this Proxy Statement. Accordingly, we are asking our stockholders to vote "FOR" the following resolution at our annual meeting of stockholders:

"RESOLVED, that the Company's stockholders approve, on a non-binding, advisory basis, the compensation of the Company's named executive officers, as disclosed in this Proxy Statement pursuant to Item 402 of Regulation S-K, including in the Compensation Discussion and Analysis, compensation tables and related narrative discussion."

Before you vote, we recommend that you read the "Compensation Discussion and Analysis" and "Summary Of Recent And Proposed Changes To Corporate Governance And Executive Compensation – Executive Compensation" sections of this Proxy Statement for additional details on the Company's executive compensation programs and philosophy.

This vote is advisory, and therefore not binding on the Company, the compensation and talent committee or our board of directors. However, our board of directors and our compensation and talent committee value the opinions of our stockholders and intend to take into account the outcome of the vote when considering future compensation decisions for our named executive officers.

#### Recommendation of the Board:

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL, ON A NON-BINDING, ADVISORY BASIS, OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT.**

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding beneficial ownership of the Company's common stock as of March 11, 2021: (i) by each person who is known by the Company to beneficially own more than 5% of the outstanding shares of common stock; (ii) by each director or nominee of the Company; (iii) by each named executive officer of the Company; and (iv) by all directors and executive officers of the Company as a group. Unless otherwise noted below, the address of each person listed on the table is c/o iRobot Corporation, 8 Crosby Drive, Bedford, Massachusetts 01730.

Name of Beneficial Owner	Shares Beneficially Owned(1)	Percentage of Shares Beneficially Owned(2)
BlackRock, Inc.(3) 55 East 52nd Street New York, NY 10055	4,989,225	17.6%
The Vanguard Group(4) 100 Vanguard Blvd. Malvern, PA 19355	3,094,316	10.9%
PRIMECAP Management Company(5) 177 E. Colorado Blvd., 11 <sup>th</sup> Floor Pasadena, CA 91105	2,956,913	10.4%
Colin M. Angle(6)	387,812	1.36%
Alison Dean	46,939	*
Glen Weinstein(7)	45,919	*
Russell J. Campanello(8)	34,277	*
Michelle Stacy(9)	21,560	*
Tim Saeger(10)	20,798	*
Deborah G. Ellinger	18,636	*
Mohamad Ali	17,473	*
Julie Zeiler(11)	13,345	*
Elisha Finney	6,142	*
Michael Bell	5,547	*
Andrew Miller	4,251	*
Eva Manolis	2,816	*
Ruey-Bin Kao	2,452	*
Keith Hartsfield	988	*
All executive officers, directors and nominees as a group (15 individuals)(12)	628,955	2.21%

\* Represents less than 1% of the outstanding common stock.

- (1) Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and investment power with respect to shares. Unless otherwise indicated below, to the knowledge of the Company, all persons listed below have sole voting and investment power with respect to their shares of common stock, except to the extent authority is shared by spouses under applicable law. Pursuant to the rules of the SEC, the number of shares of common stock deemed outstanding includes (i) shares issuable pursuant to options held by the respective person or group that are currently exercisable or may be exercised within 60 days of March 11, 2021 and (ii) shares issuable pursuant to restricted stock units held by the respective person or group that vest within 60 days of March 11, 2021.
- (2) Applicable percentage of ownership as of March 11, 2021 is based upon 28,325,576 shares of common stock outstanding.
- (3) BlackRock, Inc. has sole voting power with respect to 4,853,038 shares and sole dispositive power with respect to 4,989,225 shares. The address of BlackRock, Inc. is 55 East 52nd Street, New York, NY 10055. This information has been obtained from a Schedule 13G filed by BlackRock, Inc. with the SEC on January 25, 2021.
- (4) The Vanguard Group has sole voting power with respect to 0 shares, shared voting power with respect to 64,754 shares, sole dispositive power with respect to 3,007,776 shares and shared dispositive power with respect to 86,540 shares. The address of each reporting entity is 100 Vanguard Boulevard, Malvern, PA 19355. This information has been obtained from a Schedule 13G/A filed by The Vanguard Group, Inc. with the SEC on February 10, 2021.
- (5) PRIMECAP Management Company has sole voting power with respect to 2,956,913 shares and sole dispositive power with respect to 2,956,913 shares. The address of PRIMECAP Management Company is 177 E. Colorado Blvd, 11th Floor, Pasadena, CA 91105. This information has been obtained from a Schedule 13G/A filed by PRIMECAP Management Company with the SEC on February 12, 2021.
- (6) Includes 133,251 shares issuable upon exercise of stock options.
- (7) Includes 15,825 shares issuable upon exercise of stock options.
- (8) Includes 3,530 shares issuable upon exercise of stock options.
- (9) Includes 19,000 shares held in two grantor-retained annuity trusts for the benefit of Ms. Stacy during the annuity term of the trust and for the benefit of her children thereafter.
- (10) Includes 20,798 shares issuable upon exercise of stock options.
- (11) Includes 5,950 shares issuable upon exercise of stock options.
- (12) Includes 179,354 shares issuable upon exercise of stock options.

## ADDITIONAL INFORMATION

### Other Matters

The board of directors knows of no other matters to be brought before the annual meeting. If any other matters are properly brought before the annual meeting, the persons appointed in the accompanying proxy intend to vote the shares represented thereby in accordance with their best judgment on such matters, under applicable laws.

### Householding of Proxy Materials

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single Notice or other proxy materials addressed to those stockholders. This process, which is commonly referred to as “householding,” potentially means extra convenience for stockholders and cost savings for companies.

Brokers with account holders who are Company stockholders may be “householding” our proxy materials. A single Notice or other proxy materials may be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that it will be “householding” communications to your address, “householding” will continue until you are notified otherwise or until you notify your broker or the Company that you no longer wish to participate in “householding.”

If, at any time, you no longer wish to participate in “householding” and would prefer to receive a separate Notice of other proxy materials, you may (1) notify your broker, (2) direct your written request to: iRobot Corporation, 8 Crosby Drive, Bedford, Massachusetts 01730, Attention: Secretary or (3) contact our Investor Relations department by telephone at (781) 430-3003. Stockholders who currently receive multiple copies of the Notice or other proxy materials at their address and would like to request “householding” of their communications should contact their broker. In addition, the Company will promptly deliver, upon written or oral request to the address or telephone number above, a separate copy of the annual report and Proxy Statement to a stockholder at a shared address to which a single copy of the documents was delivered.

## STOCKHOLDER PROPOSALS

Proposals of stockholders intended for inclusion in the Proxy Statement to be furnished to all stockholders entitled to vote at our 2022 annual meeting of stockholders, pursuant to Rule 14a-8 promulgated under the Exchange Act by the SEC, must be received at the Company’s principal executive offices not later than December 13, 2021. Stockholders who meet the applicable eligibility requirements under the proxy access provision of our by-laws and wish to include nominees for our board of directors in the Company’s Proxy Statement for the 2022 annual meeting, or stockholders who wish to make a proposal at the 2022 annual meeting (other than a proposal made pursuant to Rule 14a-8 or pursuant to the proxy access provision of our by-laws), must in each case notify us between January 25, 2022 and February 24, 2022. If a stockholder who wishes to present a proposal fails to notify us by February 24, 2022 and such proposal is brought before the 2022 annual meeting, then under the SEC’s proxy rules, the proxies solicited by management with respect to the 2022 annual meeting will confer discretionary voting authority with respect to the stockholder’s proposal on the persons selected by management to vote the proxies. If a stockholder makes a timely notification, the proxies may still exercise discretionary voting authority under circumstances consistent with the SEC’s proxy rules. In order to curtail controversy as to the date on which we received a proposal, it

is suggested that proponents submit their proposals by Certified Mail, Return Receipt Requested, to iRobot Corporation, 8 Crosby Drive, Bedford, Massachusetts 01730, Attention: Secretary.

### **DELINQUENT SECTION 16(a) REPORTS**

Section 16(a) of the Exchange Act requires our directors, executive officers and persons who own more than ten percent of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC. Such persons are required by regulations of the SEC to furnish us with copies of all such filings. Based solely on our review of copies of such filings we believe that all such persons complied on a timely basis with all Section 16(a) filing requirements during the fiscal year ended January 2, 2021, except for the following: a delinquent Form 4 filed by Ms. Wong on June 11, 2020 relating to the grant of 4,745 restricted stock units on June 5, 2020; and a delinquent Form 4 filed by Mr. Angle on April 1, 2021 relating to the gift of 12,325 shares of common stock on November 3, 2020.

### **EXPENSES AND SOLICITATION**

The Company will pay all costs of soliciting these proxies. In addition, some of our officers and employees may solicit proxies by telephone or in person. We will reimburse brokers for the expenses they incur in forwarding the proxy materials to you. The Company has retained Georgeson LLC to assist us with solicitation for a minimum fee of \$12,500, plus reimbursement for out-of-pocket expenses. Additional fees may be incurred based on the outreach and engagement services conducted by Georgeson on behalf of the Company.

## PROPOSED AMENDMENTS TO OUR CERTIFICATE OF INCORPORATION

The following are proposed changes to our amended and restated certificate of incorporation as described in Proposal 3.

\*\*\*\*\*

### ANNEX A CERTIFICATE OF AMENDMENT TO AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF iROBOT CORPORATION

iRobot Corporation (the “Corporation”), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the “DGCL”), does hereby certify:

1. Pursuant to Section 242 of the DGCL, this Certificate of Amendment to Amended and Restated Certificate of Incorporation (this “Amendment”) amends the provisions of the Amended and Restated Certificate of Incorporation of the Corporation (the “Certificate”).

2. This Amendment has been approved and duly adopted by the Corporation’s Board of Directors and stockholders in accordance with the provisions of Section 242 of the DGCL.

3. The Certificate is hereby amended as follows:

A. In Article VI, Section 5, the phrase “holders of 75% or more” is hereby deleted and replaced with the word “majority”.

B. Article VIII, Section 2 is hereby amended and restated in its entirety to read as set forth below:

“Amendment by Stockholders. The By-laws of the Corporation may be amended or repealed at any annual meeting of stockholders, or special meeting of stockholders called for such purpose as provided in the By-laws, by the affirmative vote of the majority of the votes cast by the stockholders entitled to vote on such amendment or repeal, voting together as a single class (with “abstentions”, “broker non-votes” and “withheld” votes not counted as a vote either “for” or “against” such amendment or repeal).”

C. Article IX is hereby amended and restated in its entirety to read as set forth below:

#### “AMENDMENT OF CERTIFICATE OF INCORPORATION

The Corporation reserves the right to amend or repeal this Certificate in the manner now or hereafter prescribed by statute and this Certificate, and all rights conferred upon stockholders herein are granted subject to this reservation. Whenever any vote of the holders of voting stock is required to amend or repeal any provision of this Certificate, and in addition to any other vote of holders of voting stock that is required by this Certificate or by law, such amendment or repeal shall require the affirmative vote of the majority of the outstanding shares entitled to vote on such amendment or repeal, and the affirmative vote of the majority of the outstanding shares of each class entitled to vote thereon as a class, at a duly constituted meeting of stockholders called expressly for such purpose.”

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## PROPOSED AMENDMENTS TO OUR CERTIFICATE OF INCORPORATION

The following are proposed changes to our amended and restated certificate of incorporation as described in Proposal 4.

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### ANNEX B

#### CERTIFICATE OF AMENDMENT TO AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF iROBOT CORPORATION

iRobot Corporation (the “Corporation”), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the “DGCL”), does hereby certify:

1. Pursuant to Section 242 of the DGCL, this Certificate of Amendment to Amended and Restated Certificate of Incorporation (this “Amendment”) amends the provisions of the Amended and Restated Certificate of Incorporation of the Corporation (the “Certificate”).
2. This Amendment has been approved and duly adopted by the Corporation’s Board of Directors and stockholders in accordance with the provisions of Section 242 of the DGCL.
3. The Certificate is hereby amended as follows:

Article VI, Sections 3, 4 and 5 are hereby amended and restated in their entirety to read as set forth below:

“3. Number of Directors; Term of Office. The number of Directors of the Corporation shall be fixed solely and exclusively by resolution duly adopted from time to time by the Board of Directors.

Subject to the rights, if any, of the holders of any series of Undesignated Preferred Stock, at the annual meeting of stockholders of the Corporation that is held in calendar year 2022 and at each annual meeting of stockholders of the Corporation thereafter, all Directors shall be elected to hold office for a one-year term expiring at the next annual meeting of stockholders of the Corporation. Notwithstanding the foregoing, Directors shall hold office until their successors are duly elected and qualified or until their earlier resignation, death or removal.

Notwithstanding the foregoing, whenever, pursuant to the provisions of Article IV of this Certificate, the holders of any one or more series of Undesignated Preferred Stock shall have the right, voting separately as a series or together with holders of other such series, to elect Directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of this Certificate and any certificate of designations applicable thereto.

4. Vacancies. Subject to the rights, if any, of the holders of any series of Undesignated Preferred Stock to elect Directors and to fill vacancies in the Board of Directors relating thereto, any and all vacancies in the Board of Directors, however occurring, including, without limitation, by reason of an increase in size of the Board of Directors, or the death, resignation, disqualification or removal of a Director, shall be filled solely and exclusively by the affirmative vote of a majority of the remaining Directors then in office, even if less than a quorum of the Board of Directors, and not by the stockholders. Any Director appointed in accordance with the preceding sentence shall hold office for a term expiring at the next annual meeting of stockholders of the Corporation held after such appointment and until such Director's successor shall have been duly elected and qualified or until his or her earlier resignation, death or removal. In the event of a vacancy in the Board of Directors, the remaining Directors, except as otherwise provided by law, shall exercise the powers of the full Board of Directors until the vacancy is filled.

5. Removal. Subject to the rights, if any, of any series of Undesignated Preferred Stock to elect Directors and to remove any Director whom the holders of any such stock have the right to elect, any Director (including persons elected by Directors to fill vacancies in the Board of Directors) may be removed from office without cause by the affirmative vote of the holders of 75% or more of the shares then entitled to vote at an election of Directors. At least forty-five (45) days prior to any meeting of stockholders at which it is proposed that any Director be removed from office, written notice of such proposed removal shall be sent to the Director whose removal will be considered at the meeting."

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## PROPOSED AMENDMENTS TO OUR CERTIFICATE OF INCORPORATION

The following are proposed changes to our amended and restated certificate of incorporation as described in Proposal 5.

\*\*\*\*\*

### ANNEX C

#### CERTIFICATE OF AMENDMENT TO AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF iROBOT CORPORATION

iRobot Corporation (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "DGCL"), does hereby certify:

1. Pursuant to Section 242 of the DGCL, this Certificate of Amendment to Amended and Restated Certificate of Incorporation (this "Amendment") amends the provisions of the Amended and Restated Certificate of Incorporation of the Corporation (the "Certificate").
2. This Amendment has been approved and duly adopted by the Corporation's Board of Directors and stockholders in accordance with the provisions of Section 242 of the DGCL.
3. The Certificate is hereby amended as follows:  
Article V, Section 2 is hereby amended and restated in its entirety to read as set forth below:  
"2. Special Meetings. Only those matters set forth in the notice of the special meeting may be considered or acted upon at a special meeting of stockholders of the Corporation."

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**Form 10-K**

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended **January 2, 2021**

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file no. **001-36414**

**iROBOT CORPORATION**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of incorporation or organization)*

**77-0259335**

*(I.R.S. Employer Identification No.)*

**8 Crosby Drive  
Bedford, MA 01730**

*(Address of principal executive offices, including zip code)*

**(781) 430-3000**

*(Registrant's telephone number, including area code)*

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	IRBT	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check-mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check-mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the Common Stock held by nonaffiliates of the registrant was approximately \$2.3 billion based on the last reported sale of the Common Stock on The Nasdaq Global Select Market on June 26, 2020, the last business day of the registrant's most recently completed second fiscal quarter.

As of January 29, 2021, there were 28,199,143 shares of the registrant's Common Stock outstanding.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

The registrant intends to file a definitive Proxy Statement pursuant to Regulation 14A within 120 days of the end of the fiscal year ended January 2, 2021. Portions of such Proxy Statement are incorporated by reference into Part III of this Form 10-K.

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**iROBOT CORPORATION**  
**ANNUAL REPORT ON FORM 10-K**  
**Year Ended January 2, 2021**  
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## PART I

### ITEM 1. BUSINESS

*This Annual Report on Form 10-K (this "Annual Report") contains forward-looking statements. All statements other than statements of historical facts contained in this Annual Report, including statements regarding our future results of operations and financial position, business strategy, plans and objectives of management for future operations, and plans for product development, launches and manufacturing are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We discuss certain of these risks in greater detail in the "Risk Factors" section and elsewhere in this Annual Report. Also, these forward-looking statements speak only as of the date of this Annual Report, and we have no plans to update our forward-looking statements to reflect events or circumstances occurring after the date of this Annual Report. We caution readers not to place undue reliance upon any such forward-looking statements.*

*iRobot and its stylized logo, Roomba, Clean Base, iRobot Genius Home Intelligence, NorthStar, Create, Clean Map, iAdapt, Home Base, Looj, Braava, Braava jet, AeroForce, AllergenLock, Better Together, PerfectEdge, Corners. Edges. And the Details in Between., Imprint, Mirra, Root, Terra, vSLAM and Virtual Wall are trademarks of iRobot Corporation (together with its subsidiaries, "iRobot", the "Company", "we", "us" or "our").*

#### Overview

iRobot is a leading global consumer robot company that designs and builds robots that empower people to do more. Our consumer robots help people find smarter ways to clean and accomplish more in their daily lives. iRobot's portfolio of floor cleaning robots features proprietary technologies for the connected home and advanced concepts in cleaning, mapping and navigation, human-robot interaction and physical solutions. Leveraging this portfolio, our engineers are building an ecosystem of robots to help realize the smart home's potential. For the past two decades, we have been a pioneer and leader in consumer robotics, robotic floor care and robotic artificial intelligence.

Since our founding in 1990, we have developed expertise in the disciplines necessary to design, build, sell and support durable, high-performance and cost-effective robots through the close integration of software, electronics and hardware. Our core technologies serve as reusable building blocks that we adapt and expand to create next-generation robotic platforms. We believe that this approach accelerates the time to market, while also reducing the costs and risks associated with product development. These capabilities are amplified by the integration of artificial intelligence, home understanding and machine vision technologies that further improve cleaning performance and help personalize the cleaning experience, enabling customers to have greater control over where, when and how our robots clean. We believe that our significant expertise in robot design, engineering, and smart home technologies and targeted focus on understanding and addressing consumer needs, positions us well to capitalize on the anticipated growth in the market for robot-based consumer products.

#### COVID-19

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus ("COVID-19") to be a global pandemic, COVID-19 has resulted in significant economic disruption, and governments around the world have implemented various measures, including travel restrictions, closure of non-essential businesses, border closures, and social distancing, in an effort to slow the spread of COVID-19. These actions have altered macroeconomic conditions and created recession-like environments around the world. To protect the health and well-being of our employees, suppliers, and customers, we have implemented global travel restrictions and work-from-home policies for employees who have the ability to work remotely. The mandated orders to "shelter-in-place" and other social distancing measures have directly and indirectly affected sales and supply chain activities. During the early months of the COVID-19 pandemic, retailers focused on carefully managing inventory and prioritizing demand for essential products while reducing operating hours, limiting foot traffic and temporarily closing stores. Starting in the second quarter of 2020, we saw demand for our Roomba and Braava robots accelerate as maintaining a clean home took on increasing importance to people while they spent more time at home, including as a result of work-from-home arrangements. At the same time, we navigated a myriad of supply chain challenges that were compounded by COVID-19 to cost-effectively source sufficient raw materials and components, and increase volume.

#### 2020 Highlights

Since the introduction of the Roomba robotic vacuum cleaner ("RVC") in 2002, we have sold more than 30 million consumer robots worldwide to become a global, market-leading consumer robotics innovator with a strong presence in major geographic regions worldwide. In 2020, iRobot sold more than \$1.4 billion in consumer robots and navigated very challenging market conditions as the COVID-19 pandemic directly and indirectly impacted all aspects of our business. Our commitment to innovation and funding critical research and development projects continued to yield tangible results through new product



launches and new and enhanced features and functionality. In addition to launching the Roomba i3 and i3+ in North America during 2020, we introduced the iRobot Genius Home Intelligence ("Genius"), a powerful new platform that delivers an expansive range of digital features and experiences across our entire line of Wi-Fi connected floor cleaning robots. Genius powers the iRobot HOME App, through which Roomba and Braava users can operate their WiFi-connected floor cleaning robots. Genius delivers a far greater level of personalization and control over user's floor cleaning robots and enables users to determine when, where and how their robots clean. In addition, users can receive suggestions from the HOME app about their cleaning activities that factor in their unique homes, schedules, cleaning preferences and smart home integrations. In addition to these major new product launches, we introduced the Roomba s9 and s9+ in the Asia Pacific region and the Roomba Combo in select European countries during 2020.

Other 2020 highlights included our efforts to balance cost reductions as the global pandemic began with investments to advance software-based research and development and support the growth of our direct-to-consumer sales channel. Operationally, we managed through substantial changes in anticipated demand to align production across our supply chain with substantially higher orders over the course of the year while advancing plans to expand our manufacturing capacity and overcome pandemic-related delays in Malaysia. Our profitability in 2020 benefited from a temporary exclusion to United States tariffs on RVCs made in and imported from China which expired on December 31, 2020. We also appointed new leaders to oversee our finance, accounting and IT; supply chain; commercial; and marketing organizations.

Our total revenue for 2020 was \$1,430.4 million, which represents a 17.8% increase from revenue of \$1,214.0 million for 2019. Domestic revenue grew \$141.0 million, or 23.4%, and international revenue increased by \$75.4 million, or 12.3%, primarily as a result of higher sales of premium robots priced over \$500.

## Strategy

Our long-term strategy to drive sustainable, profitable growth is focused on: 1) designing and marketing a portfolio of floor cleaning robots with differentiated value propositions that appeal to an expanding range of consumers around the world, enabling us to continue increasing category penetration globally; 2) advancing innovation through the introduction of new models of floor cleaning robots, and new features and enhanced functionality of existing models of floor cleaning robots that will address the needs of new and existing customers; 3) forging enduring relationships with millions of consumers worldwide in ways that will ultimately increase their spending with us over the lifetime of those relationships; 4) continuing to diversify our product portfolio beyond RVCs; and 5) balancing investments in key technology, product development, sales and marketing, manufacturing and other initiatives with an ongoing focus on controlling costs, increasing productivity and driving efficiency.

The three key elements in our strategy are 1) differentiating the cleaning experience; 2) building long-term, enduring customer relationships; and 3) nurturing the lifetime value of our customer relationships. By executing on each element of our strategy, we believe we can better position iRobot to build and defend its category leadership, participate meaningfully in continued category growth, build a stronger direct-to-consumer sales channel to complement our extensive retail partnerships, and convert our top-line growth into even faster operating profit and earnings per share expansion.

## Technology

Since the Roomba's introduction in 2002, we have continuously pursued innovation and introduced a wide of range of powerful features and functionality that have been favorably received by customers, helped extend our consumer robot technology and category leadership, and have further expanded our product portfolio. Over the past several years, we have focused on research and development initiatives that advance overall cleaning efficacy and performance, increase the autonomy of our products and enable personalized control over how, when and where our robots clean. By leveraging our robust connectivity and cloud infrastructure through Amazon Web Services and the ever-increasing processing power in our robots, we have built a Home Knowledge Cloud that can quickly and cost-effectively support over-the-air delivery of new digital features and enhanced functionality for customers globally. This infrastructure also allows us to collect valuable performance data that helps us improve the effectiveness of our support teams, helps inform our product roadmaps and facilitates integration with other connected devices in the smart home.

Our development roadmaps are shaped by our product management teams, interactions between customers and our support teams, a wide range of consumer studies and surveys, as well as the aforementioned analysis of extensive performance data of our robots in the field. We believe that the 2020 launch of the Genius platform will continue to play an increasingly important role in our ability to consistently deliver new features and functionality in our floor cleaning robots to improve performance, continue to address the needs of our customers and advance the smart home experience. We also plan to continue leveraging recent and ongoing investments in a range of technologies and interfaces, including artificial intelligence, home understanding and machine vision, that further improve cleaning efficacy, make our products easier to use and perform better,

increase the trust that the user places in our products to successfully complete their missions, and tightly integrate our products into the lifestyles of our users.

## Products

We sell various products designed to empower people to do more in and around their homes. We believe our home floor cleaning robots deliver compelling and unique value to customers by delivering a better way to clean that frees people from repetitive, time consuming home cleaning tasks. To ensure the continued acceptance of our robots, we plan to continue to invest in the digital, data and physical products necessary to further improve the robots' cleaning efficacy, deliver the requisite autonomy to complete missions without requiring user intervention, and offer personalized control over cleaning so that the robots fit seamlessly into the lifestyle of their owners. As part of our efforts to control costs, accelerate certain strategic initiatives and further shift research and development engineering talent from hardware to software, we suspended go-to-market plans for our Terra robot mower during 2020. While we continue to believe that product diversification is an important element of our long-term growth strategy, this specific initiative is expected to remain on hold for the foreseeable future in part because we believe our ability to successfully and efficiently bring new product categories to market will be enhanced by our near-term investments to build stronger, enduring customer relationships and nurture the lifetime value of these relationships.

All of our WiFi-connected floor cleaning robots benefit from iRobot Genius Home Intelligence, our powerful robot platform that unlocks an expansive range of digital features and experiences to give users an unmatched level of personalization and control over their cleaning robots, accounting for their unique homes, schedules, cleaning preferences and smart home integrations. Our products consist of the following robot families:

### *Roomba*

We currently offer multiple Roomba floor vacuuming robots at varying price points ranging from approximately \$250 to \$1,099 based upon features and performance characteristics. The Roomba family of robotic vacuum cleaners encompasses the following product series:

- **600 Series:** The Roomba 600 series robots offer a three-stage cleaning system that thoroughly vacuums every section of the floor multiple times, as well as a brush design that enables the robot to handle fibers like hair, pet fur, lint and carpet fuzz. Available since 2012, the 600 Series is available with and without WiFi connectivity. The WiFi connected version of the 600 Series benefits from certain Genius features.
- **Combo:** Introduced in October 2020 in certain EMEA countries, the Combo consolidates vacuuming and mopping functionality within a single robot platform at an entry-level price point. This product is Wi-Fi connected and offers a range of personalized cleaning features powered by the Genius platform.
- **i3 Series:** Introduced in September 2020, the i3 Series provides intelligent navigation, a premium 3-stage cleaning system, and an expanded range of personalized cleaning features powered by the Genius platform. The i3+ includes all of the features of the i3 as well as the Clean Base® Automatic Dirt Disposal system, which enables the robot to self-empty debris into an AllergenLock™ bag that is enclosed within the Clean Base. This level of automation is designed to allow users to forget about vacuuming for weeks at a time.
- **i7 Series:** Introduced in September 2018, and offering personalized cleaning features powered by the Genius platform, the i7 Series brought a new level of intelligence and automation to robotic vacuum cleaners with the ability to learn, map and adapt to a home's floor plan and ten times more suction power than the 600 Series. The Roomba i7+ includes all the features of i7 plus the Clean Base® Automatic Dirt Disposal System.
- **s9 Series:** Introduced in May 2019, and offering personalized cleaning features powered by the Genius platform, the s9 Series represents the most powerful, deepest cleaning Roomba to date with 40 times more suction power than the 600 Series, advanced sensors to automatically increase suction on rugs or carpets, new brushes that further improve the robot's ability to clean corners and along walls, and sophisticated navigation and mapping capabilities for efficient, customized room cleaning. The Roomba s9+ includes all of the features of the s9 plus the Clean Base® Automatic Dirt Disposal. The Roomba s9+ also features unique, whole system filtration in which 99% of pollen and mold allergens vacuumed cannot escape back into the air.

### *Braava*

We currently offer the Braava family of automatic floor mopping robots designed exclusively for hard-surface floors at price points ranging from \$199 to \$450. The Braava robots automatically dust and damp mop hard-surface floors using popular cleaning cloths or our specially designed reusable microfiber cloths and include a special reservoir that dispenses liquid throughout the cleaning cycle to keep the cloth damp. The Braava family of floor mopping robots encompasses the following product series:

- 200 Series: Introduced in 2016, the Braava jet 200 series robot mop navigates under and around objects and furniture, reaches into corners and uses Precision Jet Spray and a vibrating clean head to remove dirt and stains.
- 300 Series: With the ability to operate in separate mop or sweep modes, the Braava jet 300 series robot mop offers greater coverage than the 200 Series and is compatible with a wide range of iRobot and third-party cleaning cloths. The 300 Series was first introduced in 2013.
- m Series: Introduced in May 2019, the Braava jet m Series is the most advanced Braava robot mop yet, with Roomba-like features and functionality, including personalized cleaning features powered by the Genius platform, a dedicated charging station and the same navigation and mapping technology found in the most advanced Roombas with extensive coverage and strong dirt and stain removal capability. Leveraging ImprintLink technology allows the Braava jet m Series and Roomba i3, i7, and s9 robots to automatically clean in sequence: vacuuming and then mopping.

### *Root*

We also offer robots designed to help children learn how to code. These products help broaden the impact of our STEM efforts and reinforces our commitment to making robotic technology more accessible to educators, students and parents. The Root coding robots, priced at \$129 and \$199, are designed to make coding easy and natural to learn. Using the engaging Root Coding App, kids of any age can learn coding fundamentals while they play, explore, and create.

### **Strategic Alliances**

In addition to our internal technology development, we leverage relevant robotic technologies through licensing, acquisitions, venture investments and/or other partnerships. These strategic alliances are an important part of our product development, advanced research and distribution strategies. We rely on strategic alliances to provide technology and complementary product offerings to drive market adoption of our robotic products.

We seek to form relationships with organizations that can provide best-in-class technology or market advantages for establishing iRobot technology. In 2019, we began a Smart Home Partner Program that enables select third parties to partner closely with iRobot in using certain data available in iRobot's Home Knowledge Cloud to deliver enhanced product features and customer value. Consistent with our position on customer data privacy, our customer data is not accessible to third parties unless the customer affirmatively opts into the program and acknowledges that this home understanding data will be used in support of these related integrations. We are also advancing technology alliances with other smart home device companies that will enable our respective products to be integrated more tightly and thereby work together more seamlessly. Additionally, we plan to explore opportunities to forge strategic alliances that will enable us to resell complementary third-party products directly to our customers.

### **Sales and Distribution Channels**

We sell our consumer products through distributor and retail sales channels, as well as our on-line store. For the fiscal years ended January 2, 2021, December 28, 2019 and December 29, 2018, sales to non-U.S. customers accounted for 47.9%, 50.3%, and 48.7% of total revenue, respectively. For the fiscal years ended January 2, 2021, December 28, 2019 and December 29, 2018, we generated 22.7%, 21.3% and 17.3% of total revenue, respectively, from one of our retailers.

In the United States, Canada, Japan and across much of Europe, we sell our consumer products primarily through a network of retailers. To support these retailers, we maintain in-house sales, marketing and product management teams. Certain smaller retail operations in these regions are supported by distributors to whom we sell our products directly. Throughout the rest of the world, our products are sold primarily through a network of in-country distributors who resell to retail stores in their respective countries. These distributors are supported by our international sales and product marketing team. In China, retailers are serviced by three local distributors. Due to the special needs of this market, we maintain a local sales, marketing and product team to support the distributors, manage the local marketing plan and meet product needs.

Our retail and distributor networks are our primary distribution channels for our products. Complementing our retail and distributor networks is a growing direct-to-consumer sales channel. For the fiscal years ended January 2, 2021, December 28, 2019 and December 29, 2018, direct sales to consumers accounted for 10.5%, 5.8% and 4.4% of total revenue, respectively. We ended 2020 with nearly 10 million connected customers who have opted in to our digital communications, up more than 80% over the end of 2019.

### **Customer Service and Support**

We also provide ongoing customer service and support. Consumer customer service representatives, the majority of whom are employees of outsourced service organizations or our distribution partners, are extensively trained on the technical intricacies of our consumer products. With Wi-Fi connectivity implemented across Roomba 675 and higher models, we can provide customer support directly via the iRobot HOME App and our customer service representatives can access robot

performance information remotely to identify relevant issues and behaviors to more efficiently and effectively troubleshoot and address customer questions and concerns. In addition, this connectivity enables us to provide direct marketing material and push new features/fixes to robots in the field.

## **Marketing and Brand**

We market our consumer robots to end-user customers through our extensive network of retail partners with the support of our sales and marketing teams as well as in collaborations with in-country distributors. In addition, we sell directly to consumers through our e-commerce channels around the world and continually improve the buying experience on our website and Home App. For consumers seeking information about our products, the iRobot website showcases our brand, allows consumers to learn more about our products, including the latest product innovations, and enables direct-to-consumer sales. The website also plays an important after-sales role for owners seeking spare parts and accessories, as well as for trouble-shooting possible issues and contacting customer support.

Our marketing strategy is to drive consumer awareness of and interest in iRobot's product portfolio, most notably Roomba robot vacuums and Braava robot mops, and convert this interest into sales via our retail and direct-to-consumer channels. Our sales and marketing expenses represented 18.6%, 19.1% and 19.3% of our total revenue in 2020, 2019 and 2018, respectively. We expect to continue to invest in national advertising across a range of media, consumer and industry trade shows, direct marketing and public relations to drive consumer demand and further build brand awareness.

Marketing highlights in 2020 included advancing an initiative to upgrade our marketing technology infrastructure, enhancing the e-commerce functionality on iRobot.com and our HOME App, and supporting the launches of the iRobot Genius Home Intelligence Platform and the i3/i3+ Series Roomba in the United States. In addition, we continued to execute critical marketing, advertising and public relations efforts to build demand generation in ways that amplify the iRobot and applicable product brands, generate consumer interest in our products and perpetuate customer word-of-mouth, to encourage repeat purchases by existing customers and inspire new customers to buy our products. During 2021, we expect to continue our efforts to elevate the iRobot brand while also accelerating investments aimed at enhancing the buying experience on our digital properties and increasing the effectiveness and efficiency of our demand-generation capabilities targeting our connected customer base.

## **Manufacturing**

Our core competencies are the design, development and marketing of robots. Our manufacturing strategy is to outsource non-core competencies, such as the production of our robots, to third-party entities skilled in manufacturing. By relying on the outsourced manufacture of our robots, we can focus our engineering expertise on the design of robots and associated technologies.

Manufacturing a new product requires a close relationship between our product designers, our operations teams and the contract manufacturer, as well as a range of component and raw materials suppliers as appropriate. Using multiple engineering techniques, our products are introduced to the selected production facility at an early-development stage and the feedback provided by manufacturing is incorporated into the design before tooling is finalized and mass production begins. As a result, we believe that we can significantly reduce the time required to move a product from its design phase to mass production deliveries, with improved quality and yields. Once a new product has been introduced, we focus on executing a multi-year plan to improve its profitability through a combination of higher production volume and cost-optimization initiatives.

Under our agreements with our contract manufacturers, the manufacturers supply us with specified quantities of products that align with demand forecasts that we establish based upon historical trends and analysis from our sales and product management functions. We believe that we have taken steps to diversify our manufacturing so that overall volumes are relatively well balanced across our multiple contract manufacturers and a substantial majority of volume is dual sourced. Our production processes are expected to give us the capacity to produce up to 29,000 robots a day, helping us to meet demand for peak seasons and provide us with additional greater geographical diversity and flexibility to respond to ever-changing market conditions.

We outsource the manufacturing of our consumer products to four contract manufacturers with plants in Southern China. In late 2019, we commenced manufacturing in Malaysia with one of our existing contract manufacturers. Although the COVID-19 pandemic delayed our efforts to increase production volume and limited the number of Roomba models manufactured in Malaysia during 2020, one of our top priorities in 2021 is to qualify additional contract manufacturers, produce more Roomba models and substantially expand manufacturing volumes in Malaysia. By expanding production in Malaysia and selling those products in the United States, we believe that we will substantially reduce and potentially eliminate our exposure to current U.S. tariffs, and mitigate the geopolitical risks associated with concentrating production solely in China.

## Research and Development

We believe that our future success depends upon our ability to continue to develop new products and product accessories, and enhance and develop new applications for our existing products. For the years ended January 2, 2021, December 28, 2019 and December 29, 2018, our research and development expenses were \$156.7 million, \$141.6 million and \$140.6 million, or 11.0%, 11.7% and 12.9% of revenue, respectively. We intend to continue our investment in research and development to respond to and anticipate customer needs, and to enable us to introduce new products over the next few years that will continue to address our existing and adjacent market sectors.

Our research and development is conducted by teams dedicated to particular projects, which are primarily located at our headquarters in Bedford, Massachusetts and our office in Pasadena, California.

## Competition

The market for robots, including floor cleaning robots, is highly competitive, rapidly evolving and subject to changing technologies, shifting customer needs and expectations, with an increasing number of competitor companies and products. As the performance, functionality and features of our floor cleaning robots have advanced, we believe that consumers are increasingly willing to consider our products as replacements for their traditional vacuum cleaners and wet floor cleaning products. A number of established companies have developed robots that compete directly with our product offerings, and many of our competitors have significantly more financial and other resources than we possess. Our robot cleaning competitors include consumer electronics and consumer appliance companies such as Samsung, LG, Panasonic, Xiaomi, Cecotec, Hitachi, Electrolux, Midea and Shark, traditional floor cleaning brands with robotic offerings such as Dyson, Bissell and Hoover, and firms primarily focused on robotic cleaning such as Ecovacs, Roborock, Neato and iLife. In addition to dedicated robot vacuum and robot mop products, certain consumers prefer a floor cleaning robot that consolidates both vacuuming and mopping in a single product. We believe that the principal competitive factors in the market for robots include product features, performance for the intended mission, total cost of system operation and overall perceived value, including maintenance and support, ease of use, integration with existing equipment, quality, reliability, customer support, brand and reputation.

Our ability to remain competitive will depend to a great extent upon our ongoing performance in the areas of product development and customer support, particularly as it relates to delivering exceptional value to customers. We remain committed to funding the enhancement of our products and the development of new products, as well as investing in the various sales, marketing and support activities we believe are necessary to stimulate customer demand and maintain and improve customer satisfaction.

## Intellectual Property

We believe that our continued success depends in large part on our proprietary technology, the technical competence and ability of our employees to continue to innovate. The ownership of intellectual property rights is an important factor in our business. This includes patents, copyrights, trademarks, service marks, trade dress and other forms of intellectual property rights in the United States and a number of foreign countries. We currently hold a significant number of patents and have filed numerous additional patent applications. As of January 2, 2021, we held 538 U.S. patents, more than 1,000 foreign patents, additional design registrations, and have more than 1,500 patent applications pending worldwide. While our U.S. patents will begin to expire in 2021, no single intellectual property right is solely responsible for protecting our products. We will continue to file and prosecute patent (or design registration, as applicable) applications when and where appropriate to attempt to protect our rights in our proprietary technologies. We also encourage our employees to continue to invent and develop new technologies so as to maintain our competitiveness in the marketplace. It is possible that our current patents, or patents which we may later acquire, may be successfully challenged or invalidated in whole or in part. It is also possible that we may not obtain issued patents for our pending patent applications or other inventions we seek to protect. In that regard, we sometimes permit certain intellectual property to lapse or go abandoned under appropriate circumstances. It is also possible that we may not develop proprietary products or technologies in the future that are patentable, or that any patent issued to us may not provide us with any competitive advantages, or that the patents of others will harm or altogether preclude our ability to do business.

Our registered U.S. trademarks include iRobot and its stylized logo, Roomba, Clean Base, NorthStar, Create, Clean Map, iAdapt, Home Base, Looj, Braava, Braava jet, AeroForce, AllergenLock, Better Together, PerfectEdge, Corners. Edges. And the Details in Between., Imprint, Mirra, Root, Terra, vSLAM and Virtual Wall. Our marks iRobot, Roomba, Braava, Braava jet, Better Together, Root, Clean Base, Clean Map, Imprint, PerfectEdge, Terra, Virtual Wall, and certain other trademarks, have also been registered in selected foreign countries.

Our means of protecting our proprietary rights may not be adequate, and our competitors may independently develop technology that is similar to ours. Legal protections afford only limited protection for our technology. The laws of many countries do not protect our proprietary rights to as great an extent as do the laws of the United States. Despite our efforts to

protect our proprietary rights, unauthorized parties have in the past attempted, and may in the future attempt, to copy aspects of our products or to obtain and use information that we regard as proprietary. Some of our competitors seek to compete primarily through aggressive pricing and low-cost structures while infringing on our intellectual property.

On October 15, 2019, we initiated a patent infringement lawsuit in federal district court in Massachusetts against SharkNinja Operating LLC and its related entities ("SharkNinja") for infringement of five patents for technology related to robotic vacuum cleaners. In addition, we sought a preliminary injunction against SharkNinja for infringement of three U.S. patents. SharkNinja has in parallel sought declarations of non-infringement of thirteen U.S. patents owned by iRobot. On November 26, 2019, the federal district court in Massachusetts denied iRobot's motion for a preliminary injunction, and the case is proceeding toward trial.

On January 28, 2021, we initiated litigation against SharkNinja at the U.S. International Trade Commission ("ITC") as well as in federal district court in Massachusetts based on claims of patent infringement of five additional U.S. patents related to robotic vacuum cleaners.

There is no guarantee that we will prevail on other patent infringement claims against third parties. Third parties may also design around our proprietary rights, which may render our protected products less valuable, if the design around is favorably received in the marketplace. In addition, if any of our products or the technology underlying our products is covered by third-party patents or other intellectual property rights, we could be subject to various legal actions. We cannot assure you that our products do not infringe patents held by others or that they will not in the future. We have received in the past communications from third parties relating to technologies used in our various robot products that have alleged infringement of patents or violation of other intellectual property rights. Some of these allegations have resulted in actions filed against iRobot in foreign jurisdictions. In response to these communications, we have contacted these third parties to convey our good faith belief that we do not infringe the patents in question or otherwise violate those parties' rights. Where an action has been filed, we will defend iRobot against the allegations. We cannot assure you that we will not receive further correspondence from these parties, not be subject to additional allegations of infringement from others, and cannot assure you that iRobot will prevail in any ongoing or subsequently filed actions. Litigation may be necessary to enforce our intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement or invalidity, misappropriation, or other claims. Any such litigation could result in substantial costs and diversion of our resources. Moreover, any settlement of or adverse judgment resulting from such litigation could require us to obtain a license to continue to use the technology that is the subject of the claim, or otherwise restrict or prohibit our use of the technology. Any required licenses may not be available to us on acceptable terms, if at all. If we attempt to design around the technology at issue or to find another provider of suitable alternative technology to permit us to continue offering applicable software or product solutions, our continued supply of software or product solutions could be disrupted or our introduction of new or enhanced software or products could be significantly delayed.

## **Seasonality**

Historically, we have experienced higher revenue in the second half of the year compared to the first half of the year due in large part to increased demand around the December holiday season. In 2020, 2019 and 2018, our second-half consumer product revenue represented 67.0%, 59.0% and 59.4% of our annual consumer product revenue, respectively. We believe that the pandemic's impact on our business, our retail partners and the spending of consumers worldwide further skewed the balance of revenue in favor of 2020 second-half revenue contribution. We have also experienced higher selling and marketing expenses in the second half of the year compared to the first half of the year due to increase marketing campaigns to support seasonal holiday demand. In 2020, 2019 and 2018, our selling and marketing expense in the second half of the year represented 67.7%, 58.9% and 63.3% of our selling and marketing expense for full fiscal year, respectively. We expect that the majority of our revenue and selling and marketing expenses will continue to be generated in the second half of any given fiscal year unless or until we successfully introduce new products, that have potential to generate stronger sales during the first half of the year.

## **Regulations**

Our business requires compliance with a variety of laws and regulations in the United States and abroad regarding privacy, data protection, and data security. In particular, we are subject to numerous U.S. federal, state, and local laws and regulations and foreign laws and regulations regarding privacy and the collection, sharing, use, processing, disclosure, and protection of personal information and other user data, including the General Data Protection Regulation ("GDPR") and California Consumer Privacy Act. In addition, the global nature of our business operations also creates various domestic and foreign regulatory challenges and subjects us to laws and regulations such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and similar anti-bribery and anti-corruption laws in other jurisdictions. Our products may be subject to U.S. export controls, including the United States Department of Commerce's Export Administration Regulations, various economic and trade sanctions regulations established by the Treasury Department's Office of Foreign Assets Controls and trade policies and tariffs established by the governments of the United States, China and other jurisdictions where we do business.

The laws in each of these areas - in particular those related to data privacy - are continually changing and evolving in unpredictable ways. New laws and regulations in any of these areas, as well as compliance with these laws (and their derivatives) may have an adverse effect on our business. If we fail to comply with these laws, we may be subject to significant liabilities and other penalties.

We are also subject to international and U.S. federal, state, and local laws and regulations designed to protect the environment, regulate energy efficiency and to regulate the discharge of materials into the environment. We believe that our policies, practices, and procedures are properly designed to prevent unreasonable risk of environmental damage and associated financial liability. To date, environmental control regulations have not had a significant adverse effect on our overall operations.

## **Human Capital**

As of January 2, 2021, we had 1,209 full-time employees. Approximately 29% of our employees are based outside of the United States. None of our employees in the United States are represented by a labor union. In certain foreign subsidiaries, labor unions or workers' councils represent some of our employees. To date, we have experienced no work stoppages and believe that we have a good relationship with our employees.

### *Culture and Work Environment*

Over the past three decades, iRobot has created and amplified a unique culture built on fostering invention, discovery and technological exploration in the pursuit of practical and value-add robot products for the next-generation home. iRobot is committed to attracting and retaining the best and brightest talent, leveraging new perspectives, ideas, skills, languages and cultural backgrounds and providing the resources for individuals to reach their full potential. We've assembled a global team of talented, motivated and unique individuals by providing our people with opportunities to make a tangible impact in helping our company thrive while also advancing their careers. In addition, iRobot's culture is further shaped by an ongoing commitment to the future of Science, Technology, Engineering and Math ("STEM") education. This effort spans our educational robots, a range of complementary educational resources and our STEM outreach program, which is focused on engaging and inspiring students of all ages to learn more about robotics.

Underpinning our culture is an ongoing commitment to ensuring that our employees, customers and suppliers are treated with dignity and respect. We strive to maintain a workplace that is free from violence, harassment, intimidation and other unsafe or disruptive conditions. Our policy is to provide a safe and healthy workplace and comply with applicable safety and health laws and regulations, as well as internal requirements. Additionally, the safety and health of our employees is of paramount importance to us, particularly as we continue to navigate the direct and indirect challenges associated with the COVID-19 pandemic. Among the many actions taken to support our employees during the pandemic, we implemented flexible work from home policies, adopted a wide range of sanitization and cleaning protocols to keep our offices safer and instituted regular virtual town hall meetings to keep employees informed. In addition, our employees proactively donated time, resources and technology to support healthcare workers on the front lines. We supported several COVID-19 relief initiatives, such as donating thousands of masks from our manufacturing facilities to healthcare workers, participating in a project to repurpose Roomba filters for use in personal protective equipment, retrofitting Roomba in Italian hospitals with a tripod and phone to connect patients with their families and releasing numerous free online and offline learning materials for both teachers and students.

### *Compensation, Rewards and Benefits*

In addition to competitive base salaries, we provide incentive-based compensation programs to reward performance relative to key metrics. We also provide compensation in the form of restricted stock unit grants as well as a competitive time-off policy. We offer comprehensive benefit options, including retirement savings plans, medical insurance, prescription drug benefits, dental insurance, vision insurance, life and disability insurance, health savings accounts, flexible spending accounts, and an employee stock purchase plan, among others.

We are committed to the continued development of our people. We offer opportunities for personal and technical development with programs such as our leadership training, management training, mentoring program and educational assistance. We continue to evolve our approach to attracting and retaining our talent – from having a well-defined process for hiring to continuing to enhance our compensation and benefits packages.

### *Diversity and Inclusion*

iRobot is an inclusive organization, seeking out the best and brightest minds to help us meet the global requirements of our business. We are excited to welcome new perspectives, ideas, skills, languages and cultural backgrounds to our global iRobot family.

The iRobot community is built upon the diverse perspectives, beliefs and backgrounds of incredibly talented people from around the world who have all had a hand in shaping who we are as an organization. Strengthening diversity within our global workforce enables iRobot to bring our collective ideas together to invent a future that seamlessly fits the unique, personal and diverse needs of our global consumer base. We have and will continue to take action and hold ourselves accountable to

continue to foster equality and diversity on a global scale. Each day we learn from each other, grow and evolve, seeking out new opportunities to strengthen our support for all employees and the communities in which we work.

As a symbol of our commitment, iRobot Founder, CEO and Chairman Colin Angle signed the CEO Action for Diversity and Inclusion Pledge on Juneteenth 2020. We are creating opportunities to have an ongoing dialogue with our employees. We have also prioritized a series of training programs to educate and empower our team, including Creating an Inclusive Workplace and Unconscious Bias. Additionally, we continue to focus on developing new capabilities and programs that will continue to raise awareness and education around racial equality and discrimination.

## **Available Information**

We were incorporated in California in August 1990 under the name IS Robotics, Inc. and reincorporated as IS Robotics Corporation in Massachusetts in June 1994. We reincorporated in Delaware as iRobot Corporation in December 2000. We conduct operations and maintain a number of subsidiaries in the United States and abroad, including operations in Austria, Belgium, China, France, Germany, Hong Kong, Japan, Netherlands, Portugal, Spain, and the United Kingdom. We also maintain iRobot Securities Corporation, a Massachusetts securities corporation, to invest our cash balances on a short-term basis. Our website address is [www.irobot.com](http://www.irobot.com). We have included our website address as an inactive textual reference only. The information on, or that can be accessed through, our website is not part of, or incorporated by reference into, this Annual Report. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are available free of charge through the investor relations page of our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. Alternatively, these reports may be accessed at the SEC's website at [www.sec.gov](http://www.sec.gov).

## **ITEM 1A. RISK FACTORS**

We operate in a rapidly changing environment that involves a number of risks, some of which are beyond our control. This discussion highlights some of the risks which may affect future operating results. These are the risks and uncertainties we believe are most important for you to consider. Additional risks and uncertainties not presently known to us, which we currently deem immaterial or which are similar to those faced by other companies in our industry or business in general, may also impair our business operations. If any of the following risks or uncertainties actually occurs, our business, financial condition and operating results would likely suffer.

### **Risks Related to our Business and Industry**

*We face intense competition from other providers of robots, including diversified technology providers, as well as competition from providers offering alternative products, which could negatively impact our results of operations and cause our market share to decline.*

A number of companies have developed or are developing robots that will compete directly with our product offerings. Our competition includes established, well-known sellers of floor cleaning robots such as Ecovacs, SharkNinja, Samsung, Roborock, as well as new market entrants. Many current and potential competitors are larger in size and more broadly diversified with substantially greater financial, marketing, research and manufacturing resources than we possess, and there can be no assurance that our current and future competitors will not be more successful than us. We also face competition from manufacturers of lower-cost devices, which has, and may continue to, further drive down the average selling price in the marketplace for floor cleaning products. Moreover, while we believe many of our customers purchase our floor vacuuming robots as a supplement to, rather than a replacement for, their traditional vacuum cleaners, we also compete with providers of traditional vacuum cleaners.

The global market for robots is highly competitive, rapidly evolving and subject to changing technologies, shifting customer needs and expectations and the likely increased introduction of new products. Our ability to remain competitive will depend to a great extent upon our ongoing performance in the areas of product development, operating efficiency and customer support.

We expect that competition will continue to intensify as additional competitors enter the market and current competitors expand their product lines. Companies competing with us have, and may continue to, introduce products that are competitively priced, have increased performance or functionality, or incorporate technological advances that we have not yet developed or implemented. Increased competitive pressure could result in a loss of sales or market share or cause us to lower prices for our products, any of which would harm our business and operating results.

Some of our competitors aggressively discount their products and services in order to gain market share, which has resulted in pricing pressures, reduced profit margins and lost market share. In addition, new products may have lower selling prices or higher costs than legacy products, which could negatively impact our gross margins and operating results.



We cannot assure you that our products will continue to compete favorably or that we will be successful in the face of increasing competition from new products and enhancements introduced by existing competitors or new companies entering the markets in which we provide products. Our failure to compete successfully could cause our revenue and market share to decline, which would negatively impact our results of operations and financial condition.

***We operate in an emerging market, which makes it difficult to evaluate our business and future prospects.***

Robots represent a new and emerging market. Accordingly, our business and future prospects are difficult to evaluate. We cannot accurately predict the extent to which demand for floor cleaning robots will increase, if at all. You should consider the challenges, risks and uncertainties frequently encountered by companies using new and unproven business models in rapidly evolving markets. These challenges include our ability to:

- generate sufficient revenue and gross margin to maintain profitability;
- maintain market share in our consumer market;
- attract and retain customers of our robots;
- attract and retain engineers and other highly-qualified personnel; and
- expand our product offerings beyond our existing robots.

If we fail to successfully address these and other challenges, risks and uncertainties, our business, results of operations and financial condition would be materially harmed.

***Designing new robotic products is complex and requires significant resources, and our ability to remain competitive requires significant continued investment in tools, processes and talent.***

To remain competitive, we must increase investment in developing tools and processes to improve the speed at which we are able to develop competitive products, including significant investment in developing a reusable software architecture across multiple product platforms. The development of a reusable software architecture requires the expenditure of significant resources that may not result in the designed efficiencies. Our inability to reduce the cost to develop new products or product variants may substantially impact our ability to offer products that compete favorably against other robots.

***We depend on the experience and expertise of our senior management team and key technical employees, and the loss of any key employee may impair our ability to operate effectively.***

Our success depends upon the continued services of our senior management team and key technical employees. Each of our executive officers, key technical personnel and other employees could terminate his or her relationship with us at any time. The loss of any member of our senior management team might significantly delay or prevent the achievement of our business objectives and could materially harm our business and customer relationships. In addition, because of the highly technical nature of our robots, the loss of any significant number of our existing engineering and project management personnel could have a material adverse effect on our business and operating results. In addition, increased turnover, particularly on the senior management team, with insufficient development of leadership talent and succession plans, could diminish employee confidence and increase risks for retaining key employees.

***If we are unable to attract and retain additional skilled personnel, we may be unable to grow our business.***

To execute our growth plan, we must attract and retain additional, highly-qualified personnel. Competition for hiring these employees is intense, especially with regard to engineers with high levels of experience in designing, developing and integrating robots and engineers with expertise in artificial intelligence, machine learning, data science and cloud applications. Many of the companies with which we compete for hiring experienced employees have greater resources than we have. If we fail to attract new technical personnel or fail to retain and motivate our current employees, our business and future growth prospects could be severely harmed.

***Our business has been, and will continue to be, adversely affected by the ongoing coronavirus pandemic.***

The outbreak of the novel coronavirus has evolved into a global pandemic. The coronavirus has already directly and indirectly impacted our business and operating results but the full extent of its impact will depend on future developments that are uncertain and cannot be accurately predicted, including new information that may emerge concerning the coronavirus, including any variants, and the actions to contain the coronavirus or treat its impact, among others. The ultimate impact of the current pandemic, or any other health epidemic, is highly uncertain and subject to change not only with the spread of the disease, but also with the scope and timing of governmental, regulatory, fiscal, monetary and public health responses.

As the coronavirus continues to spread, our business operations could be further disrupted or delayed. The pandemic has already resulted in, and may continue to result in, work stoppages, slowdowns and delays, travel restrictions, event cancellation,

and other factors that cause an increase in costs or order cancellations, reductions or delays. For example, our manufacturing supply chain has been and may continue to be adversely affected with production delays or limited manufacturing volumes associated with factory shutdowns or reduced numbers of workers or working hours in the factories, limits on component supplies and diminished capability to implement engineering and design changes in a timely manner. Specifically, travel restrictions have prevented, and may continue to prevent, significant progress in supply chain diversification efforts in Malaysia, which may have a material impact on our ability to mitigate in the impact of certain tariffs. In addition, quarantines, stay at home orders and other travel limitations (whether voluntary or required) impede our employees' ability to efficiently conduct research and development activities or oversee manufacturing activities, which has, and may continue to, slow innovation, lead to higher costs or both. For example, we have already experienced an increase in freight costs and a delay in our supply chain diversification efforts. Further, if the spread of the coronavirus pandemic continues and our operations continue to be adversely impacted, we risk a delay, default, violation and/or non-compliance under existing agreements.

The spread of the coronavirus, which has caused a broad impact globally, including restrictions on travel and quarantine policies put into place by businesses and governments, has had and may continue to have a material economic effect on our business. For example, the pandemic and related measures taken to limit the spread of disease has resulted in higher unemployment and greater economic uncertainty, which may adversely affect consumer purchasing behavior. Further, retail store closures, whether temporary or permanent, as well as limited operating hours and restrictions on foot traffic and maximum capacities in stores may continue to adversely affect sales of our products. Certain retailers, who we rely on for a significant portion of our revenue, have begun, and may continue, to unilaterally stretch payables to us that may increase our accounts receivable, strain our liquidity, and increase the likelihood of our failure to collect on product previously sold.

While the potential economic impact and the duration of the pandemic may be difficult to assess or predict, it has already caused, and is likely to result in further, significant disruption of global financial markets. In addition, a recession, depression or other sustained adverse market event resulting from the spread of the coronavirus could materially and adversely affect our business, our access to needed capital and liquidity, and the value of our common stock. We do not yet know the full extent of potential delays or impacts on our business, our industry or the global economy as a whole. Additionally, while significant efforts are underway to slow the spread of the disease, increase testing and develop and distribute vaccines and therapeutics, it is unclear when or whether progress in any of those areas will translate into an economic recovery that will restore consumer confidence and minimize disruptions to our operations. Accordingly, given that the potential of these effects of the current pandemic on our operations has been and will likely continue to be material, we will continue to monitor the situation closely.

***If we are not successful in expanding our direct-to-consumer sales channel by driving consumer traffic and consumer purchases through our website, our business and results of operations could be harmed.***

We are currently investing in our direct-to-consumer sales channel, primarily through our website and mobile app, and our future growth relies in part on our ability to attract consumers to this channel, which requires significant expenditures in marketing, software development and infrastructure. If we are unable to drive traffic to, and increase sales through, our website and mobile app, our business and results of operations could be harmed. The success of direct-to-consumer sales is subject to risks associated with e-commerce, many of which are outside of our control. Our inability to adequately respond to these risks and uncertainties or to successfully maintain and expand our direct-to-consumer business via our website may have an adverse impact on our results of operations.

***Our success depends solely on our consumer robots, and our sales growth and operating results would be negatively impacted if we are unable to enhance our current consumer robots or develop new consumer robots at competitive prices or in a timely manner, or if the consumer robot market does not achieve broad market acceptance.***

We primarily derive our revenue from consumer robot sales. For the foreseeable future, we expect that our revenue will be derived solely from sales of home floor care products. Accordingly, our future success depends upon our ability to further penetrate the consumer home care market, to enhance our current consumer products and to develop and introduce new consumer products offering enhanced performance and functionality at competitive prices. The development and application of new technologies involves time, substantial costs and risks. Our inability to achieve significant sales of our newly introduced robots, or to enhance, develop and introduce other products in a timely manner, or at all, would materially harm our sales growth and operating results.

Even if consumer robots gain wide market acceptance, our robots may not adequately address market requirements and may not continue to gain market acceptance. If robots generally, or our robots specifically, do not gain wide market acceptance, we may not be able to achieve our anticipated level of growth, and our revenue and results of operations would suffer.

***Any efforts to expand our product offerings beyond our current markets or to develop new products may not succeed, which could negatively impact our operating results.***

Efforts to expand our product offerings beyond our current markets are limited and those efforts may not succeed and may divert management resources from existing operations and require us to commit significant financial resources to an unproven

business, either of which could significantly impair our operating results. Any new product that we develop may not be introduced in a timely or cost-effective manner, may contain defects, or may not achieve the market acceptance necessary to generate sufficient revenue. Moreover, efforts to expand beyond our existing markets may never result in new products that achieve market acceptance, create additional revenue or become profitable.

***We spend significant amounts on advertising and other marketing campaigns, which may not be successful or cost effective.***

We spend significant amounts on advertising and other marketing campaigns, such as television, print advertising, and social media, as well as increased promotional activities, to acquire new customers, and we expect our marketing expenses to increase in the future as we continue to spend significant amounts to increase awareness of our consumer robot products. For the years ended January 2, 2021, December 28, 2019 and December 29, 2018, sales and marketing expenses were \$265.5 million, \$231.5 million and \$210.4 million, respectively, representing approximately 18.6%, 19.1%, and 19.3% of our revenue, respectively. While we seek to structure our advertising campaigns in the manner that we believe is most likely to encourage people to purchase our products, we may fail to identify advertising opportunities that satisfy our anticipated return on advertising spend as we scale our investments in marketing or to fully understand or estimate the conditions and behaviors that drive customer behavior. If any of our advertising campaigns prove less successful than anticipated in attracting customers, we may not be able to recover our advertising spend, and our revenue may fail to meet market expectations, either of which could have an adverse effect on our business. There can be no assurance that our advertising and other marketing efforts will result in increased sales of our products.

***If we fail to enhance our brand, our ability to expand our customer base will be impaired and our operating results may suffer.***

We believe that developing and maintaining awareness of the iRobot brand is critical to achieving widespread acceptance of our existing and future products and is an important element in attracting new customers. Furthermore, we expect the importance of global brand recognition to increase as competition develops. If customers do not perceive our products to be of high quality, our brand and reputation could be harmed, which could adversely impact our financial results. In addition, brand promotion efforts may not yield significant revenue or increased revenue sufficient to offset the additional expenses incurred in building our brand. Maintaining, protecting, and enhancing our brand may require us to make substantial investments, and these investments may not be successful. If we fail to successfully maintain, promote, and position our brand and protect our reputation, or if we incur significant expenses in this effort, our business, financial condition and operating results may be adversely affected.

### **Risks Related to our Dependence on Third Parties and Distribution Channels**

***We depend on a limited number of manufacturers, and our reputation and results of operations would be harmed if these manufacturers fail to meet our requirements.***

We depend on a limited number of manufacturers, employing a dual-source strategy to mitigate potential manufacturing disruptions, and we have safety stock strategies for low-volume products that are not dual sourced. The majority of our contract manufacturing locations for our robots are currently located in China and we added additional manufacturing capacity in Malaysia in late 2019, and we have continued to expand production in Malaysia. Our efforts to diversify manufacturing outside of China has been, and may continue to be, materially impacted as a result of COVID-19 and related travel restrictions. These manufacturers manage the supply chain for all of the raw materials and provide all facilities and labor required to manufacture our products. If these companies were to terminate their arrangements with us or fail to provide the required capacity and quality on a timely basis, there would be a disruption in manufacturing our products until replacement contract manufacturing services could be obtained or volume transferred to an alternative manufacturing partner, each of which is a costly and time-consuming process. We cannot assure you that we would be able to establish alternative manufacturing arrangements on acceptable terms or in a timely manner.

We are dependent on a limited number of suppliers for various components used in our products, and we may from time to time have sole source suppliers. The cost, quality and availability of these components are essential to the successful production and sale of our products. We are subject to the risk of, and have already experienced, industry-wide shortages, price fluctuations and long lead times in the supply of these components and other materials, which risk may be increased as a result of COVID-19. If the supply of these components were to be delayed or constrained, or if one or more of our main suppliers were to go out of business, alternative sources or suppliers may not be available on acceptable terms or at all. In the event that any of our suppliers were to discontinue production of our key product components, developing alternate sources of supply for these components would be time consuming, difficult and costly. In the event we are unable to obtain components in sufficient quantities on a timely basis and on commercially reasonable terms, our ability to sell our products in order to meet market demand would be affected and could materially and adversely affect our brand, image, business prospects, financial condition and operating results.

Our reliance on these contract manufacturers involves certain risks, including the following:

- lack of direct control over production capacity and delivery schedules;
- lack of direct control over quality assurance, manufacturing yields and production costs;
- lack of enforceable contractual provisions over the production and costs of consumer products;
- risk of loss of inventory while in transit;
- risks associated with international commerce, including unexpected changes in legal and regulatory requirements, changes in tariffs and trade policies, risks associated with the protection of intellectual property and political and economic instability; and
- risks that our attempts to add additional manufacturing resources may be significantly delayed and thereby create disruptions in production of our products.

Any interruption in the manufacture of our products would be likely to result in delays in shipment, lost sales and revenue and damage to our reputation in the market, all of which would harm our business and results of operations. In addition, because our purchase contracts with suppliers are typically denominated in U.S. dollars, changes in currency exchange rates may impact our suppliers who operate in local currency, which may cause our suppliers to seek price concessions on future orders.

***If critical components of our products that we currently purchase from a small number of suppliers become unavailable, we may incur delays in shipment, which could damage our business.***

We and our outsourced manufacturers obtain hardware components, various subsystems, raw materials and batteries from a limited group of suppliers, some of which are sole suppliers. We do not have long-term agreements with these suppliers obligating them to continue to sell components or products to us. If we or our outsourced manufacturers are unable to obtain components from third-party suppliers in the quantities and of the quality that we require, on a timely basis and at acceptable prices, we may not be able to deliver our products on a timely or cost-effective basis to our customers, which could cause customers to terminate their contracts with us, reduce our gross margin and seriously harm our business, results of operations and financial condition. Moreover, if any of our suppliers become financially unstable, we may have to find new suppliers. It may take several months to locate alternative suppliers, if required, or to re-tool our products to accommodate components from different suppliers. We may experience significant delays in manufacturing and shipping our products to customers and incur additional development, manufacturing and other costs to establish alternative sources of supply if we lose any of these sources. We cannot predict if we will be able to obtain replacement components within the time frames that we require at an affordable cost, or at all.

***Conflicts with our channel and distribution partners could harm our business and operating results.***

The expansion of our direct-to-consumer channel could alienate some of our channel partners and cause a reduction in product sales from these partners. Channel partners may perceive themselves to be at a disadvantage based on the direct-to-consumer sales offered through our website. Due to these and other factors, conflicts in our sales channels could arise and cause channel partners to divert resources away from the promotion and sale of our products. Any of these situations could adversely impact our business and results of operations.

***If we fail to maintain or increase consumer robot sales through our distribution channels, our operating results would be negatively impacted.***

We do not have long-term contracts regarding purchase volumes with any of our retail partners. As a result, purchases generally occur on an order-by-order basis, and the relationships, as well as particular orders, can generally be terminated or otherwise materially changed at any time prior to delivery, by our retail partners. A decision by a major retail partner, whether motivated by competitive considerations, financial difficulties, economic conditions or otherwise, to decrease its purchases from us, to reduce the shelf space for our products or to change its manner of doing business with us could significantly damage our consumer product sales and negatively impact our business, financial condition and results of operations. In addition, during recent years, various retailers, including some of our partners, have experienced significant changes and difficulties, including consolidation of ownership, increased centralization of purchasing decisions, restructuring, bankruptcies and liquidations. These and other financial problems of some of our retailers increase the risk of extending credit to these retailers. A significant adverse change in a retail partner relationship with us or in a retail partner's financial position could cause us to limit or discontinue business with that partner, require us to assume more credit risk relating to that partner's receivables or limit our ability to collect amounts related to previous purchases by that partner, all of which could harm our business and financial condition. Disruption of the iRobot on-line store could also decrease our consumer robot sales.

## Risks Related to our Legal and Regulatory Environment

***Significant developments in U.S. trade policies have had, and we expect will continue to have, a material adverse effect on our business, financial condition and results of operations.***

The U.S. government has indicated its intent to alter its approach to international trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries. Effective September 24, 2018, the U.S. government implemented a 10% tariff on certain goods imported from China, which include the majority of those imported by the Company. These tariffs were increased to 25% on May 10, 2019 and were slated to further increase to 30% in October 2019 until a last-minute interim deal was reached between the United States and China. Although the United States and China signed a new trade agreement in January 2020, most of the previously-implemented tariffs on goods imported from China remain in place (including the tariffs described above), and uncertainty remains as to the short-term and long-term future of economic relations between the United States and China.

From September 2018 until April 2020, our Roomba products were subject to Section 301 tariffs. On April 24, 2020, we were granted a temporary exclusion from Section 301 List 3 tariffs by the United States Trade Representative. This exclusion, as extended in August 2020, eliminated the 25% tariff on Roomba products until December 31, 2020 and entitled us to a refund of \$57.0 million in tariffs paid since the date the Section 301 List 3 tariffs were imposed.

Effective as of January 1, 2021, the 25% Section 301 tariff again applies to our Roomba products imported from China. Although we have begun relocating a meaningful portion of our supply chain from China to Malaysia, we again face a lowering of our margin on products sold and pricing pressures on our products. The already-implemented, and any additional or increased, tariffs have caused and may in the future cause us to further increase prices to our customers which we believe has reduced, and in the future may reduce, demand for our products.

These tariffs, and other governmental action relating to international trade agreements or policies, have directly or indirectly adversely impacted demand for our products, our costs, customers, suppliers, distributors, resellers and/or the U.S. economy or certain sectors thereof and, as a result, have adversely impacted, and we expect will continue to adversely impact, our business, financial condition and results of operations. It remains unclear what the U.S. or foreign governments will or will not do with respect to tariffs, international trade agreements and policies on a short-term or long-term basis. We cannot predict future trade policy or the terms of any renegotiated trade agreements and their impacts on our business. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to tariffs or trade agreements or policies has the potential to further adversely impact demand for our products, our costs, our customers, our suppliers, and the U.S. economy, which in turn could further adversely impact our business, financial condition and results of operations.

In response to international trade policy, as well as other risks associated with concentrated manufacturing in China, we have begun relocating a meaningful portion of our supply chain from China to Malaysia. Such relocation activities increase costs and risks associated with establishing new manufacturing facilities.

***Global economic conditions and any associated impact on consumer spending could have a material adverse effect on our business, results of operations and financial condition.***

Continued economic uncertainty and reductions in consumer spending, particularly in certain international markets such as the European Union, China and Japan, may result in reductions in sales of our consumer robots. Additionally, disruptions in credit markets may materially limit consumer credit availability and restrict credit availability of our retail customers, which would also impact purchases of our consumer robots. Any reduction in sales of our consumer robots, resulting from reductions in consumer spending or continued disruption in the availability of credit to retailers or consumers, could materially and adversely affect our business, results of operations and financial condition.

Because we are an increasingly global business that in the years ended January 2, 2021, December 28, 2019 and December 29, 2018 generated approximately 47.9%, 50.3% and 48.7%, respectively, of our total revenue from sales to customers outside of the United States, we are subject to a number of additional risks including foreign currency fluctuations. These foreign currency fluctuations may make our products more expensive to our distributors and end customers, which in turn may impact sales directly or the ability or willingness of our partners to invest in growing product demand.

Our primary exposure to movements in foreign currency exchange rates relates to non-U.S. dollar denominated sales and operating expenses worldwide. Weakening of foreign currencies relative to the U.S. dollar could adversely affect the U.S. dollar value of our foreign currency-denominated sales and earnings, and lead us to raise international pricing, which may reduce demand for our products. In some circumstances, for competitive or other reasons, we may decide not to raise local prices to fully offset the strengthening of the U.S. dollar, or for any other reason, which would adversely affect the U.S. dollar value of our foreign currency denominated sales and earnings. Conversely, a strengthening of foreign currencies relative to the U.S. dollar, while generally beneficial to our foreign currency-denominated sales and earnings, could cause us to reduce international pricing, incur losses on our foreign currency derivative instruments, and incur increased operating expenses, thereby limiting

any benefit. Additionally, strengthening of foreign currencies may also increase our cost of product components denominated in those currencies, thus adversely affecting gross margins.

We use derivative instruments, such as foreign currency forward contracts, to hedge certain exposures to fluctuations in foreign currency exchange rates. The use of such hedging activities may not offset any, or only a portion, of the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place. In addition, our counterparties may be unable to meet the terms of the agreements. We seek to mitigate this risk by limiting counterparties to major financial institutions and by spreading the risk across several major financial institutions.

***We are subject to a variety of U.S. and foreign laws and regulations that are central to our business; our failure to comply with these laws and regulations could harm our business or our operating results.***

We are or may become subject to a variety of laws and regulations in the United States and abroad that involve matters central to our business, including laws and regulations regarding consumer protection, advertising, electronic commerce, intellectual property, manufacturing, anti-bribery and anti-corruption, and economic or other trade prohibitions or sanctions.

The increasingly global nature of our business operations subjects us to domestic and foreign laws and regulations such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and similar anti-bribery and anti-corruption laws in other jurisdictions. Our products are also subject to U.S. export controls, including the United States Department of Commerce's Export Administration Regulations and various economic and trade sanctions regulations established by the Treasury Department's Office of Foreign Assets Controls. Given the increasing number of foreign laws to which we are subject and the high level of complexity of these laws, there is a risk that some provisions may be inadvertently breached by us or by our subsidiaries, for example through fraudulent or negligent behavior of individual employees, our failure to comply with certain formal documentation requirements, or otherwise. If we incur liability for noncompliance under these laws or regulations, we may be forced to implement new measures to reduce our exposure to this liability. This may require us to expend substantial resources or to discontinue certain products or services, which would negatively affect our business, financial condition, and operating results. In addition, any negative publicity directed to us as a result of lawsuits, regulatory proceedings, and legislative proposals could harm our brand or otherwise impact the growth of our business. Any costs incurred as a result of compliance efforts or other liabilities under these laws or regulations could harm our business and operating results.

***Environmental laws and regulations and unforeseen costs could negatively impact our future earnings.***

The manufacture and sale of our products in certain states and countries may subject us to environmental and other regulations. We also face increasing complexity in our product design as we adjust to legal and regulatory requirements relating to our products. There is no assurance that such existing laws or future laws will not impair future earnings or results of operations.

***Business disruptions resulting from international uncertainties could negatively impact our profitability.***

We derive, and expect to continue to derive, a significant portion of our revenue from international sales in various European and Asian markets, and Canada. For the fiscal years ended January 2, 2021, December 28, 2019 and December 29, 2018, sales to non-U.S. customers accounted for 47.9%, 50.3% and 48.7% of total revenue, respectively. We expect that international revenues will continue to account for a significant percentage of our revenues for the foreseeable future. Our international revenue and operations are subject to a number of material risks, including, but not limited to:

- difficulties in staffing, managing and supporting operations in multiple countries;
- difficulties in enforcing agreements and collecting receivables through foreign legal systems and other relevant legal issues;
- fewer legal protections for intellectual property;
- foreign and U.S. taxation issues, tariffs, and international trade barriers;
- difficulties in obtaining any necessary governmental authorizations for the export of our products to certain foreign jurisdictions;
- potential fluctuations in foreign economies;
- government currency control and restrictions on repatriation of earnings;
- fluctuations in the value of foreign currencies and interest rates;
- general economic and political conditions in the markets in which we operate;

- domestic and international economic or political changes, hostilities and other disruptions in regions where we currently operate or may operate in the future;
- changes in foreign currency exchange rates;
- different and changing legal and regulatory requirements in the jurisdictions in which we currently operate or may operate in the future; and
- our relationships with international distributors, some of whom may be operating without written contracts.

Negative developments in any of these areas in one or more countries could result in a reduction in demand for our products, the cancellation or delay of orders already placed, threats to our intellectual property, difficulty in collecting receivables, and a higher cost of doing business, any of which could negatively impact our business, financial condition or results of operations. Moreover, our sales to customers outside the United States are primarily denominated in Euro and Japanese Yen and fluctuations in the value of foreign currencies relative to the U.S. dollar may make our products more expensive than other products, which could harm our business.

The United Kingdom's exit from the EU, commonly referred to as "Brexit," has caused significant political and economic uncertainty in the United Kingdom, EU, and elsewhere. The impact of Brexit and the resulting turmoil on the political and economic future of the United Kingdom and the EU is uncertain, and we may be adversely affected in ways we cannot currently anticipate. The United Kingdom and the EU have signed a EU-UK Trade and Cooperation Agreement (the "TCA"), which became provisionally applicable on January 1, 2021 and will become formally applicable once ratified by both the United Kingdom and the EU. The ultimate effects of Brexit will depend, in part, on how the terms of the TCA take effect in practice and on any other agreements the United Kingdom may make with the EU. Brexit also may result in significant changes in the British regulatory environment, now that legislation can diverge from EU legislation in many areas, which could increase our compliance costs. We may find it more difficult to conduct business in the United Kingdom and the EU, as Brexit will result in increased regulatory complexity and increased restrictions on the movement of capital, goods and personnel. Any of these effects of Brexit, and other similar referenda that we cannot anticipate, could disrupt our operations and adversely affect our operating results.

***If we experience a disaster or other business continuity problem, we may not be able to recover successfully, which could cause material financial loss, loss of human capital, regulatory actions, reputational harm, or legal liability.***

If we experience a local or regional disaster or other business continuity problem, such as an earthquake, terrorist attack, pandemic or other natural or man-made disaster, our continued success will depend, in part, on the availability of our personnel, our office facilities, and the proper functioning of our computer, telecommunication and other related systems and operations. As we grow our operations in new geographic regions, the potential for particular types of natural or man-made disasters, political, economic or infrastructure instabilities, or other country- or region-specific business continuity risks increases. For example, the COVID-19 pandemic has disrupted and will continue to disrupt our supply chain and manufacturers, resulting in a disruption in manufacturing our products as further discussed in the risk factors entitled "*We depend on a limited number of manufacturers, and our reputation and results of operations would be harmed if these manufacturers fail to meet our requirements*" below and "*Our business has been, and will continue to be, adversely affected by the ongoing coronavirus pandemic*" above.

***The effects of regulations relating to conflict minerals may adversely affect our business.***

On August 22, 2012, under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the SEC adopted new requirements for companies that use certain minerals and metals, known as conflict minerals, in their products, whether or not these products are manufactured by third parties. These requirements require companies to research, disclose and report whether or not such minerals originate from the Democratic Republic of Congo and adjoining countries. The implementation of these requirements could adversely affect the sourcing, availability and pricing of such minerals if they are found to be used in the manufacture of our products. In addition, we continue to incur additional costs to comply with the disclosure requirements, including costs related to determining the source of any of the relevant minerals and metals used in our products. Since our supply chain is complex, we may not be able to sufficiently verify the origins for these minerals and metals used in our products through the due diligence procedures that we implement, which may harm our reputation. In such event, we may also face difficulties in satisfying customers who require that all of the components of our products are certified as conflict mineral free.

#### **Risks related to our Intellectual Property and Technology**

***If we fail to protect, or incur significant costs in defending, our intellectual property and other proprietary rights, our business and results of operations could be materially harmed.***

Our success depends on our ability to protect our intellectual property and other proprietary rights. We rely primarily on patents, trademarks, copyrights, trade secrets and unfair competition laws, as well as license agreements and other contractual

provisions, to protect our intellectual property and other proprietary rights. Significant technology used in our products, however, is not the subject of any patent protection, and we may be unable to obtain patent protection on such technology in the future. Moreover, existing U.S. legal standards relating to the validity, enforceability and scope of protection of intellectual property rights offer only limited protection, may not provide us with any competitive advantages, and may be challenged by third parties. In addition, the laws of countries other than the United States in which we market our products may afford little or no effective protection of our intellectual property. Patents which may be granted to us in certain foreign countries may be subject to opposition proceedings brought by third parties or result in suits by us, which may be costly and result in adverse consequences for us. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property or otherwise gaining access to our technology. Unauthorized third parties may try to copy or reverse engineer our products or portions of our products or otherwise obtain and use our intellectual property. If we fail to protect our intellectual property and other proprietary rights, our business, results of operations or financial condition could be materially harmed.

In addition, defending our intellectual property rights may entail significant expense. We believe that certain products in the marketplace may infringe our existing intellectual property rights. We have, from time to time, resorted to legal proceedings to protect our intellectual property and may continue to do so in the future. For example, on October 15, 2019, we initiated a patent infringement lawsuit in federal district court in Massachusetts against SharkNinja Operating LLC and its related entities ("SharkNinja") for infringement of five patents for technology related to robotic vacuum cleaners. In addition, we sought a preliminary injunction against SharkNinja for infringement of three U.S. patents. SharkNinja has in parallel sought declarations of non-infringement of thirteen U.S. patents owned by iRobot. On November 26, 2019, the federal district court in Massachusetts denied iRobot's motion for a preliminary injunction. On January 28, 2021, we initiated litigation against SharkNinja at the U.S. International Trade Commission ("ITC") as well as in federal district court in Massachusetts based on claims of patent infringement of five additional U.S. patents.

There is no guarantee that we will prevail on other patent infringement claims against third parties. We may be required to expend significant resources to monitor and protect our intellectual property rights. In addition, any of our intellectual property rights may be challenged by others or invalidated through administrative processes or litigation. If we resort to legal proceedings to enforce our intellectual property rights or to determine the validity and scope of the intellectual property or other proprietary rights of others, the proceedings could result in significant expense to us and divert the attention and efforts of our management and technical employees, even if we were to prevail.

***We may be sued by third parties for alleged infringement of their proprietary rights, which could be costly, time-consuming and limit our ability to use certain technologies in the future.***

In the past we have faced multiple lawsuits based on claims of patent infringement. If the size of our markets increases, we would be more likely to be subject to claims that our technologies infringe upon the intellectual property or other proprietary rights of third parties. In addition, the vendors from which we license technology used in our products could become subject to similar infringement claims. Our vendors, or we, may not be able to withstand third-party infringement claims. Any claims, with or without merit, could be time-consuming and expensive, and could divert our management's attention away from the execution of our business plan. Moreover, any settlement or adverse judgment resulting from the claim could require us to pay substantial amounts or obtain a license to continue to use the technology that is the subject of the claim, or otherwise restrict or prohibit our use of the technology. There can be no assurance that we would be able to obtain a license from the third party asserting the claim on commercially reasonable terms, if at all, that we would be able to develop alternative technology on a timely basis, if at all, or that we would be able to obtain a license to use a suitable alternative technology to permit us to continue offering, and our customers to continue using, our affected product. In addition, we may be required to indemnify our retail and distribution partners for third-party intellectual property infringement claims, which would increase the cost to us of an adverse ruling in such a claim. An adverse determination could also prevent us from offering our products to others. Infringement claims asserted against us or our vendors may have a material adverse effect on our business, results of operations or financial condition.

In addition, we incorporate open source software into our products, and we may continue to incorporate open source software into our products in the future. Open source software is generally licensed by its authors or other third parties under open source licenses. Some of these licenses contain requirements that we make available source code for modifications or derivative works we create based upon the open source software, and that we license such modifications or derivative works under the terms of a particular open source license or other license granting third parties certain rights of further use. If an author or other third party that distributes open source software that we use or license were to allege that we had not complied with the conditions of the applicable license, we could be required to incur significant legal expenses defending against those allegations and could be subject to significant damages, enjoined from offering or selling our products that contained the open source software and required to comply with the foregoing conditions. Any of the foregoing could disrupt and harm our business and financial condition.



***Cybersecurity risks could adversely affect our business and disrupt our operations.***

The threats to network and data security are increasingly diverse and sophisticated. Despite our efforts and processes to prevent breaches, our devices, as well as our servers, computer systems, and those of third parties that we use in our operations are vulnerable to cybersecurity risks, including cyber attacks such as viruses and worms, phishing attacks, distributed denial-of-service attacks, and similar disruptions from unauthorized tampering with our servers and computer systems or those of third parties that we use in our operations, which could lead to interruptions, delays, loss of critical data, and loss of consumer confidence. In addition, we may be the target of email scams that attempt to acquire sensitive information or company assets. Despite our efforts to create security barriers to such threats, we may not be able to entirely mitigate these risks. These threats may be increased due to the work-from-home policies implemented by us and our customers, suppliers and distributors as a result of mitigation measures related to the COVID-19 pandemic. Any cyber attack that attempts to obtain our data and assets, disrupt our service, or otherwise access our systems, or those of third parties we use, if successful, could adversely affect our business, operating results, and financial condition, be expensive to remedy, and damage our reputation. Our cyber insurance may not protect against all of the costs and liabilities arising from a cyber attack.

***If we suffer data breaches involving the designs, schematics or source code for our products, our brand, business and financial results could be adversely affected.***

We attempt to securely store our designs, schematics and source code for our products as they are created. A breach, whether physical, electronic or otherwise, of the systems on which this sensitive data is stored could lead to damage or piracy of our products. If we or our partners are subject to data security breaches, we may have a loss in sales or increased costs arising from the restoration or implementation of additional security measures, either of which could materially and adversely affect our brand, business and financial results.

***We operate our business in jurisdictions where intellectual property theft or compromise is common.***

Currently, we maintain significant operations in China, where a majority of our products are manufactured. Subject to contractual confidentiality obligations, we are required to share significant product design materials with third-parties necessary for the design and manufacture of our products. We cannot be sure that our data or intellectual property will not be compromised through cyber-intrusion, theft or other means, particularly when the data or intellectual property is held by partners in foreign jurisdictions. Should our intellectual property be compromised, it may be difficult to enforce our rights in China and other foreign jurisdictions in which we operate.

***We collect, store, process, and use customer data, including certain personal and robot-specific information, which subjects us to governmental regulation and other legal obligations related to privacy, information security, and data protection, and any security breaches or our actual or perceived failure to comply with such legal obligations could harm our business.***

Our latest floor cleaning robots, as well as additional products in development, collect, store, process, and use certain customer data, which subjects us to governmental regulation and other legal obligations related to privacy, information security, and data protection, and any security breaches or our actual or perceived failure to comply with such legal obligations could harm our business. We collect, store, process, and use personal information and other user data, and we rely on third parties that are not directly under our control to do so as well. If our security measures, some of which are managed by third parties, are breached or fail, unauthorized persons may be able to obtain access to or acquire sensitive user data, which may expose us to a risk of loss, litigation, or regulatory proceedings. Depending on the nature of the information compromised, in the event of a data breach or other unauthorized access to or acquisition of our user data, we may also have obligations to notify users about the incident, and we may need to provide some form of remedy, such as a subscription to a credit monitoring service, for the individuals affected by the incident. In addition, the regulatory environment surrounding information security and privacy is increasingly demanding, with frequent imposition of new and changing requirements. For example, the European Union's ("EU") General Data Protection Regulation ("GDPR"), which became effective in May 2018, and the California Consumer Privacy Act, which became effective in January 2020, impose significant requirements on how we collect, process and transfer personal data, as well as significant fines for non-compliance. Compliance with changes in privacy and information security laws and standards may result in significant expense due to increased investment in technology and the development of new operational processes. Moreover, a growing number of legislative and regulatory bodies have adopted consumer notification requirements in the event of unauthorized access to or acquisition of certain types of personal data. Such breach notification laws continue to evolve and may be inconsistent from one jurisdiction to another. Complying with these obligations could cause us to incur substantial costs and could increase negative publicity surrounding any incident that compromises user data.

Further, we may be or become subject to data localization laws mandating that data collected in a foreign country be processed and stored only within that country. Russia adopted such a law in 2014, and it is expected that China will do so as well. If China or another country in which we have customers were to adopt a data localization law, we could be required to expand our data storage facilities there or build new ones in order to comply. The expenditure this would require, as well as costs of compliance generally, could harm our financial condition.

***Our products are complex and could have unknown defects or errors, which may give rise to claims against us, diminish our brand or divert our resources from other purposes.***

Our robots rely on the interplay among behavior-based artificially intelligent systems, real-world dynamic sensors, user-friendly interfaces and tightly-integrated, electromechanical designs to accomplish their missions. Despite testing, our new or existing products have contained defects and errors and may in the future contain defects, errors or performance problems when first introduced, when new versions or enhancements are released, or even after these products have been used by our customers for a period of time. These problems have and may continue to result in expensive and time-consuming design modifications or warranty charges, delays in the introduction of new products or enhancements, significant increases in our service and maintenance costs, exposure to liability for damages, mandatory or voluntary recall or product upgrades, damaged customer relationships and harm to our reputation, any of which could materially harm our results of operations and ability to achieve market acceptance. Our quality control procedures relating to the raw materials and components that it receives from third-party suppliers as well as our quality control procedures relating to its products after those products are designed, manufactured and packaged may not be sufficient. In addition, increased development and warranty costs, including the costs of any mandatory or voluntary recall, could be substantial and could reduce our operating margins. The existence of any defects, errors, or failures in our products could also lead to product liability claims or lawsuits against us. A successful product liability claim could result in substantial cost, diminish our brand and divert management's attention and resources, which could have a negative impact on our business, financial condition and results of operations.

### **Risks Related to Ownership of our Common Stock**

***The market price of our common stock may fluctuate significantly.***

The market price of our common stock has at times experienced substantial price volatility as a result of variations between our actual and anticipated financial results, announcements by us and our competitors, projections or speculation about our business or that of our competitors by the media or investment analysts or uncertainty about current global economic conditions. The stock market, as a whole, also has experienced extreme price and volume fluctuations that have affected the market price of the common stock of many technology companies in ways that may have been unrelated to such companies' operating performance. In addition, the market price of our common stock may be, and we believe recently has been, significantly impacted by investors covering large short positions in our common stock. Furthermore, we believe the market price of our common stock should reflect future growth and profitability expectations. If we fail to meet these expectations, the market price of our common stock may significantly decline.

In addition, there are many other factors that may cause the market price of our common stock to fluctuate, including:

- actual or anticipated variations in our quarterly operating results, including fluctuations resulting from changes in foreign exchange rates or acquisitions by us, or the quarterly financial results of companies perceived to be similar to us;
- deterioration and decline in general economic, industry and/or market conditions;
- announcements of technological innovations or new products or services by us or our competitors;
- changes in estimates of our financial results or recommendations by market analysts;
- announcements by us or our competitors of significant projects, contracts, acquisitions, strategic alliances or joint ventures; and
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt.

***Our financial results often vary significantly from quarter-to-quarter due to a number of factors, which may lead to volatility in our stock price.***

Our quarterly revenue and other operating results have varied in the past and are likely to continue to vary significantly from quarter-to-quarter in the future. These fluctuations may be due to numerous factors including:

- the size, timing and mix of orders from retail stores and distributors for our consumer robots;
- the mix of products that we sell in the period;
- disruption of supply of our products from our manufacturers;
- disruptions to our supply chain due to inclement weather, pandemics, labor disruptions or other factors beyond our control, including COVID-19;

- seasonality in the sales of our products;
- the timing of new product introductions;
- unanticipated costs incurred in the introduction of new products;
- costs and availability of labor and raw materials;
- costs of freight and tariffs;
- changes in our rate of returns for our consumer products;
- our ability to introduce new products and enhancements to our existing products on a timely basis; and
- warranty costs associated with our consumer products.

We cannot be certain that our revenues will grow at rates that will allow us to maintain profitability during every fiscal quarter, or even every fiscal year. We base our current and future expense levels on our internal operating plans and sales forecasts, including forecasts of holiday sales for our consumer products. A significant portion of our operating expenses, such as research and development expenses, certain marketing and promotional expenses and employee wages and salaries, do not vary directly with sales and are difficult to adjust in the short term. As a result, if sales for a quarter are below our expectations, we might not be able to reduce operating expenses for that quarter. Accordingly, a sales shortfall during a fiscal quarter, and in particular the fourth quarter of a fiscal year, could have a disproportionate effect on our operating results for that quarter or that year. Because of quarterly fluctuations, we believe that quarter-to-quarter comparisons of our operating results are not necessarily meaningful. Moreover, our operating results may not meet expectations of equity research analysts or investors. If this occurs, the trading price of our common stock could fall substantially either suddenly or over time.

***We are subject to a variety of securities laws and regulations; any shareholder litigation concerning our compliance with such laws could be costly and time consuming and, if disposed unfavorably to us, could materially affect our financial condition or results of operations.***

A purported class action complaint was filed on October 24, 2019 in the U.S. District Court for the Southern District of New York, alleging that we and certain of our directors and officers violated Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 thereunder by making false and misleading statements and omissions concerning the effect of competition and the impact of Section 301 tariffs on our financial performance. The complaint seeks, among other things, unspecified compensatory damages, including interest, in connection with our allegedly inflated stock price, attorneys' fees and costs, and unspecified equitable/injunctive relief. An adverse determination in the securities class action lawsuit or other lawsuits could have a material adverse effect on us.

We believe that the allegations contained in these complaints are without merit and intend to defend the cases vigorously. Whether or not the plaintiff's claims in these lawsuits are successful, this type of litigation is often expensive and diverts management's attention and resources, and may cause harm to our public reputation, which could adversely affect the operation of our business. If we are ultimately required to pay significant defense costs, damages or settlement amounts, such payments could adversely affect our operations and financial condition.

We may also be the target of similar litigation in the future. Any future litigation could result in substantial costs and divert our management's attention and resources, which could cause serious harm to our business, operating results and financial condition. We maintain liability insurance, however, if any costs or expenses associated with this or any other litigation exceed our insurance coverage, we may be forced to bear some or all of these costs and expenses directly, which could be substantial.

***Provisions in our certificate of incorporation and by-laws or Delaware law might discourage, delay or prevent a change of control of our company or changes in our management and, therefore, depress the trading price of our common stock.***

Provisions of our certificate of incorporation and by-laws and Delaware law may discourage, delay or prevent a merger, acquisition or other change in control that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares of our common stock. These provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. These provisions include:

- limitations on the removal of directors;
- a classified board of directors so that not all members of our board are elected at one time;
- advance notice requirements for stockholder proposals and nominations;

- the inability of stockholders to act by written consent or to call special meetings;
- the ability of our board of directors to make, alter or repeal our by-laws; and
- the ability of our board of directors to designate the terms of and issue new series of preferred stock without stockholder approval.

The affirmative vote of the holders of at least 75% of our shares of capital stock entitled to vote is necessary to amend or repeal the above provisions of our certificate of incorporation. In addition, absent approval of our board of directors, our by-laws may only be amended or repealed by the affirmative vote of the holders of at least 75% of our shares of capital stock entitled to vote.

In addition, Section 203 of the Delaware General Corporation Law prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person which together with its affiliates owns, or within the last three years has owned, 15% of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner.

The existence of the foregoing provisions and anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of our company, thereby reducing the likelihood that you could receive a premium for your common stock in an acquisition.

***Our income tax provision and other tax liabilities may be insufficient if taxing authorities are successful in asserting tax positions that are contrary to our position. Additionally, there is no guarantee that we will realize our deferred tax assets.***

From time to time, we are audited by various federal, state, local and foreign authorities regarding income tax matters. Significant judgment is required to determine our provision for income taxes and our liabilities for federal, state, local and foreign taxes. Although we believe our approach to determine the appropriate tax treatment is supportable and in accordance with relevant authoritative guidance, it is possible that a tax authority will take a final tax position that is materially different than that which is reflected in our income tax provision. Such differences could have a material adverse effect on our income tax provision or benefit, in the reporting period in which such determination is made and, consequently, on our results of operations, financial position and/or cash flows for such period.

The realization of our deferred tax assets ultimately depends on the existence of sufficient income in either the carryback or carryforward periods under the tax law. Due to significant estimates utilized in establishing a valuation allowance and the potential for changes in facts and circumstances, it is possible that we will be required to record a valuation allowance in future reporting periods. Our results of operations would be impacted negatively if we determine that a deferred tax asset valuation allowance is required in a future reporting period.

***We may incur costs in complying with changing tax laws in the United States and abroad, which could adversely impact our cash flow, financial condition and results of operations.***

We are a U.S.-based company subject to taxes in multiple U.S. and foreign tax jurisdictions. Our profits, cash flow and effective tax rate could be adversely affected by changes in the tax rules and regulations in the jurisdictions in which we do business, unanticipated changes in statutory tax rates and changes to our global mix of earnings.

## **General Risk Factors**

***We may not be able to obtain capital when desired on favorable terms, if at all, or without dilution to our stockholders.***

We anticipate that our current cash, cash equivalents, cash provided by operating activities and funds available through our credit facility, will be sufficient to meet our current and anticipated needs for general corporate purposes. We operate in an emerging technology market, however, which makes our prospects difficult to evaluate. It is possible that we may not generate sufficient cash flow from operations or otherwise have the capital resources to meet our future capital needs. In such cases we may need additional financing to execute on our current or future business strategies. If we raise additional funds through the issuance of equity or convertible debt securities, the percentage ownership of our stockholders could be significantly diluted, and these newly-issued securities may have rights, preferences or privileges senior to those of existing stockholders. We cannot assure you that additional financing will be available on terms favorable to us, or at all. If adequate funds are not available or are not available on acceptable terms, if and when needed, our ability to fund our operations, take advantage of unanticipated opportunities, develop or enhance our products, or otherwise respond to competitive pressures would be significantly limited. In addition, our access to credit through our credit facility may be limited by the restrictive financial covenants contained in the agreement, which require us to maintain profitability.

## **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2.            *PROPERTIES***

Our corporate headquarters are located in Bedford, Massachusetts, where we lease approximately 270,000 square feet. This lease expires on April 30, 2030. We also lease smaller facilities around the world. We believe that our leased facilities and additional or alternative space available to us will be adequate to meet our needs for the foreseeable future.

**ITEM 3.            *LEGAL PROCEEDINGS***

From time to time and in the ordinary course of business, we are subject to various claims, charges and litigation. The outcome of litigation cannot be predicted with certainty and some lawsuits, claims or proceedings may be disposed of unfavorably to us, which could materially affect our financial condition or results of operations. See [Footnote 13](#) to our consolidated financial statements for a description of certain of our legal proceedings.

**ITEM 4.            *MINE SAFETY DISCLOSURES***

Not Applicable.

## PART II

### **ITEM 5.        *MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES***

Our common stock is listed on The Nasdaq Global Select Market under the symbol "IRBT." As of January 29, 2021, there were approximately 28,199,143 shares of our common stock outstanding held by approximately 167 stockholders of record.

#### **Dividend Policy**

We have never declared or paid any cash dividends on our capital stock. We currently expect to retain future earnings, if any, to finance the growth and development of our business and we do not anticipate paying any cash dividends in the foreseeable future.

#### **Securities Authorized for Issuance Under Equity Compensation Plans**

Information about our equity compensation plans is incorporated herein by reference to Item 12 of Part III of this Annual Report on Form 10-K.

**ITEM 6. SELECTED FINANCIAL DATA**

The following selected consolidated financial data are derived from the audited financial statements of the Company, and should be read in conjunction with our consolidated financial statements, the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Annual Report on Form 10-K. The historical results are not necessarily indicative of the results of future operations.

	Year Ended				
	January 2, 2021	December 28, 2019	December 29, 2018	December 30, 2017	December 31, 2016
<b>(In thousands, except earnings per share amounts)</b>					
<b>Consolidated Statements of Income:</b>					
Total revenue	\$ 1,430,390	\$ 1,214,010	\$ 1,092,584	\$ 883,911	\$ 660,604
Gross profit	670,229	543,927	555,428	433,159	319,315
Operating income	146,322	86,618	105,822	72,690	57,557
Income tax expense	40,847	13,533	20,630	25,402	19,422
Net income	147,068	85,300	87,992	50,964	41,939
<b>Net Income Per Share:</b>					
Basic	\$ 5.23	\$ 3.04	\$ 3.18	\$ 1.85	\$ 1.51
Diluted	\$ 5.14	\$ 2.97	\$ 3.07	\$ 1.77	\$ 1.48
<b>Shares Used In Per Share Calculations:</b>					
Basic	28,101	28,097	27,692	27,611	27,698
Diluted	28,618	28,735	28,640	28,753	28,292
<b>Consolidated Balance Sheet Data:</b>					
Cash and cash equivalents	\$ 432,635	\$ 239,392	\$ 130,373	\$ 128,635	\$ 214,523
Short term investments	51,081	17,032	31,605	37,225	39,930
Total assets	1,189,728	920,753	766,961	691,522	507,912
Total liabilities	385,294	268,684	231,639	221,195	118,956
Total stockholders' equity	804,434	652,069	535,322	470,327	388,956

## ITEM 7. **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The information contained in this section has been derived from our consolidated financial statements and should be read together with our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), and are subject to the "safe harbor" created by those sections. In particular, statements contained in this Annual Report on Form 10-K that are not historical facts, including, but not limited to statements concerning new product sales, product development and offerings, our consumer robots, our competition, our strategy, our market position, market acceptance of our products, seasonal factors, revenue recognition, our profits, growth of our revenues, composition of our revenues, our cost of revenues, units shipped, average selling prices, the impact of promotional activity and tariffs, operating expenses, selling and marketing expenses, general and administrative expenses, research and development expenses, and compensation costs, our projected income tax rate, our credit and letter of credit facilities, our valuations of investments, valuation and composition of our stock-based awards, and liquidity, constitute forward-looking statements and are made under these safe harbor provisions. Some of the forward-looking statements can be identified by the use of forward-looking terms such as "believes," "expects," "may," "will," "should," "could," "seek," "intends," "plans," "estimates," "anticipates," or other comparable terms. Forward-looking statements involve inherent risks and uncertainties, which could cause actual results to differ materially from those in the forward-looking statements. We urge you to consider the risks and uncertainties discussed in greater detail under the heading "Risk Factors" in evaluating our forward-looking statements. We have no plans to update our forward-looking statements to reflect events or circumstances after the date of this report. We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made.*

### **Overview**

iRobot is a leading global consumer robot company that designs and builds robots that empower people to do more. Our consumer robots help people find smarter ways to clean and accomplish more in their daily lives. iRobot's portfolio of floor cleaning robots features proprietary technologies for the connected home and advanced concepts in cleaning, mapping and navigation, human-robot interaction and physical solutions. Leveraging this portfolio, our engineers are building an ecosystem of robots to help realize the smart home's potential. For more than 30 years, we have been a pioneer and leader in consumer robotics, robotic floor care and robotic artificial intelligence.

Since our founding in 1990, we have developed expertise in the disciplines necessary to design, build, sell and support durable, high-performance and cost-effective robots through the close integration of software, electronics and hardware. Our core technologies serve as reusable building blocks that we adapt and expand to create next-generation robotic platforms. We believe that this approach accelerates the time to market, while also reducing the costs and risks associated with product development. These capabilities are amplified by the integration of artificial intelligence, home understanding and machine vision technologies that further improve cleaning performance and help personalize the cleaning experience, enabling customers to have greater control over where, when and how our robots clean. We believe that our significant expertise in robot design, engineering, and smart home technologies and targeted focus on understanding and addressing consumer needs, positions us well to capitalize on the anticipated growth in the market for robot-based consumer products.

Since the introduction of the Roomba robotic vacuum cleaner ("RVC") in 2002, we have sold more than 30 million consumer robots worldwide to become a global, market-leading consumer robotics innovator with a strong presence in major geographic regions worldwide. In 2020, iRobot sold more than \$1.4 billion in consumer robots and navigated challenging market conditions as the COVID-19 pandemic directly and indirectly impacted all aspects of our business. Our commitment to innovation and funding critical research and development projects continued to yield tangible results through new product launches and new and enhanced features and functionality. In addition to launching the Roomba i3 and i3+ in North America during 2020, we introduced the iRobot Genius Home Intelligence ("Genius"), a powerful new platform that delivers an expansive range of digital features and experiences across our entire line of Wi-Fi connected floor cleaning robots. Genius powers the iRobot HOME App, through which Roomba and Braava users can operate their WiFi-connected floor cleaning robots. Genius delivers a far greater level of personalization and control over their floor cleaning robots, enable users to determine when, where and how their robots clean. In addition, users can receive suggestions from the HOME app about their cleaning activities that factors in the user's unique homes, schedules, cleaning preferences and smart home integrations. In addition to these major new product launches, we introduced the Roomba s9 and s9+ in the Asia Pacific region and the Roomba Combo in select European countries during 2020.

Other 2020 highlights included our efforts to balance cost reductions as the global pandemic began with investments to advance software-based research and development and support the growth of our direct-to-consumer sales channel.



Operationally, we managed through substantial changes in anticipated demand to align production across our supply chain with substantially higher orders over the course of the year while advancing plans to expand our manufacturing capacity and overcome pandemic-related delays in Malaysia. Our profitability in 2020 benefited from an exclusion to United States tariffs on RVCs made in and imported from China. We also appointed new leaders to oversee our finance, accounting and IT; supply chain; commercial; and marketing organizations.

Our total revenue for 2020 was \$1,430.4 million, which represents a 17.8% increase from revenue of \$1,214.0 million for 2019. Domestic revenue grew \$141.0 million, or 23.4%, and international revenue increased by \$75.4 million, or 12.3%, primarily as a result of higher sales of our premium robots.

### ***Fiscal Periods***

We operate and report using a 52-53 week fiscal year ending on the Saturday closest to December 31. Accordingly, our fiscal quarters will end on the Saturday that falls closest to the last day of the third month of each quarter. The fiscal year ended January 2, 2021 ("fiscal 2020") was a 53-week fiscal year. The fiscal years ended December 28, 2019 ("fiscal 2019") and December 29, 2018 ("fiscal 2018") were 52-week fiscal years.

### ***Use of Non-GAAP Financial Measures***

In addition to our results determined in accordance with accounting principles generally accepted in the United States of America ("GAAP"), we report non-GAAP financial measures in our quarterly and annual earnings releases, investor presentations and other investor communications. We use these non-GAAP financial measures to evaluate and analyze our core operating performance, trends and to develop short-term and long-term operational plans.

Our non-GAAP financial measures reflect adjustments based on the following items. These non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP and reconciliations from these results should be carefully evaluated.

*Amortization of acquired intangible assets:* Amortization of acquired intangible assets consists of amortization of intangible assets including completed technology, customer relationships, and reacquired distribution rights acquired in connection with business combinations. Amortization charges for our acquisition-related intangible assets are inconsistent in size and are significantly impacted by the timing and valuation of our acquisitions.

*Tariff Refunds:* iRobot was granted a Section 301 List 3 Tariff Exclusion in April 2020, which temporarily eliminates tariffs on the Company's products imported from China until December 31, 2020 and entitles the Company to a refund of all related tariffs previously paid since September 2018. We exclude the refunds for tariff costs expensed during fiscals 2018 and 2019 from our fiscal 2020 non-GAAP measures because those tariff refunds associated with tariff costs incurred in the past have no impact to our current period earnings.

*Net Merger, Acquisition and Divestiture (Income) Expense:* Net merger, acquisition and divestiture (income) expense primarily consists of transaction fees, professional fees, and transition and integration costs directly associated with mergers, acquisitions and divestitures. It also includes business combination adjustments after the measurement period has ended.

*Stock-Based Compensation:* Stock-based compensation is a non-cash charge relating to stock-based awards.

*IP Litigation Expense, Net:* IP litigation expense, net relates to legal costs incurred to litigate patent, trademark, copyright and false advertising infringements, or to oppose or defend against interparty actions related to intellectual property. Any settlement payment or proceeds resulting from these infringements are included or netted against the costs.

*Gain/Loss on Strategic Investments:* Gain/loss on strategic investments includes fair value adjustments, realized gains and losses on the sales of these investments and losses on the impairment of these investments.

*Restructuring and Other:* Restructuring charges are related to one-time actions associated with workforce reductions, including severance costs, certain professional fees and other costs directly associated with resource realignments tied to strategic initiatives or changes in business conditions.

*Income tax adjustments:* Income tax adjustments include the tax effect of the non-GAAP adjustments, calculated using the appropriate statutory tax rate for each adjustment. We reassess the need for any valuation allowance recorded based on the non-GAAP profitability and have eliminated the effect of the valuation allowance recorded in the U.S. jurisdiction. We also exclude certain tax items that are not reflective of income tax expense incurred as a result of current period earnings. These certain tax items include, among other non-recurring tax items, impacts from the Tax Cuts and Jobs Act of 2017 and stock-based compensation windfalls/shortfalls.

We exclude these items from our non-GAAP measures to facilitate an evaluation of our current operating performance and comparisons to our past operating performance. These items may vary significantly in magnitude or timing and do not necessarily reflect anticipated future operating activities. In addition, we believe that providing these non-GAAP measures affords investors a view of our operating results that may be more easily compared with our peer companies.

The following table reconciles gross profit, operating income, net income and net income per share on a GAAP and non-GAAP basis for the fiscal years ended January 2, 2021, December 28, 2019 and December 29, 2018:

	Fiscal Year Ended		
	January 2, 2021	December 28, 2019	December 29, 2018
GAAP Gross Profit	\$ 670,229	\$ 543,927	\$ 555,428
Amortization of acquired intangible assets	1,920	11,721	18,544
Stock-based compensation	1,511	1,486	1,407
Tariff refunds	(36,486)	—	—
Non-GAAP Gross Profit	<u>\$ 637,174</u>	<u>\$ 557,134</u>	<u>\$ 575,379</u>
Non-GAAP Gross Margin	44.5 %	45.9 %	52.7 %
GAAP Operating Income	\$ 146,322	\$ 86,618	\$ 105,822
Amortization of acquired intangible assets	2,912	12,772	19,609
Stock-based compensation	29,975	23,744	25,804
Tariff refunds	(36,486)	—	—
Net merger, acquisition and divestiture (income) expense	(566)	466	138
IP litigation expense, net	5,444	2,218	3,556
Restructuring and other	2,073	—	—
Non-GAAP Operating Income	<u>\$ 149,674</u>	<u>\$ 125,818</u>	<u>\$ 154,929</u>
Non-GAAP Operating Margin	10.5 %	10.4 %	14.2 %
GAAP Net Income	\$ 147,068	\$ 85,300	\$ 87,992
Amortization of acquired intangible assets	2,912	12,772	19,609
Stock-based compensation	29,975	23,744	25,804
Tariff refunds	(36,486)	—	—
Net merger, acquisition and divestiture (income) expense	(1,241)	466	138
IP litigation expense, net	5,444	2,218	3,556
Restructuring and other	2,073	—	—
Gain on strategic investments	(43,817)	(8,904)	(436)
Income tax effect	12,651	(11,576)	(13,963)
Non-GAAP Net Income	<u>\$ 118,579</u>	<u>\$ 104,020</u>	<u>\$ 122,700</u>
GAAP Net Income Per Diluted Share	\$ 5.14	\$ 2.97	\$ 3.07
Dilutive effect of non-GAAP adjustments	(1.00)	0.65	1.21
Non-GAAP Net Income Per Diluted Share	<u>\$ 4.14</u>	<u>\$ 3.62</u>	<u>\$ 4.28</u>

### Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses. These estimates and judgments, include but are not limited to, revenue recognition including performance obligations, variable consideration and other obligations such as product returns and incentives; allowance for credit losses; product warranties; valuation of goodwill and acquired intangible assets; valuation of non-marketable equity investments; evaluating loss contingencies; accounting for stock-based compensation including performance-based assessments; and accounting for income taxes and related valuation allowances. We base these estimates and judgments on historical experience, market participant fair value considerations, projected future cash flows and various other factors that we believe are reasonable under the circumstances. Actual results may differ from our estimates.

We believe that of our significant accounting policies, which are described in the notes to our consolidated financial statements, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, we believe

that the following accounting policies are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

### ***Revenue Recognition***

We primarily derive our revenue from the sale of consumer robots and accessories. We sell products directly to consumers through online stores and indirectly through resellers and distributors. Revenue is recognized upon transfer of control of promised products or services to customers, generally as title and risk of loss pass, in an amount that reflects the consideration we expect to receive in exchange for those products or services. Revenue is recognized only to the extent that it is probable that a significant reversal of revenue will not occur and when collection is considered probable. Taxes collected from customers, which are subsequently remitted to governmental authorities, are excluded from revenue. Shipping and handling expenses are considered fulfillment activities and are expensed as incurred.

Our consumer robots are highly dependent on, and interrelated with, the embedded software and cannot function without the software. As such, the consumer robots are accounted for as a single performance obligation, and the revenue is recognized at a point in time when the control is transferred to distributors, resellers or directly to end customers through online stores. For certain consumer robots with Wi-Fi capability ("connected robots"), each sale represents an arrangement with multiple promises consisting of the robot, downloadable free app, cloud services and potential future unspecified software upgrades. We have determined that the app, cloud services and potential future unspecified software upgrades represent one promised service to the customer to enhance the functionality and interaction with the robot (referred to collectively as "Cloud Services").

For contracts that contain multiple performance obligations, the transaction price is allocated to each performance obligation based on a relative standalone selling price ("SSP"). We estimate SSP for items that are not sold separately, using market data if available or analysis of the cost of providing the products or services plus a reasonable margin. The transaction price allocated to the robots is recognized as revenue at a point in time when control is transferred and when collection is considered probable. The transaction price allocated to the Cloud Services is deferred and recognized on a straight-line basis over the estimated term of the Cloud Services. For contracts with a duration of greater than one year, the transaction price allocated to performance obligations that are unsatisfied as of January 2, 2021 and December 28, 2019 was \$11.5 million and \$4.0 million, respectively. We do not disclose the value of unsatisfied performance obligations for contracts with an original expected duration of one year or less.

Our products generally carry a one-year or two-year limited warranty that promises customers that delivered products are as specified. We do not consider these assurance-type warranties as a separate performance obligation and therefore, we account for such warranties under ASC 460, "Guarantees." During the fourth quarter of 2020, we began offering our customers the option to purchase an extended warranty for a fee. Amounts paid for the extended warranty plans are deferred and recognized as revenue on a straight-line basis over the service period.

We provide limited rights of returns for direct-to-consumer sales generated through our on-line stores and certain resellers and distributors. We record an allowance for product returns based on specific terms and conditions included in the customer agreements or based on historical experience and our expectation of future returns. In addition, we may provide other credits or incentives, which are accounted for as variable consideration when estimating the amount of revenue to recognize. Where appropriate, these estimates take into consideration relevant factors such as our historical experience, current contractual requirements, specific known market events and trends and forecasted inventory level in the channels. Overall, these reserves reflect our best estimates, and the actual amounts of consideration ultimately received may differ from our estimates. Returns and credits are estimated at contract inception and updated at the end of each reporting period as additional information becomes available. As of January 2, 2021, we had reserves for product returns of \$64.3 million and other credits and incentives of \$142.2 million. As of December 28, 2019, we had reserves for product returns of \$55.2 million and other credits and incentives of \$134.0 million. Revenue recognized during the years ended January 2, 2021 and December 28, 2019 related to performance obligations satisfied in a prior period was not material.

### ***Credit Losses***

We are exposed to credit losses primarily through sales of our products. We assess each customer's ability to pay by conducting a credit review which includes consideration of established credit ratings or an internal assessment of the customer's creditworthiness based on an analysis of their financial information when a credit rating is not available. We monitor the credit exposure through active review of customer balances. Our expected loss methodology for accounts receivable is developed through consideration of factors including, but not limited to, historical collection experience, current customer credit ratings, current and future economic and market conditions and age of the receivable. Although we historically have not experienced significant credit losses as it relates to trade accounts receivable, the COVID-19 pandemic has caused uncertainty in some customer accounts. We recorded our estimate of credit losses, resulting in an increase to the reserve and bad debt expense, of \$3.6 million during the fiscal year ended January 2, 2021. As of January 2, 2021 and December 28, 2019, we had an allowance for credit losses of \$4.8 million and \$1.2 million, respectively.

Our exposure to credit losses may increase if our customers are adversely affected by changes in economic pressures or uncertainty associated with local or global economic recessions or other customer-specific factors. It is possible that there could be a material adverse impact to the carrying amount of accounts receivables if the liquidity of retailers, resellers and distributors continues to be impacted by disruptions related to the COVID-19 pandemic.

### ***Goodwill and Other Long-Lived Assets***

Goodwill represents the excess of the purchase price in a business combination over the fair value of the net tangible and intangible assets acquired. Goodwill is not amortized but rather is assessed for impairment at the reporting unit level annually during our fourth quarter of each fiscal year or more frequently if we believe indicators of impairment exist. Goodwill impairment, if any, is determined by comparing the reporting unit's fair value to its carrying value. An impairment loss is recognized in an amount equal to the excess of the reporting unit's carrying value over its fair value, up to the amount of goodwill allocated to the reporting unit.

Other long-lived assets primarily consist of property and equipment, operating lease right-of-use assets and intangible assets. We periodically evaluate the recoverability of other long-lived assets whenever events and changes in circumstances, such as reductions in demand or significant economic slowdowns in the industry, indicate that the carrying amount of an asset may not be fully recoverable. When indicators of impairment are present, the carrying values of the asset group are evaluated in relation to the future undiscounted cash flows of the underlying business. The net book value of the underlying asset is adjusted to fair value if the sum of the expected discounted cash flows is less than book value. Fair values are based on estimates of market prices and assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates, reflecting varying degrees of perceived risk.

The impairment assessment of goodwill and other long-lived assets involves significant estimates and assumptions, which may be unpredictable and inherently uncertain. These estimates and assumptions include identification of reporting units and asset groups, long-term growth rates, profitability, estimated useful lives, comparable market multiples, and discount rates. Any changes in these assumptions could impact the result of the impairment assessment. There was no impairment of goodwill or other long-lived assets during fiscal 2020, 2019 and 2018.

### ***Warranty***

We generally provide a one-year warranty on all of our products except in countries where a two-year warranty is required against defects in materials and workmanship. Our standard warranty provides for repair or replacement of the associated products during the warranty period. We record estimated warranty costs in the period the related revenue is recognized based on historical experience, expectations of future costs to repair or replace, and knowledge of specific product failures outside our historical experience. Actual results could differ from these estimates, which could cause increases or decreases to the warranty reserves in future periods.

### ***Stock-Based Compensation***

We account for stock-based compensation through recognition of the fair value of the stock-based compensation as a charge against earnings. The fair value for time-based restricted stock units and performance-based restricted stock units is based on the closing share price of our common stock on the date of grant. For performance-based restricted stock units, the compensation cost is recognized based on the number of units expected to vest upon the achievement of the performance conditions. We recognize stock-based compensation as an expense on a straight-line basis, over the requisite service period. We account for forfeitures as they occur, rather than applying an estimated forfeiture rate.

### ***Accounting for Income Taxes***

Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis using enacted tax rates in effect in the years in which those temporary differences are expected to be recovered or settled in

each jurisdiction. A valuation allowance is provided if, based upon the weight of available evidence, it is more likely than not that the related benefits will not be realized. We regularly review the deferred tax assets for recoverability considering historical profitability, projected future taxable income, future reversals of existing taxable temporary differences, as well as feasible tax planning strategies in each jurisdiction. As of January 2, 2021, December 28, 2019 and December 29, 2018, we had a valuation allowance of \$7.6 million, \$3.8 million and \$1.1 million, respectively, for certain deferred tax assets for which we believe do not meet the "more likely than not" criteria for recognition.

We report a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. We recognize interest and penalties, if any, related to unrecognized tax benefits in the income tax provision.

## Overview of Results of Operations

The following table sets forth our results of operations for the periods shown (in thousands):

	Fiscal Year Ended		
	January 2, 2021	December 28, 2019	December 29, 2018
Revenue	\$ 1,430,390	\$ 1,214,010	\$ 1,092,584
Cost of revenue:			
Cost of product revenue	758,241	658,362	518,612
Amortization of acquired intangible assets	1,920	11,721	18,544
Total cost of revenue	760,161	670,083	537,156
Gross profit	670,229	543,927	555,428
Operating expenses:			
Research and development	156,670	141,607	140,629
Selling and marketing	265,475	231,548	210,411
General and administrative	100,770	83,103	97,501
Amortization of acquired intangible assets	992	1,051	1,065
Total operating expenses	523,907	457,309	449,606
Operating income	146,322	86,618	105,822
Other income, net	41,593	12,215	2,800
Income before income taxes	187,915	98,833	108,622
Income tax expense	40,847	13,533	20,630
Net income	\$ 147,068	\$ 85,300	\$ 87,992

The following table sets forth our results of operations as a percentage of revenue for the periods shown:

	Fiscal Year Ended		
	January 2, 2021	December 28, 2019	December 29, 2018
Revenue	100.0 %	100.0 %	100.0 %
Cost of revenue:			
Cost of product revenue	53.0	54.2	47.5
Amortization of acquired intangible assets	0.1	1.0	1.7
Total cost of revenue	53.1	55.2	49.2
Gross margin	46.9	44.8	50.8
Operating expenses:			
Research and development	11.0	11.7	12.9
Selling and marketing	18.6	19.1	19.3
General and administrative	7.0	6.8	8.9
Amortization of acquired intangible assets	0.1	0.1	0.1
Total operating expenses	36.7	37.7	41.2
Operating income	10.2	7.1	9.6
Other income, net	3.0	1.0	0.3
Income before income taxes	13.2	8.1	9.9
Income tax expense	2.9	1.1	1.9
Net income	10.3 %	7.0 %	8.0 %

## Comparison of Years Ended January 2, 2021, December 28, 2019 and December 29, 2018

### Revenue

We primarily derive our revenue from product sales through a variety of distribution channels, including chain stores and other national retailers, through our own website and app, dedicated e-commerce websites, the online arms of traditional retailers and through value-added distributors and resellers worldwide. We recognize revenue upon transfer of control of promised products or services to customers, generally as title and risk of loss pass, in an amount that reflects total consideration, net of estimated returns and allowances.

The following table shows revenue for fiscal years 2020, 2019 and 2018 (dollars in thousands):

	Fiscal Year Ended			\$ Change 2020 vs. 2019	\$ Change 2019 vs. 2018
	January 2, 2021	December 28, 2019	December 29, 2018		
Revenue	\$ 1,430,390	\$ 1,214,010	\$ 1,092,584	\$ 216,380	\$ 121,426

*Year ended January 2, 2021 as compared to the year ended December 28, 2019*

Revenue increased 17.8% to \$1,430.4 million in fiscal 2020 from \$1,214.0 million in fiscal 2019. Although the initial impact of the COVID-19 pandemic on our sales and manufacturing supply chain activities during the first quarter of 2020 resulted in a revenue decline, demand for our robots increased substantially during the remainder of fiscal 2020 as maintaining a clean home took on greater prominence during the pandemic. We saw significant growth in our direct-to-consumer sales generating 11% of total fiscal 2020 revenue, up from approximately 6% in 2019. The increase in revenue was primarily driven by strong demand with a 10.1% increase in total units shipped in fiscal 2020 as compared to fiscal 2019. Units shipped increased to approximately 5.5 million units compared to approximately 5.0 million units in fiscal 2019. In fiscal 2020, domestic revenue increased \$141.0 million, or 23.4%, while international revenue increased \$75.4 million, or 12.3%, as compared to fiscal 2019. The international revenue growth was driven by increases in revenue from Japan and EMEA of 20% and 8%, respectively, compared to 2019.

*Year ended December 28, 2019 as compared to the year ended December 29, 2018*

Revenue increased 11.1% to \$1,214.0 million in fiscal 2019 from \$1,092.6 million in fiscal 2018. The \$121.4 million increase in revenue was driven by an increase in average selling price of 5.4%. The increase in average selling price was primarily driven by the launch of our new products during the second half of fiscal 2018 and throughout 2019. Total robots shipped in fiscal 2019 increased 10.0% to approximately 5.0 million units compared to approximately 4.5 million units in fiscal 2018. In fiscal 2019, domestic revenue increased \$42.6 million, or 7.6%, and international revenue increased \$78.8 million, or 14.8%, compared to fiscal 2018. The international revenue growth was driven primarily by increases in revenue from Japan and EMEA of 21% and 15%, respectively, compared to fiscal 2018.

### Cost of Product Revenue

Cost of product revenue consists of product cost, including costs of our contract manufacturers for production, freight, import duties, tariffs, logistics and fulfillment costs, manufacturing and tooling equipment depreciation and warranty cost. We outsource the manufacture of our products to contract manufacturers in Southern China and added manufacturing capacity in Malaysia during November 2019. While labor costs in these regions traditionally have been favorable compared to labor costs elsewhere in the world, including the United States, they have been increasing for the last few years. In addition, because our purchase contract with our contract manufacturers in China and Malaysia are typically denominated in U.S. dollars, changes in currency exchange rates may impact our suppliers and increase our prices.

The following table shows cost of product revenue for fiscal years 2020, 2019 and 2018 (dollars in thousands):

	Fiscal Year Ended			\$ Change 2020 vs. 2019	\$ Change 2019 vs. 2018
	January 2, 2021	December 28, 2019	December 29, 2018		
Cost of product revenue	\$ 758,241	\$ 658,362	\$ 518,612	\$ 99,879	\$ 139,750
As a percentage of revenue	53.0 %	54.2 %	47.5 %		

*Year ended January 2, 2021 as compared to the year ended December 28, 2019*

Cost of product revenue increased \$99.9 million, or 15.2%, to \$758.2 million in fiscal 2020, compared to \$658.4 million in fiscal 2019. The increase is primarily due to the 17.8% increase in revenue, as well as increases in warranty and rework costs, offset by the recognition of the tariff refunds of approximately \$36.5 million for tariffs paid in 2018 and 2019. On April 24, 2020, we were granted a temporary exclusion, as extended in August 2020, from Section 301 List 3 tariffs by the United States

Trade Representative, which temporarily eliminated the 25% tariff on Roomba products imported from China until December 31, 2020.

*Year ended December 28, 2019 as compared to the year ended December 29, 2018*

Cost of product revenue increased \$139.8 million, or 26.9%, to \$658.4 million in fiscal 2019, compared to \$518.6 million in fiscal 2018. The increase is primarily due to the 11.1% increase in revenue and higher tariffs on our Roomba products imported into the United States from China. Effective September 24, 2018, tariffs on our Roomba products were set at 10%, and effective May 10, 2019, tariffs further increased to 25%.

### **Gross Profit**

Our gross profit as a percentage of revenue, referred to as our gross margin, varies according to the mix of products sold, total sales volume, the level of promotional activities, and levels of other product costs such as warranty, scrap, rework and overhead.

The following table shows gross profit for fiscal years 2020, 2019 and 2018 (dollars in thousands):

	Fiscal Year Ended			\$ Change 2020 vs. 2019	\$ Change 2019 vs. 2018
	January 2, 2021	December 28, 2019	December 29, 2018		
Gross profit	\$ 670,229	\$ 543,927	\$ 555,428	\$ 126,302	\$ (11,501)
Gross margin	46.9 %	44.8 %	50.8 %		

*Year ended January 2, 2021 as compared to the year ended December 28, 2019*

Gross profit increased \$126.3 million, or 23.2%, to \$670.2 million (46.9% of revenue) in fiscal 2020 from \$543.9 million (44.8% of revenue) in fiscal 2019. The increase in gross margin was primarily related to the recognition of the tariff refunds of \$36.5 million for tariffs paid in 2018 and 2019 as a benefit to cost of product revenue, partially offset by impact of price reductions and promotional activity during fiscal 2020 compared to fiscal 2019.

We have not been granted an extension of our tariff exclusion past December 31, 2020 and therefore a 25% tariff on Roombas imported from China was reinstated at the beginning in fiscal 2021. We expect tariff reinstatement to negatively impact our gross profit. To diversify our supply chain and help offset the adverse financial impact on our business of the tariff, we plan to substantially increase our production in Malaysia by qualifying additional contract manufacturers and add new lines by the end of 2021.

*Year ended December 28, 2019 as compared to the year ended December 29, 2018*

Gross profit decreased \$11.5 million, or 2.1%, to \$543.9 million (44.8% of revenue) in fiscal 2019 from \$555.4 million (50.8% of revenue) in fiscal 2018. The decrease in gross margin was primarily related to increased promotional activity and pricing reductions for certain products as well as the increased tariffs on our Roomba products imported to the United States from China.

### **Research and Development**

Research and development expenses consist primarily of:

- salaries and related costs for our engineers;
- costs for research and development contractors and consultants;
- costs of components and test equipment used for product and prototype development; and
- occupancy and other overhead costs.

Our research and development team develops new software and hardware products as well as improves and enhances our existing software and hardware products to address customer demands and emerging trends. We have significantly expanded our research and development capabilities including the introduction of iRobot Genius Home Intelligence, our powerful robot platform that unlocks an expansive range of digital features and experiences to our customers. We expect to continue to expand these capabilities in the future. We are committed to consistently maintaining the level of innovative design and development of new products as we strive to enhance our ability to serve our existing consumer markets as well as new markets for robots. We anticipate that in 2021 research and development expenses will increase in absolute dollars but remain relatively consistent as a percentage of revenue.



The following table shows research and development costs for fiscal years 2020, 2019 and 2018 (dollars in thousands):

	Fiscal Year Ended				
	January 2, 2021	December 28, 2019	December 29, 2018	\$ Change 2020 vs. 2019	\$ Change 2019 vs. 2018
Research and development	\$ 156,670	\$ 141,607	\$ 140,629	\$ 15,063	\$ 978
As a percentage of revenue	11.0 %	11.7 %	12.9 %		

*Year ended January 2, 2021 as compared to the year ended December 28, 2019*

Research and development expenses increased \$15.1 million, or 10.6%, to \$156.7 million (11.0% of revenue) in fiscal 2020 from \$141.6 million (11.7% of revenue) in fiscal 2019. This increase is primarily due to an \$8.7 million increase in people-related costs, mostly attributable to higher short-term incentive compensation costs, as well as higher program-related costs of \$4.3 million during fiscal 2020.

*Year ended December 28, 2019 as compared to the year ended December 29, 2018*

Research and development expenses increased \$1.0 million, or 0.7%, to \$141.6 million (11.7% of revenue) in fiscal 2019 from \$140.6 million (12.9% of revenue) in fiscal 2018. This increase is primarily due to an increase in people-related costs of \$8.3 million resulting from increased headcount, partially offset by lower program-related costs of \$7.4 million and other efforts to control costs during fiscal 2019.

### **Selling and Marketing**

Our selling and marketing expenses consist primarily of:

- salaries and related costs for sales and marketing personnel;
- advertising, marketing and other brand-building costs;
- customer service costs; and
- travel and related costs.

We anticipate that in 2021, selling and marketing expenses will increase in absolute dollars and as a percentage of revenue due to incremental investment to enhance the consumer's buying experience on our digital properties and support continued growth of our direct-to-consumer channel as well as continue to build awareness of our products.

The following table shows selling and marketing costs for fiscal years 2020, 2019 and 2018 (dollars in thousands):

	Fiscal Year Ended				
	January 2, 2021	December 28, 2019	December 29, 2018	\$ Change 2020 vs. 2019	\$ Change 2019 vs. 2018
Selling and marketing	\$ 265,475	\$ 231,548	\$ 210,411	\$ 33,927	\$ 21,137
As a percentage of revenue	18.6 %	19.1 %	19.3 %		

*Year ended January 2, 2021 as compared to the year ended December 28, 2019*

Selling and marketing expenses increased by \$33.9 million, or 14.7%, to \$265.5 million (18.6% of revenue) in fiscal 2020 from \$231.5 million (19.1% of revenue) in fiscal 2019. This increase is primarily attributable to an increase in marketing investments of \$30.7 million primarily related to advertising campaigns in all regions during the holiday season and marketing activities to build our direct-to-consumer sales channel, as well as higher people-related costs of \$2.9 million mainly driven by short-term incentive compensation.

*Year ended December 28, 2019 as compared to the year ended December 29, 2018*

Selling and marketing expenses increased by \$21.1 million, or 10.0%, to \$231.5 million (19.1% of revenue) in fiscal 2019 from \$210.4 million (19.3% of revenue) in fiscal 2018. This increase is primarily attributable to an increase in marketing investments of \$13.7 million to support our new product launches and certain promotional and advertising campaigns in all regions as well as higher people-related costs of \$6.0 million. These increases were partially offset by lower incentive compensation and efforts to control overall sales and marketing costs.

### **General and Administrative**

Our general and administrative expenses consist primarily of:

- salaries and related costs for executives and administrative personnel;
- professional services costs;
- information systems and infrastructure costs;
- travel and related costs; and

- occupancy and other overhead costs.

The following table shows general and administrative costs for fiscal years 2020, 2019 and 2018 (dollars in thousands):

	Fiscal Year Ended				
	January 2, 2021	December 28, 2019	December 29, 2018	\$ Change 2020 vs. 2019	\$ Change 2019 vs. 2018
General and administrative	\$ 100,770	\$ 83,103	\$ 97,501	\$ 17,667	\$ (14,398)
As a percentage of revenue	7.0 %	6.8 %	8.9 %		

*Year ended January 2, 2021 as compared to the year ended December 28, 2019*

General and administrative expenses increased by \$17.7 million, or 21.3%, to \$100.8 million (7.0% of revenue) in fiscal 2020 from \$83.1 million (6.8% of revenue) in fiscal 2019. This increase is primarily attributable to higher short-term incentive compensation and performance-based stock-based compensation of \$11.6 million, an increase of \$4.8 million in legal fees driven by higher intellectual property litigation costs, and a \$2.6 million increase in the allowance for credit losses associated with the uncertainty of collection from certain customer accounts resulting from the pandemic.

*Year ended December 28, 2019 as compared to the year ended December 29, 2018*

General and administrative expenses decreased by \$14.4 million, or 14.8%, to \$83.1 million (6.8% of revenue) in fiscal 2019 from \$97.5 million (8.9% of revenue) in fiscal 2018. This decrease is primarily attributable to lower short-term and long-term incentive compensation costs of \$8.2 million and a decrease in legal costs of \$4.1 million after favorable determination of a previously-disclosed intellectual property litigation suit in the fourth quarter of 2018.

### ***Amortization of Acquired Intangible Assets***

Amortization of acquired technology and reacquired distribution rights are recorded within cost of revenue whereas the amortization of acquired customer relationships, non-compete agreements and tradenames are recorded within operating expenses. Reacquired distribution rights are amortized on an accelerated basis, while all other intangible assets are amortized over their respective estimated useful lives on a straight-line basis, consistent with the pattern in which the economic benefits are being utilized.

The following table shows total amortization expense for fiscal years 2020, 2019 and 2018 (dollars in thousands):

	Fiscal Year Ended				
	January 2, 2021	December 28, 2019	December 29, 2018	\$ Change 2020 vs. 2019	\$ Change 2019 vs. 2018
Cost of revenue	\$ 1,920	\$ 11,721	\$ 18,544	\$ (9,801)	\$ (6,823)
Operating expense	992	1,051	1,065	(59)	(14)
Total amortization expense	\$ 2,912	\$ 12,772	\$ 19,609	\$ (9,860)	\$ (6,837)
As a percentage of revenue	0.2 %	1.1 %	1.8 %		

The decreases in amortization of acquired intangible assets during fiscal 2020 and fiscal 2019 were primarily related to the reacquired distribution rights intangible assets which were fully amortized in the fourth quarter of 2019.

### ***Other Income, Net***

Other income, net includes interest income, interest expense, foreign currency gains (losses) as well as gains (losses) from strategic investments. The following table shows other income, net for fiscal years 2020, 2019 and 2018 (dollars in thousands):

	Fiscal Year Ended				
	January 2, 2021	December 28, 2019	December 29, 2018	\$ Change 2020 vs. 2019	\$ Change 2019 vs. 2018
Other income, net	\$ 41,593	\$ 12,215	\$ 2,800	\$ 29,378	\$ 9,415
As a percentage of revenue	3.0 %	1.0 %	0.3 %		

Other income, net, amounted to \$41.6 million, \$12.2 million and \$2.8 million for fiscal 2020, 2019 and 2018, respectively. During fiscal 2020, other income, net, includes the gains of \$38.6 million associated with our InTouch Health investment when Teladoc Health, Inc., or Teladoc, acquired InTouch Health and exchanged our shares of InTouch Health for shares of Teladoc during the third quarter of 2020. During fiscal 2019, other income, net, included an \$8.4 million gain on sale of an equity investment.

## Income Tax Provision

The following table shows income tax provision for fiscal years 2020, 2019 and 2018 (dollars in thousands):

	Fiscal Year Ended			\$ Change 2020 vs. 2019	\$ Change 2019 vs. 2018
	January 2, 2021	December 28, 2019	December 29, 2018		
Income tax provision	\$ 40,847	\$ 13,533	\$ 20,630	\$ 27,314	\$ (7,097)
As a percentage of pre-tax income	21.7 %	13.7 %	19.0 %		

### *Year ended January 2, 2021 as compared to the year ended December 28, 2019*

We recorded an income tax provision of \$40.8 million and \$13.5 million for fiscal 2020 and fiscal 2019, respectively. The \$40.8 million provision for fiscal 2020 resulted in an effective income tax rate of 21.7%. The \$13.5 million provision for fiscal 2019 resulted in an effective income tax rate of 13.7%.

Our effective income tax rate of 21.7% for fiscal 2020 differed from the federal statutory tax rate of 21% primarily due to the recognition of state income taxes and valuation allowances offset by tax benefits related to research and development tax credits and the deduction for Foreign Derived Intangible Income. The increase in the effective income tax rate of 21.7% for fiscal 2020 as compared to 13.7% for fiscal 2019 is primarily due to a discrete tax benefit associated with stock-based compensation in 2019.

### *Year ended December 28, 2019 as compared to the year ended December 29, 2018*

We recorded an income tax provision of \$13.5 million and \$20.6 million for fiscal 2019 and fiscal 2018, respectively. The \$13.5 million provision for fiscal 2019 resulted in an effective income tax rate of 13.7%. The \$20.6 million provision for fiscal 2018 resulted in an effective income tax rate of 19.0%.

Our effective income tax rate of 13.7% for fiscal 2019 differed from the federal statutory tax rate of 21% primarily due to the recognition of tax benefits related to stock-based compensation. The decrease in the effective income tax rate of 13.7% for fiscal 2019 as compared to 19.0% for fiscal 2018 is primarily due to a discrete tax charge associated with a restructuring of the EMEA business and impacts from the remeasurement of certain deferred tax charges in fiscal 2018.

## Liquidity and Capital Resources

At January 2, 2021, our principal sources of liquidity were cash and cash equivalents totaling \$432.6 million and short-term investments of \$51.1 million. Our working capital, which represents our total current assets less total current liabilities, was \$573.7 million as of January 2, 2021, compared to \$391.7 million as of December 28, 2019.

We manufacture and distribute our products through contract manufacturers and third-party logistics providers. We believe this approach gives us the advantages of relatively low capital investment and significant flexibility in scheduling production and managing inventory levels. By leasing our office facilities, we also minimize the cash needed for expansion, although we invest periodically in upgrading these facilities, a portion of which investment will be reimbursed by the landlords of these facilities. Accordingly, our capital spending is generally limited to machinery and tooling, leasehold improvements, business applications software and computer and equipment. In the fiscal years ended January 2, 2021 and December 28, 2019, we spent \$31.6 million and \$35.3 million, respectively, on capital expenditures.

Our strategy for delivering consumer products to our distributors and retail customers gives us the flexibility to provide container shipments directly from our contract manufacturers in Southern China and Malaysia to our customers and, alternatively, allows our distributors and certain retail customers to take possession of product on a domestic basis. Accordingly, our inventory consists of goods shipped to our third-party logistics providers for the fulfillment of distributor, retail and direct-to-consumer sales. Our contract manufacturers are also responsible for purchasing and stocking components required for the production of our products, and they typically invoice us when the finished goods are shipped.

On April 24, 2020, we were granted a temporary exclusion from Section 301 List 3 tariffs by the United States Trade Representative. This exclusion, as extended in August 2020, temporarily eliminated the 25% tariff on Roomba products imported from China until December 31, 2020 and entitled us to a refund of approximately \$57.0 million in tariffs paid since the date the Section 301 List 3 tariffs were imposed. In the fiscal year ended January 2, 2021, we recognized \$36.5 million of refunds for tariffs paid in 2018 and 2019 as a benefit to cost of product revenue. As of January 2, 2021, we have received \$47.1 million in cash associated with our tariff refunds from the U.S. government. While tariff refund claims are subject to the approval of U.S. Customs, we currently expect to receive the remaining refunds of \$9.9 million within the next nine months.

### ***Cash provided by operating activities***

*Year ended January 2, 2021 as compared to the year ended December 28, 2019*

Net cash provided by our operations for the fiscal year ended January 2, 2021 was \$232.0 million, of which the principal components were our net income of \$147.1 million, non-cash charges of \$41.2 million and changes in working capital of \$43.8 million. The changes in working capital include increases in accounts payable and accrued liabilities of \$106.0 million, partially offset by increases in inventory of \$24.5 million, accounts receivable of \$21.9 million and other assets of \$15.8 million.

*Year ended December 28, 2019 as compared to the year ended December 29, 2018*

Net cash provided by our operations for the fiscal year ended December 28, 2019 was \$130.1 million, of which the principal components were our net income of \$85.3 million and non-cash charges of \$48.6 million, partially offset by changes in working capital. The changes in working capital include decreases in accounts receivable of \$13.1 million and inventory of \$7.3 million, partially offset by a decrease in accounts payable and accrued liabilities of \$20.9 million.

### ***Cash used in investing activities***

*Year ended January 2, 2021 as compared to the year ended December 28, 2019*

Net cash used in investing activities for the fiscal year ended January 2, 2021 was \$22.2 million. During the year ended January 2, 2021, we invested \$31.6 million in the purchase of property and equipment, including machinery and tooling for new products and manufacturing expansion in Malaysia. In addition, we made strategic investments of \$4.2 million while proceeds from the sales and maturities of marketable securities amounted to \$13.5 million.

*Year ended December 28, 2019 as compared to the year ended December 29, 2018*

Net cash used in investing activities for the fiscal year ended December 28, 2019 was \$20.9 million. During the year ended December 28, 2019, we invested \$35.3 million in the purchase of property and equipment, including machinery and tooling for new products as well as expansion to a new manufacturing facility in Malaysia. In addition, we made strategic investments of \$5.4 million and paid \$2.8 million for a business acquisition. This was partially offset by proceeds of \$12.9 million we received from the sales and maturities of marketable securities and \$9.8 million upon the sale of an equity investment.

### ***Cash used in financing activities***

*Year ended January 2, 2021 as compared to the year ended December 28, 2019*

Net cash used in financing activities for the fiscal year ended January 2, 2021 was \$21.3 million, which primarily reflects the repurchase of 663,602 shares of our common stock for \$25.0 million under our stock repurchase program in March 2020.

*Year ended December 28, 2019 as compared to the year ended December 29, 2018*

Net cash used in investing activities for the fiscal year ended December 28, 2019 was \$0.1 million. During the year ended December 28, 2019, we received \$7.1 million from employee stock plans and paid \$7.3 million upon vesting of restricted stock where 59,260 shares were retained by us to cover employee tax withholdings.

### ***Working Capital Facility***

#### *Credit Facility*

In June 2018, we entered into a new agreement with Bank of America, N.A., increasing the amount of our unsecured revolving line of credit from \$75.0 million to \$150.0 million and extending the term of the credit facility to June 2023. As of January 2, 2021, we had no outstanding borrowings under our revolving credit facility. The revolving line of credit is available to fund working capital and other corporate purposes. The interest on loans under our credit facility accrues, at our election, at either (1) LIBOR plus a margin, currently equal to 1.0%, based on our ratio of indebtedness to Adjusted EBITDA (the "Eurodollar Rate"), or (2) the lender's base rate. The lender's base rate is equal to the highest of (1) the federal funds rate plus 0.5%, (2) the lender's prime rate and (3) the Eurodollar Rate plus 1.0%. In the event that LIBOR is discontinued as expected in 2021, we expect the interest rates for our debt following such event will be based on either alternate base rates or agreed upon replacement rates. While we do not expect a LIBOR discontinuation would affect our ability to borrow or maintain already outstanding borrowings, it could result in higher interest rates.

The credit facility contains customary terms and conditions for credit facilities of this type, including restrictions on our ability to incur or guarantee additional indebtedness, create liens, enter into transactions with affiliates, make loans or investments, sell assets, pay dividends or make distributions on, or repurchase, our stock, and consolidate or merge with other

entities. In addition, we are required to meet certain financial covenants customary with this type of agreement, including maintaining a maximum ratio of indebtedness to Adjusted EBITDA and a minimum specified interest coverage ratio.

The credit facility contains customary events of default, including for payment defaults, breaches of representations, breaches of affirmative or negative covenants, cross defaults to other material indebtedness, bankruptcy and failure to discharge certain judgments. If a default occurs and is not cured within any applicable cure period or is not waived, our obligations under the credit facility may be accelerated.

As of January 2, 2021, we were in compliance with all covenants under the revolving credit facility.

#### *Lines of Credit*

We have an unsecured letter of credit facility with Bank of America, N.A., available to fund letters of credit up to an aggregate outstanding amount of \$5.0 million. As of January 2, 2021, we had letters of credit outstanding of \$0.7 million under our letter of credit facility and other lines of credit with Bank of America, N.A.

We have an unsecured guarantee line of credit with Mizuho, Bank Ltd., available to fund import tax payments up to an aggregate outstanding amount of 220.0 million Japanese Yen. As of January 2, 2021, we had no outstanding balance under the guarantee line of credit.

#### **Working Capital and Capital Expenditure Needs**

We currently have no material cash commitments, except for normal recurring trade payables, expense accruals, capital expenditures and operating leases, all of which we anticipate funding through working capital and funds provided by operating activities. We believe our outsourced approach to manufacturing provides us with flexibility in both managing inventory levels and financing our inventory. We believe our existing cash and cash equivalents, short-term investments, and funds available through our credit facility will be sufficient to meet our working capital and capital expenditure needs over at least the next twelve months. In the event our revenue plan does not meet our expectations, we may eliminate or curtail expenditures to mitigate the impact on our working capital. Our future capital requirements will depend on many factors, including our rate of revenue growth or decline, the expansion or contraction of our marketing and sales activities, the timing and extent of spending to support product development efforts, the timing of introductions of new products and enhancements to existing products, the acquisition of new capabilities or technologies, the continuing market acceptance of our products and services, and the impact of COVID-19 on our business. Moreover, to the extent existing cash and cash equivalents, short-term investments, cash from operations, and cash from short-term borrowing are insufficient to fund our future activities, we may need to raise additional funds through public or private equity or debt financing. As part of our business strategy, we may consider additional acquisitions of companies, technologies and products, which could also require us to seek additional equity or debt financing. Additional funds may not be available on terms favorable to us or at all.

#### **Contractual Obligations**

We generally do not enter into binding purchase commitments. Our principal commitments consist of obligations under our credit facility, leases for office space and minimum contractual obligations. Other obligations consist primarily of subscription services. The following table describes our commitments to settle contractual obligations in cash as of January 2, 2021 (in thousands):

	Payments Due by Period				Total
	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years	
Operating leases	\$ 8,226	\$ 16,280	\$ 13,202	\$ 28,539	\$ 66,247
Minimum contractual payments	10,792	22,013	18,917	—	51,722
Other obligations	12,666	14,711	13,054	—	40,431
<b>Total</b>	<b>\$ 31,684</b>	<b>\$ 53,004</b>	<b>\$ 45,173</b>	<b>\$ 28,539</b>	<b>\$ 158,400</b>

At January 2, 2021, we had outstanding purchase orders aggregating approximately \$341.9 million. The purchase orders, the majority of which are with our contract manufacturers for the purchase of inventory in the normal course of business, are for manufacturing and non-manufacturing related goods and services, and are generally cancellable without penalty. In circumstances where we determine that we have financial exposure associated with any of these commitments, we record a liability in the period in which that exposure is identified.

#### **Off-Balance Sheet Arrangements**

As of January 2, 2021, we had no off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K.

## **Recently Adopted Accounting Pronouncements**

See Note 2 to the accompanying consolidated financial statements for a description of recently adopted accounting standards.

## **Recently Issued Accounting Pronouncements**

See Note 2 to the accompanying consolidated financial statements for a description of certain recently issued accounting standards which may impact our financial statements in future reporting periods.

## **ITEM 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

### **Exchange Rate Sensitivity**

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

In addition to international business conducted in foreign currencies, we have international revenue denominated in U.S. dollars. As the U.S. dollar strengthens or weakens against other currencies, our international distributors may be impacted, which could affect their profitability and our ability to maintain current pricing levels on our international consumer products.

We regularly monitor the forecast of non-U.S. dollar revenue and expenses and the level of non-U.S. dollar monetary asset and liability balances to determine if any actions, including possibly entering into foreign currency contracts, should be taken to minimize the impact of fluctuating exchange rates on our results of operations. Periodically, we enter into forward exchange contracts to hedge against foreign currency fluctuations. These contracts may or may not be designated as cash flow hedges for accounting purposes. We use cash flow hedges primarily to reduce the effects of foreign exchange rate changes on sales in Euros and Japanese Yen. These contracts typically have maturities of three years or less. At January 2, 2021 and December 28, 2019, we had outstanding cash flow hedges with a total notional value of \$431.9 million and \$424.6 million, respectively.

We also enter into economic hedges that are not designated as hedges from an accounting standpoint to reduce or eliminate the effects of foreign exchange rate changes typically related to short term trade receivables and payables. These contracts have maturities of twelve months or less. At January 2, 2021 and December 28, 2019, we had outstanding economic hedges with a total notional value of \$192.2 million and \$116.5 million, respectively.

At January 2, 2021, assuming all other variables are constant, if the U.S. Dollar weakened or strengthened by 10%, the fair market value of our foreign currency contracts would increase or decrease by approximately \$49.9 million.

### **Interest Rate Sensitivity**

At January 2, 2021, we had unrestricted cash and cash equivalents of \$432.6 million and short term investments of \$51.1 million. The unrestricted cash and cash equivalents are held for working capital purposes. We do not enter into investments for trading or speculative purposes. Some of the securities in which we invest, however, may be subject to market risk. This means a change in prevailing interest rates may cause the fair market value of the investment to fluctuate. To minimize this risk in the future, we intend to maintain our portfolio of cash equivalents in a variety of securities, commercial paper, money market funds, debt securities and certificates of deposit. Due to the short-term nature of these investments, we believe we do not have any material exposure to changes in the fair value of our investment portfolio as a result of changes in interest rates. As of January 2, 2021, all of our cash and cash equivalents were held in demand deposits and money market funds.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**iROBOT CORPORATION  
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## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of iRobot Corporation

### ***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of iRobot Corporation and its subsidiaries (the "Company") as of January 2, 2021 and December 28, 2019, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended January 2, 2021, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of January 2, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of January 2, 2021 and December 28, 2019, and the results of its operations and its cash flows for each of the three years in the period ended January 2, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 2, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

### ***Change in Accounting Principle***

As discussed in Note 4 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019.

### ***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### ***Definition and Limitations of Internal Control over Financial Reporting***

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the



company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### ***Critical Audit Matters***

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### *Allowance for Product Returns*

As described in Notes 2 and 3 to the consolidated financial statements, the Company provides limited rights of returns for direct-to-consumer sales generated through its on-line stores and certain resellers and distributors. The Company records an allowance for product returns based on specific terms and conditions included in the customer agreements or based on historical experience and management's expectation of future returns. Returns and credits are estimated at the time of sale and updated at the end of each reporting period as additional information becomes available. As of January 2, 2021, the Company had reserves for product returns of \$64.3 million.

The principal considerations for our determination that performing procedures relating to the allowance for product returns is a critical audit matter are (i) the significant judgment by management in developing the allowance for product returns related to management's expectation of future returns; and (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence related to the allowance for product returns and management's expectation of future returns.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including the estimation of the allowance for product returns. These procedures also included, among others (i) testing management's process for developing the allowance for product returns, (ii) evaluating the appropriateness of management's approach to calculate the allowance for product returns, (iii) testing the completeness and accuracy of underlying historical sales and returns data used by management to develop the allowance for product returns, and (iv) evaluating the reasonableness of management's expectation of future returns based on historical experience by customer by product.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts  
February 16, 2021

We have served as the Company's auditor since 1999.

**iROBOT CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except per share amounts)

	January 2, 2021	December 28, 2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 432,635	\$ 239,392
Short term investments	51,081	17,032
Accounts receivable, net	170,526	146,161
Inventory	181,756	157,347
Other current assets	45,223	34,285
Total current assets	<u>881,221</u>	<u>594,217</u>
Property and equipment, net	76,584	75,988
Operating lease right-of-use assets	43,682	47,478
Deferred tax assets	33,404	41,791
Goodwill	125,872	118,732
Intangible assets, net	9,902	12,352
Other assets	19,063	30,195
Total assets	<u>\$ 1,189,728</u>	<u>\$ 920,753</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 165,779	\$ 116,185
Accrued expenses	131,388	81,768
Deferred revenue and customer advances	10,400	4,549
Total current liabilities	<u>307,567</u>	<u>202,502</u>
Operating lease liabilities	50,485	54,928
Deferred tax liabilities	705	912
Other long-term liabilities	26,537	10,342
Total long-term liabilities	<u>77,727</u>	<u>66,182</u>
Total liabilities	<u>385,294</u>	<u>268,684</u>
Commitments and contingencies (Note 13)		
Preferred stock, 5,000 shares authorized and none outstanding	—	—
Common stock, \$0.01 par value; 100,000 shares authorized; 28,184 and 28,352 shares issued and outstanding, respectively	282	284
Additional paid-in capital	205,256	196,455
Retained earnings	599,389	452,321
Accumulated other comprehensive (loss) income	(493)	3,009
Total stockholders' equity	<u>804,434</u>	<u>652,069</u>
Total liabilities and stockholders' equity	<u>\$ 1,189,728</u>	<u>\$ 920,753</u>

See accompanying Notes to Consolidated Financial Statements

**iROBOT CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(in thousands, except per share amounts)

	Fiscal Year Ended		
	January 2, 2021	December 28, 2019	December 29, 2018
Revenue	\$ 1,430,390	\$ 1,214,010	\$ 1,092,584
Cost of revenue:			
Cost of product revenue	758,241	658,362	518,612
Amortization of acquired intangible assets	1,920	11,721	18,544
Total cost of revenue	760,161	670,083	537,156
Gross profit	670,229	543,927	555,428
Operating expenses:			
Research and development	156,670	141,607	140,629
Selling and marketing	265,475	231,548	210,411
General and administrative	100,770	83,103	97,501
Amortization of acquired intangible assets	992	1,051	1,065
Total operating expenses	523,907	457,309	449,606
Operating income	146,322	86,618	105,822
Other income, net	41,593	12,215	2,800
Income before income taxes	187,915	98,833	108,622
Income tax expense	40,847	13,533	20,630
Net income	<u>\$ 147,068</u>	<u>\$ 85,300</u>	<u>\$ 87,992</u>
Net income per share:			
Basic	\$ 5.23	\$ 3.04	\$ 3.18
Diluted	\$ 5.14	\$ 2.97	\$ 3.07
Number of shares used in per share calculations:			
Basic	28,101	28,097	27,692
Diluted	28,618	28,735	28,640

See accompanying Notes to Consolidated Financial Statements

**iROBOT CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(in thousands)

	Fiscal Year Ended		
	January 2, 2021	December 28, 2019	December 29, 2018
Net income	\$ 147,068	\$ 85,300	\$ 87,992
Other comprehensive income:			
Net foreign currency translation adjustments	14,045	(3,435)	(5,896)
Net unrealized (losses) gains on cash flow hedges, net of tax	(13,932)	12,363	(327)
Net gains on cash flow hedge reclassified into earnings, net of tax	(3,587)	(1,418)	(499)
Net unrealized (losses) gains on marketable securities, net of tax	(28)	247	(18)
Total comprehensive income	<u>\$ 143,566</u>	<u>\$ 93,057</u>	<u>\$ 81,252</u>

See accompanying Notes to Consolidated Financial Statements

**iROBOT CORPORATION**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(in thousands)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Stockholders' Equity
	Shares	Value				
<b>Balance at December 30, 2017</b>	27,945	\$ 279	\$ 190,067	\$ 277,989	\$ 1,992	\$ 470,327
Issuance of common stock under employee stock plans	285	3	10,363			10,366
Vesting of restricted stock units	408	4	(4)			—
Stock-based compensation			25,804			25,804
Stock withheld to cover tax withholdings requirements upon restricted stock vesting	(51)	—	(3,532)			(3,532)
Other comprehensive loss					(6,740)	(6,740)
Directors' deferred compensation			65			65
Cumulative effect of a change in accounting principle related to adoption of ASC 606				1,040		1,040
Stock repurchases	(799)	(8)	(49,992)			(50,000)
Net income				87,992		87,992
<b>Balance at December 29, 2018</b>	27,788	\$ 278	\$ 172,771	\$ 367,021	\$ (4,748)	\$ 535,322
Issuance of common stock under employee stock plans	187	2	7,145			7,147
Vesting of restricted stock units	436	5	(5)			—
Stock-based compensation			23,744			23,744
Stock withheld to cover tax withholdings requirements upon restricted stock vesting	(59)	(1)	(7,276)			(7,277)
Other comprehensive income					7,757	7,757
Directors' deferred compensation			76			76
Net income				85,300		85,300
<b>Balance at December 28, 2019</b>	28,352	\$ 284	\$ 196,455	\$ 452,321	\$ 3,009	\$ 652,069
Issuance of common stock under employee stock plans	151	1	5,583			5,584
Vesting of restricted stock units	391	4	(4)			—
Stock-based compensation			29,975			29,975
Stock withheld to cover tax withholdings requirements upon restricted stock vesting	(46)	—	(1,845)			(1,845)
Other comprehensive loss					(3,502)	(3,502)
Directors' deferred compensation			85			85
Stock repurchases	(664)	(7)	(24,993)			(25,000)
Net income				147,068		147,068
<b>Balance at January 2, 2021</b>	28,184	\$ 282	\$ 205,256	\$ 599,389	\$ (493)	\$ 804,434

See accompanying Notes to Consolidated Financial Statements

**iROBOT CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

	Fiscal Year Ended		
	January 2, 2021	December 28, 2019	December 29, 2018
<b>Cash flows from operating activities:</b>			
Net income	\$ 147,068	\$ 85,300	\$ 87,992
Adjustments to reconcile net income to net cash provided by operating activities, net of the effects of acquisition:			
Depreciation and amortization	34,762	37,159	36,574
Gain on equity investment	(43,817)	(8,439)	—
Stock-based compensation	29,975	23,744	25,804
Deferred income taxes, net	13,837	(11,118)	(10,848)
Other	6,467	7,267	1,837
Changes in operating assets and liabilities — (use) source			
Accounts receivable	(21,893)	13,064	(23,920)
Inventory	(24,535)	7,307	(58,546)
Other assets	(15,804)	(3,310)	(8,533)
Accounts payable	48,699	(20,536)	22,470
Accrued expenses and other liabilities	57,289	(386)	(1,145)
Net cash provided by operating activities	<u>232,048</u>	<u>130,052</u>	<u>71,685</u>
<b>Cash flows from investing activities:</b>			
Additions of property and equipment	(31,599)	(35,337)	(32,422)
Change in other assets	(4,150)	(5,436)	(2,363)
Proceeds from sale of equity investments	—	9,787	856
Cash paid for business acquisition, net of cash acquired	—	(2,817)	—
Purchases of investments	—	—	(6,438)
Sales and maturities of investments	13,500	12,880	14,000
Net cash used in investing activities	<u>(22,249)</u>	<u>(20,923)</u>	<u>(26,367)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from employee stock plans	5,584	7,147	10,366
Income tax withholding payment associated with restricted stock vesting	(1,845)	(7,277)	(3,532)
Stock repurchases	(25,000)	—	(50,000)
Net cash used in financing activities	<u>(21,261)</u>	<u>(130)</u>	<u>(43,166)</u>
Effect of exchange rate changes on cash and cash equivalents	4,705	20	(414)
Net increase in cash and cash equivalents	193,243	109,019	1,738
Cash and cash equivalents, at beginning of period	239,392	130,373	128,635
Cash and cash equivalents, at end of period	<u>\$ 432,635</u>	<u>\$ 239,392</u>	<u>\$ 130,373</u>
<b>Supplemental disclosure of cash flow information</b>			
Cash paid for income taxes	\$ 19,929	\$ 22,582	\$ 39,517

See accompanying Notes to Consolidated Financial Statements

**iROBOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Nature of the Business**

iRobot Corporation ("iRobot" or the "Company") designs and builds robots that empower people to do more. iRobot's consumer robots help people find smarter ways to clean and accomplish more in their daily lives. The Company's portfolio of floor cleaning robots features proprietary technologies for the connected home and advanced concepts in cleaning, mapping and navigation, human-robot interaction and physical solutions. Leveraging this portfolio, our engineers are building an ecosystem of robots to help realize the smart home's potential. The Company's revenue is primarily generated from product sales through a variety of distribution channels, including chain stores and other national retailers, through the Company's own website and app, dedicated e-commerce websites, the online arms of traditional retailers and through value-added distributors and resellers worldwide.

**2. Summary of Significant Accounting Policies**

***Basis of Presentation and Foreign Currency Translation***

The accompanying consolidated financial statements include those of iRobot and its subsidiaries, after elimination of all intercompany balances and transactions. iRobot has prepared the accompanying consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP").

For the Company's subsidiaries that transact in a functional currency other than the U.S. dollar, assets and liabilities are translated into U.S. dollars at period-end foreign exchange rates. Revenues and expenses are translated into U.S. dollars at the average foreign exchange rates for the period. Translation adjustments are excluded from the determination of net income and are recorded in accumulated other comprehensive income (loss), a separate component of stockholders' equity.

The Company operates and reports using a 52-53 week fiscal year ending on the Saturday closest to December 31. Accordingly, the Company's fiscal quarters end on the Saturday that falls closest to the last day of the third month of each quarter. The fiscal year ended January 2, 2021 ("fiscal 2020") was a 53-week fiscal year. The fiscal years ended December 28, 2019 ("fiscal 2019") and December 29, 2018 ("fiscal 2018") were 52-week fiscal years.

***Use of Estimates***

The preparation of these financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenue and expenses. These estimates and judgments, include but are not limited to, revenue recognition, including performance obligations, variable consideration and other obligations such as product returns and incentives; allowance for credit losses; product warranties; valuation of goodwill and acquired intangible assets; valuation of non-marketable equity investments; evaluating loss contingencies; accounting for stock-based compensation including performance-based assessments; and accounting for income taxes and related valuation allowances. The Company bases these estimates and judgments on historical experience, market participant fair value considerations, projected future cash flows and various other factors that the Company believes are reasonable under the circumstances. Actual results may differ from the Company's estimates.

As of January 2, 2021, the impact of the COVID-19 pandemic remains dynamic and the nature and extent of its full impact will depend on several factors, including but not limited to, the duration and severity of the pandemic, advances in treatment and prevention, as well as the macroeconomic impact resulting from global responses to slow the spread. As a result, certain of our estimates and assumptions, including the allowance for credit losses and the valuation of non-marketable equity securities, including our impairment assessment, require increased judgment and carry a higher degree of variability and volatility that could result in material changes to our estimates in future periods.

***Cash and Cash Equivalents***

The Company considers all highly liquid investments with maturity of three months or less at the time of purchase to be cash and cash equivalents. The Company invests its excess cash primarily in money market funds or demand deposit accounts of major financial institutions. Accordingly, its cash and cash equivalents are subject to minimal credit and market risk. At January 2, 2021 and December 28, 2019, cash and cash equivalents totaled \$432.6 million and \$239.4 million, respectively. These cash and cash equivalents are carried at cost, which approximates fair value.

**iROBOT CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

***Short Term Investments***

The Company's short term investments include debt securities and marketable equity securities with readily determinable fair value. The Company's investments in debt securities are classified as available-for-sale and are recorded at fair value with any unrealized gain or loss recorded as an element of stockholders' equity. The change in fair value of the Company's investments in marketable equity securities is recognized as unrealized gains and losses in other income, net at the end of each reporting period. The fair value of investments is determined based on quoted market prices at the reporting date for those instruments. Investments consisted of the following (in thousands):

	January 2, 2021		December 28, 2019	
	Cost	Fair Market Value	Cost	Fair Market Value
Corporate and government bonds	\$ 3,498	\$ 3,505	\$ 17,016	\$ 17,032
Marketable equity securities	46,578	47,576	—	—
<b>Total short term investments</b>	<b>\$ 50,076</b>	<b>\$ 51,081</b>	<b>\$ 17,016</b>	<b>\$ 17,032</b>

As of January 2, 2021, the Company's bond investment had a maturity date of March 2021. The Company invests primarily in investment grade securities and limits the amount of investment in any single issuer.

***Credit Losses***

The Company is exposed to credit losses primarily through sales of its products. The Company assesses each customer's ability to pay by conducting a credit review which includes consideration of established credit ratings or an internal assessment of the customer's creditworthiness based on an analysis of their financial information when a credit rating is not available. The Company monitors the credit exposure through active review of customer balances. The Company's expected loss methodology for accounts receivable is developed through consideration of factors including, but not limited to, historical collection experience, current customer credit ratings, current and future economic and market conditions and age of the receivable. Although the Company historically has not experienced significant credit losses as it relates to trade accounts receivable, the COVID-19 pandemic has caused uncertainty in some customer accounts. The Company recorded its estimate of credit losses, resulting in an increase to the reserve and bad debt expense, of \$3.6 million during the fiscal year ended January 2, 2021. As of January 2, 2021 and December 28, 2019, the Company had an allowance for credit losses of \$4.8 million and \$1.2 million, respectively.

The Company's exposure to credit losses may increase if its customers are adversely affected by changes in economic pressures or uncertainty associated with local or global economic recessions or other customer-specific factors. It is possible that there could be a material adverse impact to the carrying amount of accounts receivables if the liquidity of retailers, resellers and distributors continues to be impacted by disruptions related to the COVID-19 pandemic.

***Accounts receivable allowances***

*Allowance for product returns:* The Company records an allowance for product returns based on specific terms and conditions included in the customer agreements or based on historical experience and the Company's expectation of future returns.

*Allowance for other credits and incentives:* The Company records an allowance related to customer incentives such as discounts, promotions, price protection and other support programs. The allowance is based on specific terms and conditions included in customer agreements, specific programs and historical experience.



**iROBOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Activity related to accounts receivable allowances was as follows (in thousands):

	Fiscal Year Ended		
	January 2, 2021	December 28, 2019	December 29, 2018
<b><i>Allowance for product returns</i></b>			
Balance at beginning of period	\$ 55,191	\$ 53,920	\$ 42,693
Provision	68,028	69,488	67,391
Deduction	(58,876)	(68,217)	(56,164)
Balance at end of period	<u>\$ 64,343</u>	<u>\$ 55,191</u>	<u>\$ 53,920</u>
<b><i>Allowance for other credits and incentives</i></b>			
Balance at beginning of period	\$ 134,046	\$ 97,737	\$ 61,359
Adjustment related to adoption of ASC 606	—	—	1,192
Provision	285,139	284,084	196,858
Deduction	(277,012)	(247,775)	(161,672)
Balance at end of period	<u>\$ 142,173</u>	<u>\$ 134,046</u>	<u>\$ 97,737</u>

***Inventory***

Inventory is stated at the lower of cost or net realizable value with cost being determined using the first-in, first-out method. The Company writes down its inventory for estimated obsolescence or excess inventory based upon assumptions around market conditions and estimates of future demand. Adjustments to reduce inventory to net realizable value are recognized in cost of revenue and have not been significant for the periods presented. Inventory primarily consists of finished goods at January 2, 2021 and December 28, 2019.

***Tariff Refunds***

On April 24, 2020, the Company was granted a temporary exclusion from Section 301 List 3 tariffs by the United States Trade Representative ("USTR"). This exclusion, as extended in August 2020, eliminated the 25% tariff on Roomba products imported from China until December 31, 2020 and entitled the Company to a refund of approximately \$57.0 million in tariffs paid since the date the Section 301 List 3 tariffs were imposed. The Section 301 tariffs from which these products were excluded were implemented at 10% beginning in September 2018 and increased to 25% in June 2019. As a result, the Company recognized approximately \$36.5 million of refunds for tariffs expensed in 2018 and 2019 as operating income (reduction to cost of product revenue) during the fiscal year ended January 2, 2021. As of January 2, 2021, the Company had received \$47.1 million of the tariff refund and the outstanding refund receivable was approximately \$9.9 million which is recorded in other current assets on the consolidated balance sheet. While tariff refund claims are subject to the approval of U.S. Customs, the Company currently expects to recover the entire remaining balance of \$9.9 million within the next nine months.

***Property and Equipment***

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives as follows:

	Estimated Useful Life
Computer and equipment	2-5 years
Furniture and fixtures	5
Machinery and tooling	2-5
Business applications software	3-7
Leasehold improvements	Lesser of economic benefit period or term of lease

Expenditures for additions and betterments of property and equipment are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. As assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized.

## iROBOT CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

#### *Goodwill and Other Long-Lived Assets*

Goodwill represents the excess of the purchase price in a business combination over the fair value of the net tangible and intangible assets acquired. Goodwill is not amortized but rather is assessed for impairment at the reporting unit level annually during the fourth quarter of each fiscal year or more frequently if the Company believes indicators of impairment exist. Goodwill impairment, if any, is determined by comparing the reporting unit's fair value to its carrying value. An impairment loss is recognized in an amount equal to the excess of the reporting unit's carrying value over its fair value, up to the amount of goodwill allocated to the reporting unit.

Other long-lived assets primarily consist of property and equipment, operating lease right-of-use assets and intangible assets. The Company periodically evaluates the recoverability of other long-lived assets whenever events and changes in circumstances, such as reductions in demand or significant economic slowdowns in the industry, indicate that the carrying amount of an asset may not be fully recoverable. When indicators of impairment are present, the carrying values of the asset group are evaluated in relation to the future undiscounted cash flows of the underlying business. The net book value of the underlying asset is adjusted to fair value if the sum of the expected discounted cash flows is less than book value. Fair values are based on estimates of market prices and assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates, reflecting varying degrees of perceived risk.

The impairment assessment of goodwill and other long-lived assets involves significant estimates and assumptions, which may be unpredictable and inherently uncertain. These estimates and assumptions include identification of reporting units and asset groups, long-term growth rates, profitability, estimated useful lives, comparable market multiples, and discount rates. Any changes in these assumptions could impact the result of the impairment assessment. There was no impairment of goodwill or other long-lived assets during fiscal 2020, 2019 and 2018.

#### *Strategic Investments*

The Company holds non-marketable equity securities as part of its strategic investments portfolio. The Company classifies the majority of these securities as equity securities without readily determinable fair values and measures these investments at cost, less any impairment, adjusted for observable price changes. These investments are valued using significant unobservable inputs or data in an inactive market and the valuation requires the Company's judgment due to the absence of market prices and inherent lack of liquidity. The estimated fair value is based on quantitative and qualitative factors including, but not limited to, subsequent financing activities by the investee and projected discounted cash flows. At January 2, 2021 and December 28, 2019, the Company's equity securities without readily determinable fair values totaled \$17.4 million and \$21.0 million, respectively, and are included in other assets on the consolidated balance sheets.

On July 1, 2020, Teladoc Health, Inc. ("Teladoc") closed on its previously announced acquisition of InTouch Health, of which the Company held non-marketable equity securities. In exchange for its shares of InTouch Health, the Company received 0.2 million shares of Teladoc and recorded a gain of \$38.6 million to other income, net during the fiscal year ended January 2, 2021. The Teladoc shares received are subject to time based contractual sales restrictions which expire in January 2021. These shares are accounted for as marketable equity securities and measured at fair value with unrealized gains and losses recognized in other income, net at the end of each reporting period. As a result, the Company entered into an economic hedge in July 2020 to reduce the Company's exposure to stock price fluctuations during the restricted period. During the fiscal year ended January 2, 2021, the Company recorded a net gain of \$4.9 million from the remeasurements of Teladoc shares and related hedge. As of January 2, 2021, the shares in Teladoc were valued at \$47.6 million and are recorded in short term investments on the consolidated balance sheet. Subsequent to fiscal 2020, the Company received net proceeds of \$51.5 million related to the sale of Teladoc shares and settlement of the related hedge during January 2021.

#### *Warranty*

The Company generally provides a one-year warranty on all of its products except in countries where a two-year warranty is required against defects in materials and workmanship. The Company's standard warranty provides for repair or replacement of the associated products during the warranty period. The Company records estimated warranty costs in the period the related revenue is recognized based on historical experience, expectations of future costs to repair or replace and knowledge of specific product failures outside the Company's historical experience. Actual results could differ from these estimates, which could cause increases or decreases to the warranty reserves in future periods.

## iROBOT CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

#### *Financial Instruments and Hedging Activities*

The Company utilizes derivative instruments to partially offset its financial risks to foreign exchange risk. The Company does not engage in speculative hedging activity. In order to account for a derivative instrument as a cash flow hedge, specific criteria must be met, including: (i) ensuring at the inception of the hedge that formal documentation exists for both the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge and (ii) at the inception of the hedge and on an ongoing basis, the hedging relationship is expected to be highly effective in achieving offsetting changes in fair value attributed to the hedged risk during the period that the hedge is designated. Cash flow hedge amounts that are included in the assessment of hedge effectiveness are deferred in accumulated other comprehensive income (loss) until the hedged item is recognized in earnings. Deferred gains and losses associated with cash flow hedges are recognized as a component of net sales in the same period as the related revenue is recognized. Absent meeting these criteria, changes in fair value are recognized in other income, net, in the consolidated statements of income. The Company may also enter into non-designated foreign currency contracts to offset a portion of the foreign currency exchange gains and losses generated by the remeasurement of certain assets and liabilities denominated in non-functional currencies. Changes in fair value are recognized in other income, net, in the consolidated statements of income.

#### *Fair Value Measurements*

The Company accounts for certain assets and liabilities at fair value. The fair value is established based on a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1 - observable inputs such as quoted prices for identical instruments in active markets;
- Level 2 - inputs other than quoted prices in active markets that are either directly or indirectly observable; and
- Level 3 - unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

#### *Stock-Based Compensation*

The Company accounts for stock-based compensation through recognition of the fair value of the stock-based compensation as a charge against earnings. The fair value for time-based restricted stock units and performance-based restricted stock units is based on the closing share price of the Company's common stock on the date of grant. For performance-based restricted stock units, the compensation cost is recognized based on the number of units expected to vest upon the achievement of the performance conditions. The Company recognizes stock-based compensation as an expense on a straight-line basis, over the requisite service period. The Company accounts for forfeitures as they occur, rather than applying an estimated forfeiture rate.

#### *Research and Development*

Costs incurred in the research and development of the Company's products are expensed as incurred.

#### *Advertising Expense*

The Company expenses advertising costs as they are incurred. During the years ended January 2, 2021, December 28, 2019 and December 29, 2018 advertising expense totaled \$145.2 million, \$125.0 million and \$114.0 million, respectively, and are recorded within the selling and marketing expenses in its consolidated statements of income.

#### *Income Taxes*

Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis using enacted tax rates in effect in the years in which those temporary differences are expected to be recovered or settled in each jurisdiction. A valuation allowance is provided if, based upon the weight of available evidence, it is more likely than not that the related benefits will not be realized. The Company regularly reviews the deferred tax assets for recoverability considering historical profitability, projected future taxable income, future reversals of existing taxable temporary differences, as well as feasible tax planning strategies in each jurisdiction. As of January 2, 2021, December 28, 2019 and December 29, 2018, the Company had a valuation allowance of \$7.6 million, \$3.8 million and \$1.1 million, respectively, for certain deferred tax assets for which the Company believes do not meet the "more likely than not" criteria for recognition.

The Company reports a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in the income tax provision.

**iROBOT CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

***Concentration of Credit Risk and Significant Customers***

Financial instruments which potentially expose the Company to concentrations of credit risk consist of accounts receivable and cash and cash equivalents. Management believes its credit policies are prudent and reflect normal industry terms and business risk. At January 2, 2021, one customer accounted for 17.6% of the Company's accounts receivable balance. At December 28, 2019, two customers accounted for a total of 26.6% of the Company's accounts receivable balance. For the fiscal years ended January 2, 2021, December 28, 2019, and December 29, 2018, there was one customer that accounted for 10% or more of total revenue, representing 22.7%, 21.3% and 17.3%, of the Company's total revenue, respectively.

The Company maintains its cash in bank deposit accounts and money market funds at high quality financial institutions. The individual balances, at times, may exceed federally insured limits. These deposits may be redeemed upon demand, and management believes that the financial institutions that hold the Company's cash and cash equivalents are financially sound and, accordingly, minimal credit risk exists with respect to cash and cash equivalents.

***Net Income Per Share***

Basic income per share is calculated using the Company's weighted-average outstanding common shares. Diluted income per share is calculated using the Company's weighted-average outstanding common shares including the dilutive effect of stock awards as determined under the treasury stock method.

The following table presents the calculation of both basic and diluted net income per share (in thousands, except per share amounts):

	Fiscal Year Ended		
	January 2, 2021	December 28, 2019	December 29, 2018
Net income	\$ 147,068	\$ 85,300	\$ 87,992
Weighted-average shares outstanding	28,101	28,097	27,692
Dilutive effect of employee stock plans	517	638	948
Diluted weighted-average shares outstanding	28,618	28,735	28,640
Basic income per share	\$ 5.23	\$ 3.04	\$ 3.18
Diluted income per share	\$ 5.14	\$ 2.97	\$ 3.07

Employee stock awards representing approximately 0.2 million, 0.2 million and 0.0 million shares of common stock for the fiscal years ended January 2, 2021, December 28, 2019 and December 29, 2018, respectively, were excluded from the computation of diluted earnings per share as their effect would have been antidilutive.

***Recently Adopted Accounting Standards***

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, "Measurement of Credit Losses on Financial Instruments," which amends the impairment model by requiring entities to use a forward-looking approach based on expected losses rather than incurred losses to estimate credit losses on certain types of financial instruments. The Company adopted the standard effective December 29, 2019 which resulted in no adjustment to the allowance for credit losses upon adoption. See the description of the Company's "Credit Losses" accounting policy above.

In August 2018, the FASB issued ASU No. 2018-13, "Fair Value Measurement: Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement." The amendment modifies disclosure requirements related to fair value measurement. The Company adopted this standard effective December 29, 2019 which did not have a material impact on the Company's consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU No. 2018-15, "Intangibles - Goodwill and Other - Internal-Use Software." The new standard aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). The Company adopted the standard using the prospective method effective December 29, 2019 which did not have a material impact on the Company's consolidated financial statements.

## iROBOT CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

#### *Recently Issued Accounting Standards*

In December 2019, the FASB issued ASU No. 2019-12, "Income Taxes - Simplifying the Accounting for Income Taxes." The ASU simplifies the accounting for income taxes by removing certain exceptions to the general principles as well as clarifying and amending existing guidance to improve consistent application. The amendments to this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. Depending on the amendment, adoption may be applied on the retrospective, modified retrospective or prospective basis. The Company will adopt the ASU effective January 3, 2021, and has concluded that there is no impact to the consolidated financial statements upon adoption.

From time to time, new accounting pronouncements are issued by FASB that are adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that recently issued standards, which are not yet effective, will not have a material impact on the Company's consolidated financial statements upon adoption.

#### **3. Revenue Recognition**

The Company primarily derives its revenue from the sale of consumer robots and accessories. The Company sells products directly to consumers through online stores and indirectly through resellers and distributors. Revenue is recognized upon transfer of control of promised products or services to customers, generally as title and risk of loss pass, in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. Revenue is recognized only to the extent that it is probable that a significant reversal of revenue will not occur and when collection is considered probable. Taxes collected from customers, which are subsequently remitted to governmental authorities, are excluded from revenue. Shipping and handling expenses are considered fulfillment activities and are expensed as incurred.

The Company's consumer robots are highly dependent on, and interrelated with, the embedded software and cannot function without the software. As such, the consumer robots are accounted for as a single performance obligation, and the revenue is recognized at a point in time when the control is transferred to distributors, resellers or directly to end customers through online stores. For certain consumer robots with Wi-Fi capability ("connected robots"), each sale represents an arrangement with multiple promises consisting of the robot, downloadable free app, cloud services and potential future unspecified software upgrades. The Company has determined that the app, cloud services and potential future unspecified software upgrades represent one promised service to the customer to enhance the functionality and interaction with the robot (referred to collectively as "Cloud Services").

For contracts that contain multiple performance obligations, the transaction price is allocated to each performance obligation based on a relative standalone selling price ("SSP"). The Company estimates SSP for items that are not sold separately, using market data if available or analysis of the cost of providing the products or services plus a reasonable margin. The transaction price allocated to the robots is recognized as revenue at a point in time when control is transferred and when collection is considered probable. The transaction price allocated to the Cloud Services is deferred and recognized on a straight-line basis over the estimated term of the Cloud Services. For contracts with a duration of greater than one year, the transaction price allocated to performance obligations that are unsatisfied as of January 2, 2021 and December 28, 2019 was \$11.5 million and \$4.0 million, respectively. The Company does not disclose the value of unsatisfied performance obligations for contracts with an original expected duration of one year or less.

The Company's products generally carry a one-year or two-year limited warranty that promises customers that delivered products are as specified. The Company does not consider these assurance-type warranties as a separate performance obligation and therefore, the Company accounts for such warranties under ASC 460, "Guarantees." During the fourth quarter of 2020, the Company began offering its customers the option to purchase an extended warranty for a fee. Amounts paid for the extended warranty plans are deferred and recognized as revenue on a straight-line basis over the service period.

**iROBOT CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The Company provides limited rights of returns for direct-to-consumer sales generated through its on-line stores and certain resellers and distributors. The Company records an allowance for product returns based on specific terms and conditions included in the customer agreements or based on historical experience and the Company's expectation of future returns. In addition, the Company may provide other credits or incentives which are accounted for as variable consideration when estimating the amount of revenue to recognize. Where appropriate, these estimates take into consideration relevant factors such as the Company's historical experience, current contractual requirements, specific known market events and forecasted inventory level in the channels. Overall, these reserves reflect the Company's best estimates, and the actual amounts of consideration ultimately received may differ from the Company's estimates. Returns and credits are estimated at the time of sale and updated at the end of each reporting period as additional information becomes available. As of January 2, 2021, the Company has reserves for product returns of \$64.3 million and other credits and incentives of \$142.2 million. As of December 28, 2019, the Company had reserves for product returns of \$55.2 million and other credits and incentives of \$134.0 million. Revenue recognized during the years ended January 2, 2021 and December 28, 2019 related to performance obligations satisfied in a prior period was not material.

***Disaggregation of Revenue***

The following table provides information about disaggregated revenue by geographical region (in thousands):

	<b>January 2, 2021</b>	<b>December 28, 2019</b>	<b>December 29, 2018</b>
United States	\$ 744,648	\$ 603,618	\$ 560,995
EMEA	386,007	357,760	311,659
Japan	193,304	160,875	132,813
Other	106,431	91,757	87,117
<b>Total revenue</b>	<b>\$ 1,430,390</b>	<b>\$ 1,214,010</b>	<b>\$ 1,092,584</b>

***Contract Balances***

The following table provides information about receivables and contract liabilities from contracts with customers (in thousands):

	<b>January 2, 2021</b>	<b>December 28, 2019</b>
Accounts receivable, net	\$ 170,526	\$ 146,161
Contract liabilities	17,700	6,991

The Company invoices customers based upon contractual billing schedules, and accounts receivable are recorded when the right to consideration becomes unconditional. Contract liabilities include deferred revenue associated with the Cloud Services and extended warranty plans as well as prepayments received from customers in advance of product shipments. The change in the opening and closing balances of the Company's contract assets and contract liabilities primarily results from the timing difference between the Company's performance and the customer's payment. During the years ended January 2, 2021 and December 28, 2019, the Company recognized \$5.5 million and \$5.8 million, respectively, of the contract liability balance as revenue upon transfer of the products or services to customers.

**4. Leases**

The Company's leasing arrangements primarily consist of operating leases for its facilities which include corporate, sales and marketing and research and development offices and equipment under various non-cancelable lease arrangements. For leases with terms greater than 12 months, the Company records the related right-of-use asset and lease obligation at the present value of lease payments over the term. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized on a straight-line basis over the lease term. The Company's leases typically include rental escalation clauses, renewal options and/or termination options that are factored into the determination of lease payments when appropriate. The Company does not separate lease and nonlease components of contracts and excludes all variable lease payments from the measurement of right-of-use assets and lease liabilities. The Company's variable lease payments generally include usage based nonlease components. The Company's lease agreements do not contain any residual value guarantees or restrictive covenants.

The Company's existing leases do not provide a readily determinable implicit rate. Therefore, the Company estimates its incremental borrowing rate to discount the lease payments based on information available at December 30, 2018 (date of initial

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

application) or the lease commencement date for new leases post adoption. At January 2, 2021, the Company's weighted average discount rate was 3.56%, while the weighted average remaining lease term was 8.30 years.

The components of lease expense were as follows (in thousands):

	<b>January 2, 2021</b>	<b>December 28, 2019</b>
Operating lease cost	\$ 9,363	\$ 8,777
Variable lease cost	3,583	4,096
Total lease cost	<u>\$ 12,946</u>	<u>\$ 12,873</u>

Supplemental cash flow information related to leases was as follows (in thousands):

	<b>January 2, 2021</b>	<b>December 28, 2019</b>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 9,862	\$ 9,540
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 2,310	\$ 53,227

Maturities of operating lease liabilities were as follows as of January 2, 2021 (in thousands):

2021	\$ 8,226
2022	8,633
2023	7,647
2024	6,590
2025	6,612
Thereafter	28,539
Total minimum lease payments	<u>\$ 66,247</u>
Less: imputed interest	9,447
Present value of future minimum lease payments	<u>\$ 56,800</u>
Less: current portion of operating lease liabilities (Note 7)	6,315
Long-term lease liabilities	<u>\$ 50,485</u>

***Financial Statement Impact of Adopting ASC 842***

The Company adopted ASC 842 effective December 30, 2018 using the alternative transition method. Under this alternative transition method, a company is permitted to use its effective date as the date of initial application without restating comparative period financial statements. The Company elected the package of practical expedients permitted under the transition guidance, which allowed the Company to carryforward its historical assessments of (1) whether contracts are or contain leases, (2) lease classification and (3) initial direct costs. In addition, the Company elected the practical expedient to use hindsight in determining lease term. The adoption of the new standard resulted in the recognition of right-of-use assets and lease liabilities of approximately \$52.8 million and \$67.3 million, respectively. The standard did not materially impact the Company's consolidated income or cash flows.

**iROBOT CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**5. Property and Equipment**

Property and equipment consists of the following (in thousands):

	January 2, 2021	December 28, 2019
Computer and equipment	\$ 13,617	\$ 13,588
Furniture and fixtures	8,394	6,494
Machinery and tooling	80,715	79,213
Leasehold improvements	36,459	39,538
Business applications software	19,185	17,933
Other	1,642	—
Subtotal	<u>160,012</u>	<u>156,766</u>
Less: accumulated depreciation	83,428	80,778
Property and equipment, net	<u>\$ 76,584</u>	<u>\$ 75,988</u>

As of January 2, 2021 and December 28, 2019, the net book value of capitalized internal-use software costs was \$6.5 million and \$6.8 million, respectively, which are included within business applications software.

Depreciation expense for the years ended January 2, 2021, December 28, 2019 and December 29, 2018 was \$31.9 million, \$24.4 million, and \$17.0 million, respectively, which included amortization expense of \$2.1 million, \$1.5 million and \$1.2 million, respectively, for capitalized internal-use software.

**6. Goodwill and other intangible assets**

The following table summarizes the activity in the carrying amount of goodwill and intangible assets for fiscal years 2020 and 2019 (in thousands):

Balance as of December 29, 2018	\$ 118,896
Acquisition	2,050
Effect of foreign currency translation	<u>(2,214)</u>
Balance as of December 28, 2019	118,732
Effect of foreign currency translation	<u>7,140</u>
Balance as of January 2, 2021	<u>\$ 125,872</u>

Intangible assets consisted of the following (in thousands):

	January 2, 2021			December 28, 2019		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Completed technology	\$ 28,100	\$ 26,525	\$ 1,575	\$ 28,100	\$ 24,605	\$ 3,495
Tradename	100	100	—	100	100	—
Customer relationships	11,728	3,401	8,327	11,095	2,302	8,793
Reacquired distribution rights	34,318	34,318	—	31,680	31,680	—
Non-competition agreements	280	280	—	256	192	64
Total	<u>\$ 74,526</u>	<u>\$ 64,624</u>	<u>\$ 9,902</u>	<u>\$ 71,231</u>	<u>\$ 58,879</u>	<u>\$ 12,352</u>

Amortization expense related to acquired intangible assets was \$2.9 million, \$12.8 million and \$19.6 million for the fiscal years ended January 2, 2021, December 28, 2019 and December 29, 2018, respectively.



**iROBOT CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The estimated future amortization expense related to current intangible assets in each of the five succeeding fiscal years is expected to be as follows (in thousands):

	<b>Cost of Revenue</b>	<b>Operating Expenses</b>	<b>Total</b>
2021	\$ 900	\$ 823	\$ 1,723
2022	675	823	1,498
2023	—	823	823
2024	—	823	823
2025	—	823	823
Thereafter	—	4,212	4,212
Total	<u>\$ 1,575</u>	<u>\$ 8,327</u>	<u>\$ 9,902</u>

**iROBOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**7. Accrued Expenses**

Accrued expenses consist of the following (in thousands):

	January 2, 2021	December 28, 2019
Accrued bonus	\$ 31,523	\$ 12,541
Accrued warranty	24,392	13,856
Accrued manufacturing and logistics cost	20,093	14,383
Accrued compensation and benefits	17,635	13,331
Accrued sales and other indirect taxes payable	15,480	12,440
Current portion of operating lease liabilities	6,315	6,843
Accrued income taxes	3,806	3,378
Accrued other	12,144	4,996
	<u>\$ 131,388</u>	<u>\$ 81,768</u>

**8. Working Capital Facility**

***Credit Facility***

In June 2018, the Company entered into a new agreement with Bank of America, N.A., increasing the amount of the unsecured revolving line of credit from \$75.0 million to \$150.0 million and extending the term of the credit facility to June 2023. As of January 2, 2021, the Company had no outstanding borrowings under the revolving credit facility. The revolving line of credit is available to fund working capital and other corporate purposes. The interest on loans under the credit facility accrues, at the Company's election, at either (1) LIBOR plus a margin, currently equal to 1.0%, based on the Company's ratio of indebtedness to Adjusted EBITDA (the "Eurodollar Rate"), or (2) the lender's base rate. The lender's base rate is equal to the highest of (1) the federal funds rate plus 0.5%, (2) the lender's prime rate and (3) the Eurodollar Rate plus 1.0%. In the event that LIBOR is discontinued as expected in 2021, the Company expects the interest rates for its debt following such event will be based on either alternate base rates or agreed upon replacement rates. While the Company does not expect a LIBOR discontinuation would affect its ability to borrow or maintain already outstanding borrowings, it could result in higher interest rates.

The credit facility contains customary terms and conditions for credit facilities of this type, including restrictions on the Company's ability to incur or guarantee additional indebtedness, create liens, enter into transactions with affiliates, make loans or investments, sell assets, pay dividends or make distributions on, or repurchase, its stock, and consolidate or merge with other entities. In addition, the Company is required to meet certain financial covenants customary with this type of agreement, including maintaining a maximum ratio of indebtedness to Adjusted EBITDA and a minimum specified interest coverage ratio.

The credit facility contains customary events of default, including for payment defaults, breaches of representations, breaches of affirmative or negative covenants, cross defaults to other material indebtedness, bankruptcy and failure to discharge certain judgments. If a default occurs and is not cured within any applicable cure period or is not waived, the Company's obligations under the credit facility may be accelerated.

As of January 2, 2021, the Company was in compliance with all covenants under the revolving credit facility.

***Lines of Credit***

The Company has an unsecured letter of credit facility with Bank of America, N.A., available to fund letters of credit up to an aggregate outstanding amount of \$5.0 million. As of January 2, 2021, the Company had letters of credit outstanding of \$0.7 million under the letter of credit facility and other lines of credit with Bank of America, N.A.

The Company has an unsecured guarantee line of credit with Mizuho, Bank Ltd., available to fund import tax payments up to an aggregate outstanding amount of 220.0 million Japanese Yen. As of January 2, 2021, the Company had no outstanding balance under the guarantee line of credit.

**iROBOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**9. Derivative Instruments and Hedging Activities**

The Company operates internationally and, in the normal course of business, is exposed to fluctuations in foreign currency exchange rates. The foreign currency exposures typically arise from transactions denominated in currencies other than the functional currency of the Company's operations, primarily the British Pound, Canadian Dollar, Euro and Japanese Yen. The Company uses derivative instruments that are designated in cash flow hedge relationships to reduce or eliminate the effects of foreign exchange rate change on sales. These contracts typically have maturities of three years or less. At January 2, 2021 and December 28, 2019, the Company had outstanding cash flow hedges with a total notional value of \$431.9 million and \$424.6 million, respectively.

The Company also enters into economic hedges that are not designated as hedges from an accounting standpoint to reduce or eliminate the effects of foreign exchange rate changes typically related to short term trade receivables and payables. These contracts typically have maturities of twelve months or less. As of January 2, 2021 and December 28, 2019, the Company had outstanding foreign currency economic hedges with a total notional value of \$192.2 million and \$116.5 million, respectively.

As described in Note 2, during July 2020, the Company entered into a forward sale contract as an economic hedge to reduce the Company's exposure to stock price fluctuations on one of its marketable equity securities. The contract has a maturity date of January 2021. At January 2, 2021, the total notional value of this economic hedge was \$51.5 million.

The fair values of derivative instruments are as follows (in thousands):

	Classification	Fair Value	
		January 2, 2021	December 28, 2019
<b>Derivatives not designated as hedging instruments:</b>			
Foreign currency forward contracts	Other current assets	\$ 261	\$ 1,855
Foreign currency forward contracts	Accrued expenses	2,176	297
Forward sale contract	Other current assets	3,904	—
<b>Derivatives designated as cash flow hedges:</b>			
Foreign currency forward contracts	Other current assets	\$ 362	\$ 4,347
Foreign currency forward contracts	Other assets	679	9,112
Foreign currency forward contracts	Accrued expenses	2,092	47
Foreign currency forward contracts	Long-term liabilities	8,554	414

Gains (losses) associated with derivative instruments not designated as hedging instruments are as follows (in thousands):

	Classification	Fiscal year ended	
		January 2, 2021	December 28, 2019
Gain (loss) recognized in income	Other income, net	\$ (188)	\$ 89

The following tables reflect the effect of derivatives designated as cash flow hedging for the years ended (in thousands):

	Gain (loss) recognized in OCI on Derivative (1)	
	Fiscal year ended	
	January 2, 2021	December 28, 2019
Foreign currency forward contracts	\$ (18,504)	\$ 16,483

(1) The amount represents the change in fair value of derivative contracts due to changes in spot rates.

**iROBOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

	<u>Gain (loss) recognized in earnings on cash flow hedging instruments</u>	
	<u>January 2, 2021</u>	<u>December 28, 2019</u>
	<u>Revenue</u>	<u>Revenue</u>
Consolidated statements of income in which the effects of cash flow hedging instruments are recorded	\$ 1,430,390	\$ 1,214,010
Gain or (loss) on cash flow hedging relationships:		
Foreign currency forward contracts:		
Amount of gain (loss) reclassified from AOCI into earnings	\$ 4,783	\$ 1,889

**10. Fair Value Measurements**

The Company's financial assets and liabilities measured at fair value on a recurring basis were as follows (in thousands):

	<u>Fair Value Measurements as of</u>		
	<u>January 2, 2021</u>		
	<u>Level 1</u>	<u>Level 2 (1)</u>	<u>Level 3</u>
Assets:			
Money market funds	\$ 47,529	\$ —	\$ —
Marketable equity securities, \$46,578 at cost (2)	47,576	—	—
Corporate bonds, \$3,498 at cost (3)	—	3,505	—
Derivative instruments (Note 9)	—	5,206	—
Total assets measured at fair value	<u>\$ 95,105</u>	<u>\$ 8,711</u>	<u>\$ —</u>
Liabilities:			
Derivative instruments (Note 9)	\$ —	\$ 12,822	\$ —
Total liabilities measured at fair value	<u>\$ —</u>	<u>\$ 12,822</u>	<u>\$ —</u>

The Company's financial assets and liabilities measured at fair value on a recurring basis were as follows (in thousands):

	<u>Fair Value Measurements as of</u>		
	<u>December 28, 2019</u>		
	<u>Level 1</u>	<u>Level 2 (1)</u>	<u>Level 3</u>
Assets:			
Corporate and government bonds, \$17,016 at cost	\$ —	\$ 17,032	\$ —
Derivative instruments (Note 9)	—	15,314	—
Total assets measured at fair value	<u>\$ —</u>	<u>\$ 32,346</u>	<u>\$ —</u>
Liabilities:			
Derivative instruments (Note 9)	\$ —	\$ 758	\$ —
Total liabilities measured at fair value	<u>\$ —</u>	<u>\$ 758</u>	<u>\$ —</u>

- (1) Level 2 fair value estimates are based on observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- (2) The related unrealized gain recorded in Other income, net was \$1.0 million for the fiscal year ended January 2, 2021. Marketable equity securities are included in short term investments on the consolidated balance sheet.

**iROBOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

(3) As of January 2, 2021, the Company's investment had a maturity date of March 2021.

**11. Stockholders' Equity**

***Preferred Stock***

The Company has authorized 5,000,000 shares of undesignated preferred stock with a par value of \$0.01 per share. None of the preferred shares were issued and outstanding at January 2, 2021 and December 28, 2019.

***Common Stock***

Common stockholders are entitled to one vote for each share held and to receive dividends if and when declared by the Company's board of directors and subject to and qualified by the rights of holders of the preferred stock. Upon dissolution or liquidation of the Company, holders of common stock will be entitled to receive all available assets subject to any preferential rights of any then outstanding preferred stock.

***Share Repurchase Activity***

The Company's Board of Directors approved a stock repurchase program authorizing up to \$200.0 million in share repurchases from time to time until September 2021. On March 10, 2020, the Company entered into a Rule 10b5-1 plan to repurchase \$25.0 million of common stock in the aggregate beginning March 13, 2020 and ending April 30, 2020. The Company repurchased 663,602 shares of its common stock at an average price of \$37.65, totaling \$25.0 million in March 2020.

**12. Stock-Based Compensation**

The Company has awards and options outstanding under three stock incentive plans: the 2005 Stock Option and Incentive Plan (the "2005 Plan"), the 2015 Stock Option and Incentive Plan (the "2015 Plan") and the 2018 Stock Option and Incentive Plan (the "2018 Plan" and together with 2005 Plan and the 2015 Plan, the "Plans"). The 2018 Plan is the only one of the three plans under which new awards may currently be granted. Under the 2018 Plan, which became effective on May 23, 2018, 1,750,000 shares were initially reserved for issuance in the form of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock awards, restricted stock units, unrestricted stock awards, cash-based awards, and dividend equivalent rights. On May 21, 2020, the stockholders approved an amendment to the 2018 Plan to increase the number of aggregate shares authorized for issuance to 2,495,000 shares, an increase of 745,000 shares. Stock awards returned to the Plans, with the exception of those issued under the 2005 Plan, as a result of their expiration, cancellation or termination are automatically made available for issuance under the 2018 Plan. As of January 2, 2021, there were 1,562,092 shares available for future grant under the 2018 Plan. The Company recognized \$30.0 million, \$23.7 million and \$25.8 million of stock-based compensation expense during the fiscal years ended January 2, 2021, December 28, 2019, and December 29, 2018, respectively.

Stock-based compensation breaks down by expense classification as follows (in thousands):

	Fiscal Year Ended		
	January 2, 2021	December 28, 2019	December 29, 2018
Cost of revenue	\$ 1,511	\$ 1,486	\$ 1,407
Research and development	10,655	9,186	7,494
Selling and marketing	3,700	3,323	2,842
General and administrative	14,109	9,749	14,061
Total	<u>\$ 29,975</u>	<u>\$ 23,744</u>	<u>\$ 25,804</u>

***Stock Options***

Options granted under the Plans are exercisable in full at any time subsequent to vesting, generally vest over four years, and expire five years or ten years from the date of grant or, if earlier, 90 days from employee termination. The exercise price of stock options is typically equal to the Company's closing stock price on the date of grant.

**iROBOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The following table summarizes stock option activity for fiscal years 2020, 2019 and 2018:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (1)
Outstanding at December 30, 2017	712,954	\$ 34.34		
Granted	—	—		
Exercised	(239,830)	33.40		
Canceled	(10,863)	46.20		
Outstanding at December 29, 2018	462,261	34.55		
Granted	—	—		
Exercised	(127,024)	32.95		
Canceled	(12,329)	37.03		
Outstanding at December 28, 2019	322,908	35.08		
Granted	—	—		
Exercised	(88,292)	31.40		
Canceled	(1,938)	45.89		
Outstanding at January 2, 2021	<u>232,678</u>	\$ 36.39	1.75 years	\$10.21 million
Vested and expected to vest at January 2, 2021	232,678	\$ 36.39	1.75 years	\$10.21 million
Exercisable as of January 2, 2021	232,116	\$ 36.34	1.75 years	\$10.20 million

(1) The aggregate intrinsic value on the table above represents the difference between the Company's closing stock price on January 2, 2021 of \$80.29 and the exercise price of the underlying in-the-money option.

During fiscal years 2020, 2019 and 2018, the total intrinsic value of stock options exercised was \$2.6 million, \$8.9 million, and \$14.9 million, respectively. As of January 2, 2021, the unamortized compensation costs associated with stock options was \$0.01 million with a weighted-average remaining recognition period of 0.18 years.

***Time-based Restricted Stock Units***

Time-based restricted stock units entitle the holder to a specific number of shares of common stock upon vesting, typically over a four year period. As of January 2, 2021, the unamortized compensation costs associated with restricted stock units was \$49.4 million with a weighted-average remaining recognition period of 2.69 years.

**iROBOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The following table summarizes the time-based restricted stock unit activity for fiscal years 2020, 2019 and 2018:

	Number of Shares Underlying Restricted Stock	Weighted Average Grant Date Fair Value
Outstanding at December 30, 2017	938,453	\$ 51.24
Granted	307,614	81.55
Vested	(351,816)	47.30
Forfeited	(38,362)	60.62
Outstanding at December 29, 2018	855,889	63.32
Granted	407,325	79.91
Vested	(358,119)	54.89
Forfeited	(85,863)	76.85
Outstanding at December 28, 2019	819,232	73.83
Granted	493,908	61.53
Vested	(318,079)	67.95
Forfeited	(101,028)	75.20
Outstanding at January 2, 2021	894,033	\$ 68.97

The aggregate intrinsic value of outstanding time-based restricted stock units at January 2, 2021 was \$71.8 million based on the Company's closing stock price on January 2, 2021 of \$80.29, with a weighted average remaining contractual term of 1.58 years.

***Performance-Based Restricted Stock Units***

The Company grants performance-based restricted stock units ("PSUs") to certain of its employees. The PSUs have performance metrics based on financial performance of the Company measured at the end of a three year performance period. The number of shares actually earned at the end of the three-year period will range from 0% to 200% of the target number of PSUs granted based on the Company's performance against the performance conditions.

The unamortized fair value as of January 2, 2021 associated with performance based restricted stock units was \$9.1 million with a weighted-average remaining recognition period of 1.50 years.

The following table summarizes the performance-based restricted stock unit activity for fiscal years 2020, 2019 and 2018:

	Number of Shares Underlying PSU	Weighted Average Grant Date Fair Value
Outstanding at December 20, 2017	242,061	\$ 43.97
Granted	91,538	68.41
Vested	(56,259)	34.30
Forfeited	(3,221)	45.71
Outstanding at December 29, 2018	274,119	54.10
Granted	70,827	122.20
Vested	(78,943)	33.33
Forfeited	(49,772)	78.29
Outstanding at December 28, 2019	216,231	78.42
Granted	130,284	46.77
Vested	(71,734)	61.44
Forfeited	(45,129)	75.17
Outstanding at January 2, 2021	229,652	\$ 66.41

## iROBOT CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The aggregate intrinsic value of outstanding PSUs was \$18.4 million based on the Company's closing stock price on January 2, 2021 of \$80.29 with a weighted average remaining contractual term of 1.50 years.

#### *Employee Stock Purchase Plan*

In May 2017, the Company's stockholders approved the 2017 Employee Stock Purchase Plan ("ESPP"). Eligible employees may purchase the Company's common stock through payroll deductions at a price equal to 85% of the lower of the fair market values of the stock as of the beginning or the end of six-month offering periods beginning November 15 and May 15 of each year. An employee's payroll deductions under the ESPP are limited to 15% of the employee's compensation, up to \$4,000 each period, for the purchase of common stock not to exceed 1,000 shares per offering period. As of January 2, 2021, there were 508,667 shares reserved for future issuance under the ESPP. The Company recognized \$1.0 million, \$1.1 million, and \$1.0 million of stock-based compensation expense during the fiscal years ended January 2, 2021, December 28, 2019, and December 29, 2018, respectively.

### 13. Commitments and Contingencies

#### *Legal Proceedings*

From time to time and in the ordinary course of business, the Company is subject to various claims, charges and litigation. The outcome of litigation cannot be predicted with certainty and some lawsuits, claims or proceedings may be disposed of unfavorably to us, which could materially affect our financial condition or results of operations. For the following litigation matters, a liability is not probable or the amount cannot be reasonably estimated and therefore accruals have not been made.

On October 24, 2019, purported Company shareholder Miramar Firefighters' Pension Fund filed a putative class action in the U.S. District Court for the Southern District of New York against the Company and certain of its directors and officers, captioned *Miramar Firefighters' Pension Fund v. iRobot Corporation, et al.*, No. 1:19-cv-09837. The case has been transferred to the U.S. District Court for the District of Massachusetts. A similar case captioned *Campbell v. iRobot Corporation, et al.*, No. 1:19-cv-12483 was also filed in the U.S. District Court for the Southern District of New York and subsequently transferred to the U.S. District Court for the District of Massachusetts. On January 24, 2020, the Court consolidated the Miramar and Campbell cases (the consolidated cases together, the "Securities Class Action") and appointed a lead plaintiff and lead plaintiff's Counsel. On April 3, 2020, the plaintiff filed an amended complaint alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder based on allegedly false and misleading statements and omissions concerning the impact of competition and Section 301 tariffs on the Company's financial performance, and the Company has filed a motion to dismiss the case. A hearing was held on the Company's motion to dismiss on September 17, 2020, and the Company is currently awaiting a ruling on its motion to dismiss.

On December 20, 2019, purported Company shareholders David Katz and Thomas Wightman, derivatively on behalf of iRobot Corporation, filed a complaint in the U.S. District Court for Southern District of New York against the Company and certain of its directors and officers, captioned *David Katz and Thomas Wightman, on behalf of iRobot Corporation v. iRobot Corporation, et al.*, No. 1:19-cv-11692. The complaint alleges breaches of fiduciary duties, unjust enrichment, violations of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 thereunder based on allegedly false and misleading statements and omissions concerning the Company's acquisitions of Sales on Demand Corporation and Robopolis SAS and the Company's subsequent financial performance. The complaint seeks, among other things, unspecified compensatory damages, including interest, in connection with the Company's allegedly inflated stock price, attorneys' fees and costs, and unspecified equitable/injunctive relief. This case has been transferred to the U.S. District Court for the District of Massachusetts. Similarly, additional derivative litigations -- namely: *Robert Truman, on behalf of iRobot Corporation v. iRobot Corporation, et al.*, No. 1:20-cv-10034; *Alexa Ruhfass, on behalf of iRobot Corporation v. iRobot Corporation, et al.*, No. 1:20-cv-10133; and *William Tasco, derivatively on behalf of iRobot Corporation v. iRobot Corporation, et al.*, No. 1:20-cv-10253 - were filed in the U.S. District Court for the District of Massachusetts. All of these cases have been consolidated in a case captioned as *In re iRobot Corporation Derivative litigation, No. 1:20-cv-10034*, and have been stayed pending a ruling on the motion to dismiss in the Securities Class Action.

#### *Outstanding Purchase Orders*

At January 2, 2021, we had outstanding purchase orders aggregating approximately \$341.9 million. The purchase orders, the majority of which are with our contract manufacturers for the purchase of inventory in the normal course of business, are for manufacturing and non-manufacturing related goods and services, and are generally cancellable without penalty. In circumstances where we determine that we have financial exposure associated with any of these commitments, we record a liability in the period in which that exposure is identified.



**iROBOT CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

***Guarantees and Indemnification Obligations***

The Company enters into standard indemnification agreements in the ordinary course of business. Pursuant to these agreements, the Company indemnifies and agrees to reimburse the indemnified party for losses incurred by the indemnified party, generally the Company's customers, in connection with any patent, copyright, trade secret or other proprietary right infringement claim by any third party. The term of these indemnification agreements is generally perpetual any time after execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, the Company believes the estimated fair value of these agreements is minimal. Accordingly, the Company has no liabilities recorded for these agreements as of January 2, 2021 and December 28, 2019, respectively.

***Warranty***

The Company provides warranties on most products and has established a reserve for warranty obligations based on estimated warranty costs. The reserve is included as part of accrued expenses (Note 7) in the accompanying consolidated balance sheets.

Activity related to the warranty accrual was as follows (in thousands):

	Fiscal Year Ended		
	January 2, 2021	December 28, 2019	December 29, 2018
Balance at beginning of period	\$ 13,856	\$ 11,964	\$ 11,264
Provision	28,884	14,091	10,798
Warranty usage	(18,348)	(12,199)	(10,098)
Balance at end of period	<u>\$ 24,392</u>	<u>\$ 13,856</u>	<u>\$ 11,964</u>

**14. Employee Benefits**

The Company sponsors a retirement plan under Section 401(k) of the Internal Revenue Code (the "Retirement Plan"). Eligible US employees may make tax-deferred contributions, and the Company, at its sole discretion, and subject to the limits prescribed by the IRS, may make either a nonelective contribution on behalf of all eligible employees or a matching contribution on behalf of all plan participants.

The Company elected to make a matching contribution of approximately \$3.0 million, \$2.9 million and \$2.8 million for the plan years ended January 2, 2021, December 28, 2019 and December 29, 2018, respectively. The employer contribution represents a matching contribution at a rate of 50% of each employee's first six percent contribution. Accordingly, each employee participating is entitled up to a maximum of three percent of his or her eligible annual payroll.

**iROBOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**15. Income Taxes**

Income (loss) before provision for income taxes was as follows (in thousands):

	Fiscal Year Ended		
	January 2, 2021	December 28, 2019	December 29, 2018
Domestic	\$ 166,973	\$ 84,225	\$ 113,078
Foreign	20,942	14,608	(4,456)
Income before income taxes	<u>\$ 187,915</u>	<u>\$ 98,833</u>	<u>\$ 108,622</u>

The components of income tax expense were as follows (in thousands):

	Fiscal Year Ended		
	January 2, 2021	December 28, 2019	December 29, 2018
Current			
Federal	\$ 13,593	\$ 13,366	\$ 17,627
State	2,724	5,004	3,676
Foreign	10,451	6,941	10,732
Total current income tax provision	<u>\$ 26,768</u>	<u>\$ 25,311</u>	<u>\$ 32,035</u>
Deferred			
Federal	\$ 14,695	\$ (9,345)	\$ (2,475)
State	2,552	(1,783)	(1,149)
Foreign	(3,168)	(650)	(7,781)
Total deferred income tax provision	<u>14,079</u>	<u>(11,778)</u>	<u>(11,405)</u>
Total income tax provision	<u>\$ 40,847</u>	<u>\$ 13,533</u>	<u>\$ 20,630</u>

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted in response to the COVID-19 pandemic. The CARES Act contains several income and payroll tax provisions, such as the deduction and deferral of employer portion of certain payroll taxes, repeal of the 80% limitation with respect to net operating losses arising in taxable years 2018, 2019, and 2020, and additional depreciation deductions related to qualified improvement property. The Company has concluded that the current provisions of the CARES Act, enacted to date, did not have a material impact on the Company's financial results during fiscal 2020.

**iROBOT CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The reconciliation of statutory federal income tax to actual tax expense is as follows (in thousands):

	Fiscal Year Ended		
	January 2, 2021	December 28, 2019	December 29, 2018
Statutory federal income tax	\$ 39,462	\$ 20,755	\$ 22,812
State taxes (net of federal benefit)	4,834	3,999	4,312
Federal and state credits	(6,702)	(8,152)	(5,638)
Excess tax expense (benefits) relating to stock-based compensation	313	(6,468)	(6,529)
Tax Cuts and Jobs Act of 2017	—	—	2,127
Foreign-derived intangible income deduction	(3,360)	(4,180)	(2,678)
EMEA business restructuring	—	—	2,292
Executive compensation	718	2,081	745
Tax impact of foreign earnings	1,458	1,986	1,336
Change in valuation allowance	3,817	2,678	348
Other	307	834	1,503
	<u>\$ 40,847</u>	<u>\$ 13,533</u>	<u>\$ 20,630</u>

The components of net deferred tax assets were as follows (in thousands):

	January 2, 2021	December 28, 2019
Deferred tax assets		
Revenue reserves	\$ 20,564	\$ 21,355
Accruals and other liabilities	14,357	8,225
Operating lease liabilities	12,429	14,117
Tax credits and net operating loss carryforwards	12,748	8,814
Stock-based compensation	4,868	4,981
Other	3,793	5,068
Gross deferred tax assets	68,759	62,560
Valuation allowance	(7,643)	(3,826)
Total deferred tax assets	61,116	58,734
Deferred tax liabilities		
Intangible assets	3,341	3,838
Operating lease right-of-use assets	11,443	13,249
Marketable equity securities	10,676	—
Other	2,957	768
Total deferred tax liabilities	28,417	17,855
Net deferred tax assets	<u>\$ 32,699</u>	<u>\$ 40,879</u>

The Company intends to continue to invest all of its unremitted foreign earnings, as well as the capital in its foreign subsidiaries, indefinitely outside of the U.S. At January 2, 2021, the Company has unremitted foreign earnings and any unrecognized deferred tax liability on these unremitted earnings would be immaterial.

The Company has federal net operating loss carryforwards of \$1.7 million as of January 2, 2021. The Company has foreign net operating loss carryforwards of \$3.5 million as of January 2, 2021 that have no expiration period. The Company has state research and development credit carryforwards of \$16.3 million and \$13.1 million as of January 2, 2021 and December 28, 2019, respectively, which expire from 2028 to 2036. Under the Internal Revenue Code and state law, certain substantial changes in the Company's ownership could result in an annual limitation on the amount of these tax carryforwards which can be utilized in future years. As of January 2, 2021, December 28, 2019 and December 29, 2018, the Company had a valuation allowance of \$7.6 million, \$3.8 million and \$1.1 million, respectively, for state research and development credit carryforwards

**iROBOT CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

and certain foreign deferred tax assets for which the Company believes do not meet the "more likely than not" criteria for recognition.

A summary of the Company's adjustments to its gross unrecognized tax benefits in the current year is as follows (in thousands):

	Fiscal Year Ended		
	January 2, 2021	December 28, 2019	December 29, 2018
Balance at beginning of period	\$ 7,121	\$ 7,119	\$ 4,590
Increase for tax positions related to the current year	765	770	2,891
Increase for tax positions related to acquisition	—	—	1,493
Increase (decrease) for tax positions related to prior years	1,231	(768)	407
Decrease for settlements with applicable taxing authorities	—	—	(2,262)
Decrease for lapses of statute of limitations	(558)	—	—
Balance at end of period	<u>\$ 8,559</u>	<u>\$ 7,121</u>	<u>\$ 7,119</u>

The Company accrues interest and, if applicable, penalties for any uncertain tax positions as a component of income tax expense. As of January 2, 2021, December 28, 2019 and December 29, 2018 there were no material accrued interest or penalties. The Company does not expect a significant change in the amount of unrecognized tax benefits within the next 12 months. If all of the Company's unrecognized tax benefits as of January 2, 2021 were to become recognizable in the future, it would record a \$9.5 million benefit, inclusive of interest, to the income tax provision.

The Company is subject to taxation in the United States (federal and state) and foreign jurisdictions. The statute of limitations for examinations by the Internal Revenue Service (the "IRS") and state tax authorities is closed for fiscal years prior to 2014 and fiscal 2016. Federal and state carryforward attributes that were generated prior to fiscal 2014 and during fiscal 2016 may still be adjusted upon examination by the federal or state tax authorities if they either have been or will be used in a period for which the statute of limitations is still open. The Company is currently under examination by the IRS for the years 2014 and 2015. The IRS notified the Company during the fourth quarter of fiscal 2020 that it intends to disallow the Company's deductions related to domestic production activities for those tax years. We currently believe the ultimate disposition of this matter will not have a material adverse effect on our consolidated financial position, liquidity or results of operations. There are other ongoing audits in various other jurisdictions that are not material to the Company's financial statements. The Company regularly assesses the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of its provision for income taxes. The Company continues to monitor the progress of ongoing discussions with tax authorities and the effect, if any, of the expected expiration of the statute of limitations in various taxing jurisdictions. The Company believes that an adequate provision has been made for any adjustments that may result from tax examinations. However, the outcome of tax audits cannot be predicted with certainty. If any issues addressed in the Company's tax audits are resolved in a manner not consistent with management's expectations, the Company could be required to adjust its provision for income taxes in the period such resolution occurs. Although the timing of resolution, settlement, and closure of audits is not certain, it is reasonably possible that certain U.S. federal and non-U.S. tax audits may be concluded within the next 12 months, which could increase or decrease the balance of the Company's gross unrecognized tax benefits.

**16. Industry Segment, Geographic Information and Significant Customers**

The Company operates as one operating segment. The Company's consumer robots are offered to consumers through a variety of distribution channels, including chain stores and other national retailers, through the Company's own website and app, dedicated e-commerce websites, the online arms of traditional retailers, and through value-added distributors and resellers worldwide.

***Geographic Information***

For the fiscal years ended January 2, 2021, December 28, 2019 and December 29, 2018, sales to non-U.S. customers accounted for 47.9%, 50.3% and 48.7% of total revenue, respectively.

**iROBOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The following table provides information about revenue by geographical region (in thousands):

	January 2, 2021	December 28, 2019	December 29, 2018
Domestic	\$ 744,648	\$ 603,618	\$ 560,995
International	685,742	610,392	531,589
Total	<u>\$ 1,430,390</u>	<u>\$ 1,214,010</u>	<u>\$ 1,092,584</u>

**Significant Customers**

For the fiscal years ended January 2, 2021, December 28, 2019, and December 29, 2018, there was one customer that accounted for 10% or more of total revenue, representing 22.7%, 21.3% and 17.3%, of total revenue, respectively.

**17. Quarterly Information (Unaudited)**

The following information has been derived from unaudited consolidated financial statements that, in the opinion of management, include all recurring adjustments necessary for a fair statement of such information (in thousands, except per share amounts):

	Fiscal Quarter Ended							
	January 2, 2021	September 26, 2020	June 27, 2020	March 28, 2020	December 28, 2019	September 28, 2019	June 29, 2019	March 30, 2019
Revenue	\$ 544,827	\$ 413,145	\$ 279,883	\$ 192,535	\$ 426,778	\$ 289,399	\$ 260,172	\$ 237,661
Gross profit	215,421	198,841	178,012	77,955	169,370	136,841	118,170	119,546
Net income (loss)	13,335	93,252	58,616	(18,135)	20,041	35,532	7,207	22,520
Diluted income (loss) per share	\$ 0.46	\$ 3.27	\$ 2.07	\$ (0.64)	\$ 0.70	\$ 1.24	\$ 0.25	\$ 0.78

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

**Evaluation of disclosure controls and procedures.**

As required by Rule 13a-15(b) under the Exchange Act, we have carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO"), of the effectiveness, as of the end of the period covered by this report, of the design and operation of our "disclosure controls and procedures" as defined in Rule 13a-15(e) promulgated by the SEC under the Exchange Act. Based upon that evaluation, our CEO and our CFO concluded that our disclosure controls and procedures, as of the end of such period, were adequate and effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information was accumulated and communicated to management, as appropriate, to allow timely decisions regarding required disclosure.

**Management's Report on Internal Control Over Financial Reporting**

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including our principal executive and financial officers, we assessed the Company's internal control over financial reporting as of January 2, 2021, based on criteria for effective internal control over financial reporting established in *Internal Control — Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded that the Company maintained effective internal control over financial reporting as of January 2, 2021 based on the specified criteria.

The effectiveness of the Company's internal control over financial reporting as of January 2, 2021 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

**Changes in Internal Control Over Financial Reporting**

During the quarter ended January 2, 2021, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **ITEM 9B. OTHER INFORMATION**

### *10b5-1 Trading Plans*

Our policy governing transactions in our securities by our directors, officers, and employees permits our officers, directors, funds affiliated with our directors, and certain other persons to enter into trading plans complying with Rule 10b5-1 under the Exchange Act. We have been advised that certain of our officers and directors (including Colin Angle, Chief Executive Officer, and Glen Weinstein, EVP and Chief Legal Officer, as well as Mohamad Ali, Elisha Finney, Rueybin Kao and Michelle Stacy, each a director of the Company) have entered into trading plans (each a "Plan" and collectively, the "Plans") covering periods after the date of this Annual Report on Form 10-K in accordance with Rule 10b5-1 and our policy governing transactions in our securities. Generally, under these trading plans, the individual relinquishes control over the transactions once the trading plan is put into place. Accordingly, sales under these plans may occur at any time, including possibly before, simultaneously with, or immediately after significant events involving the Company.

We anticipate that, as permitted by Rule 10b5-1 and our policy governing transactions in our securities, some or all of our officers, directors and employees may establish trading plans in the future. We intend to disclose the names of our executive officers and directors who establish a trading plan in compliance with Rule 10b5-1 and the requirements of our policy governing transactions in our securities in our future quarterly and annual reports on Form 10-Q and 10-K filed with the Securities and Exchange Commission. We undertake no obligation to update or revise the information provided herein.

## **PART III**

### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information required under this item is incorporated herein by reference to the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended January 2, 2021.

### **ITEM 11. EXECUTIVE COMPENSATION**

The information required under this item is incorporated herein by reference to the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended January 2, 2021.

### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required under this item is incorporated herein by reference to the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended January 2, 2021.

### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required under this item is incorporated herein by reference to the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended January 2, 2021.

### **ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The information required under this item is incorporated herein by reference to the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended January 2, 2021.

## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following are filed as part of this Annual Report on Form 10-K:

#### 1. Financial Statements

The following consolidated financial statements are included in Item 8:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets at January 2, 2021 and December 28, 2019

Consolidated Statements of Income for the Years ended January 2, 2021, December 28, 2019 and December 29, 2018

Consolidated Statements of Comprehensive Income for the Years ended January 2, 2021, December 28, 2019 and December 29, 2018

Consolidated Statements of Stockholders' Equity for the Years ended January 2, 2021, December 28, 2019 and December 29, 2018

Consolidated Statements of Cash Flows for the Years ended January 2, 2021, December 28, 2019 and December 29, 2018

Notes to Consolidated Financial Statements

#### 2. Financial Statement Schedules

All other schedules have been omitted since the required information is not present, or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements or the Notes thereto.

#### 3. Exhibits — See item 15(b) of this report below

##### (b) Exhibits

The following exhibits are filed as part of and incorporated by reference into this Annual Report:

<u>Exhibit Number</u>	<u>Description</u>
3.1(1)	Form of Second Amended and Restated Certificate of Incorporation of the Registrant dated November 15, 2005
3.2	Amended and Restated By-laws of the Registrant (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on March 9, 2016 and incorporated by reference herein)
4.1(1)	Specimen Stock Certificate for shares of the Registrant's Common Stock
4.2	Description of the Registrant's securities registered under Section 12 of the Securities Exchange Act of 1934 (filed as Exhibit 4.2 to the Registrant's Annual Report on Form 10-K filed on February 13, 2020 and incorporated by reference herein)
10.1†	Form of Amended and Restated Indemnification Agreement (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on December 9, 2020 (File No. 001-36414) and incorporated by reference herein)
10.2†	Form of Executive Agreement between the Registrant and certain executive officers of the Registrant, as amended (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 2, 2010 and incorporated by reference herein)
10.3†(1)	Employment Agreement between the Registrant and Colin Angle, dated as of January 1, 1997
10.4†	2005 Stock Option and Incentive Plan, as amended, and forms of agreements thereunder (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on June 2, 2009 and incorporated by reference herein)
10.5†	Non-Employee Directors' Deferred Compensation Program, as amended (filed as Exhibit 10.19 to the Registrant's Annual Report on Form 10-K for the year ended December 29, 2007 and incorporated by reference herein)
10.6	Lease Agreement between the Registrant and Boston Properties Limited Partnership for premises located at 4-18 Crosby Drive, Bedford, Massachusetts, dated as of February 22, 2007 (as amended to date) (filed as Exhibit 10.6 to the Registrant's Annual Report on Form 10-K for the year ended December 30, 2017 and incorporated by reference herein)



- 10.7† Form of Deferred Stock Award Agreement under the 2005 Stock Option and Incentive Plan (filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 28, 2008 and incorporated by reference herein)
- 10.8† Form of Restricted Stock Award Agreement under the 2005 Stock Option and Incentive Plan (filed as Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 28, 2008 and incorporated by reference herein)
- 10.9# Manufacturing Services Agreement between the Registrant and Jabil Circuit, Inc., dated as of March 18, 2010 (as amended to date) (filed as Exhibit 10.10 to the Registrant's Annual Report on Form 10-K for the year ended December 30, 2017 and incorporated by reference herein)
- 10.10 Amended and Restated Credit Agreement between the Registrant and Bank of America N.A., dated December 20, 2013 (filed as Exhibit 10.15 to the Registrant's Annual Report on Form 10-K for the year ended December 28, 2013 and incorporated by reference herein)
- 10.11 First Amendment to Amended and Restated Credit Agreement between the Registrant and Bank of America N.A., dated June 29, 2018 (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on July 5, 2018 and incorporated by reference herein)
- 10.12 Amended and Restated Reimbursement Agreement between the Registrant and Bank of America N.A., dated December 20, 2013 (filed as Exhibit 10.16 to the Registrant's Annual Report on Form 10-K for the year ended December 28, 2013 and incorporated by reference herein)
- 10.13 First Amendment to Amended and Restated Reimbursement Agreement between the Registrant and Bank of America N.A., dated June 29, 2018 (filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on July 5, 2018 and incorporated by reference herein)
- 10.14# Manufacturing Services Agreement between the Registrant and Kin Yat Industrial Company Limited, dated as of January 22, 2014 (filed as Exhibit 10.15 to the Registrant's Annual Report on Form 10-K for the year ended December 29, 2018 and incorporated by reference herein)
- 10.15† 2015 Stock Option and Incentive Plan and forms of agreements thereunder (filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 27, 2015 and incorporated by reference herein)
- 10.16† Form of Performance-Based Restricted Stock Unit Award Agreement under the 2015 Stock Option Incentive Plan (filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 2, 2016 and incorporated by reference herein)
- 10.17† iRobot Corporation 2017 Employee Stock Purchase Plan (filed as Exhibit 10.18 to the Registrant's Annual Report on Form 10-K for the year ended December 30, 2017 and incorporated by reference herein)
- 10.18† iRobot Corporation 2018 Stock Option and Incentive Plan (filed as Exhibit 99.1 to the Registrant's Registration Statement on Form S-8 filed on June 7, 2018 (File No. 333-225482) and incorporated by reference herein)
- 10.19† iRobot Corporation Senior Executive Incentive Compensation Plan as Amended and Restated (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 30, 2019 and incorporated by reference herein)
- 10.20† Amendment to the iRobot Corporation 2018 Stock Option and Incentive Plan (filed as Exhibit 99.1 to the Registrant's Registration Statement on Form S-8 on June 30, 2020 (File No. 333-239573) and incorporated by reference herein)
- 21.1\* Subsidiaries of the Registrant
- 23.1\* Consent of PricewaterhouseCoopers LLP
- 24.1 Power of Attorney (incorporated by reference to the signature page of this report on Form 10-K)
- 31.1\* Certification Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934
- 31.2\* Certification Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934
- 32.1\*\* Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 101.SCH\* Inline XBRL Taxonomy Extension Schema Document
- 101.CAL\* Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.LAB\* Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE\* Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 101.DEF\* Inline XBRL Taxonomy Extension Definition Linkbase Document
- 104\* Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101.\*)

† Indicates a management contract or any compensatory plan, contract or arrangement.

- # Confidential treatment requested for portions of this document.
- (1) Incorporated by reference herein to the exhibits to the Company's Registration Statement on Form S-1 (File No. 333-126907)
- \* Filed herewith
- \*\* Furnished herewith

**ITEM 16. FORM 10-K SUMMARY**

Not applicable.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

iROBOT CORPORATION

By: /s/ Colin M. Angle

Colin M. Angle  
Chairman of the Board,  
Chief Executive Officer and Director

Date: February 16, 2021

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Colin M. Angle and Julie Zeiler, jointly and severally, his or her attorney-in-fact, with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his or her substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed by the following persons in the capacities indicated on February 16, 2021.

<u>Signature</u>	<u>Title(s)</u>
<u>/s/ COLIN M. ANGLE</u> Colin M. Angle	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)
<u>/s/ JULIE ZEILER</u> Julie Zeiler	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
<u>/s/ KARIAN WONG</u> Karian Wong	VP, Finance (Principal Accounting Officer)
<u>/s/ MOHAMAD ALI</u> Mohamad Ali	Director
<u>/s/ MICHAEL BELL</u> Michael Bell	Director
<u>/s/ DEBORAH G. ELLINGER</u> Deborah G. Ellinger	Director
<u>/s/ ELISHA FINNEY</u> Elisha Finney	Director
<u>/s/ RUEY-BIN KAO</u> Ruey-Bin Kao	Director

/s/ EVA MANOLIS

Eva Manolis

Director

/s/ ANDREW MILLER

Andrew Miller

Director

/s/ MICHELLE V. STACY

Michelle V. Stacy

Director

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**Corporate Office**

8 Crosby Drive  
Bedford, MA 01730  
Phone: 781.430.3000

**Transfer Agent**

Computershare Trust  
Company, Inc.  
P.O. Box 505000  
Louisville, KY 40233  
(800) 962-4284  
International +1 (781) 575-3120

**Legal Counsel**

Goodwin Procter LLP  
100 Northern Avenue  
Boston, Massachusetts 02210  
Phone: 617.570.1000

**Independent Registered  
Public Accounting Firm**

PricewaterhouseCoopers LLP  
101 Seaport Boulevard  
Boston, Massachusetts 02110  
Phone: 617.530.5000

**Common Stock Information**

Our common stock is traded on the Nasdaq  
Global Select Market under the symbol "IRBT."

**Investor Information**

Andrew Kramer  
VP, Investor Relations  
[investorrelations@irobot.com](mailto:investorrelations@irobot.com)  
A copy of our financial reports, stock  
quotes, news releases, SEC filings, as  
well as information on our products is  
available in the Investor Relations section of  
[www.irobot.com](http://www.irobot.com)

**Board Members**

Colin M. Angle  
Co-founder, Chairman of the Board and Chief  
Executive Officer

Mohamad Ali  
Lead Independent Director

Michael Bell  
Director, Compensation and Talent Committee  
Chair

Deborah G. Ellinger  
Director, Nominating and  
Corporate Governance Committee Chair

Elisha Finney  
Director

Ruey-Bin Kao  
Director

Eva Manolis  
Director

Andrew Miller  
Director, Audit Committee Chair

Michelle V. Stacy  
Director

**Executive Team**

Colin M. Angle  
Chief Executive Officer

Julie Zeiler  
Executive Vice President and Chief Financial  
Officer

Russell Campanello  
Executive Vice President, Human Resources and  
Corporate Communications

Glen D. Weinstein  
Executive Vice President, Chief Legal Officer

Keith Hartsfield  
Executive Vice President, Chief Product Officer

**iRobot Mission**

**Empowering People To Do More**



**Corporate Headquarters**

8 Crosby Drive  
Bedford, MA 01730  
USA

Phone: 781.430.3000

iRobot.com  
info@irobot.com