

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED April 2, 2022

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO
COMMISSION FILE NUMBER 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

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the Registrant's Common Stock as of April 29, 2022 was 27,115,917.

iROBOT CORPORATION
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FOR THE QUARTER ENDED APRIL 2, 2022
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iROBOT CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)
(unaudited)

	April 2, 2022	January 1, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 112,038	\$ 201,457
Short-term investments	1,461	33,044
Accounts receivable, net	105,573	160,642
Inventory	331,085	333,296
Other current assets	96,749	61,094
Total current assets	646,906	789,533
Property and equipment, net	71,877	78,887
Operating lease right-of-use assets	31,262	37,609
Deferred tax assets	50,995	37,945
Goodwill	169,964	173,292
Intangible assets, net	26,627	28,410
Other assets	38,834	38,753
Total assets	<u>\$ 1,036,465</u>	<u>\$ 1,184,429</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 172,908	\$ 251,298
Accrued expenses	89,382	132,618
Deferred revenue and customer advances	13,298	11,767
Total current liabilities	275,588	395,683
Operating lease liabilities	36,904	43,462
Deferred tax liabilities	3,187	3,250
Other long-term liabilities	25,584	25,311
Total long-term liabilities	65,675	72,023
Total liabilities	341,263	467,706
Commitments and contingencies (Note 9)		
Preferred stock, 5,000 shares authorized and none outstanding	—	—
Common stock, \$0.01 par value, 100,000 shares authorized; 27,116 and 27,006 shares issued and outstanding, respectively	271	270
Additional paid-in capital	229,133	222,653
Retained earnings	455,304	485,710
Accumulated other comprehensive income	10,494	8,090
Total stockholders' equity	695,202	716,723
Total liabilities and stockholders' equity	<u>\$ 1,036,465</u>	<u>\$ 1,184,429</u>

The accompanying notes are an integral part of the consolidated financial statements.

iROBOT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended	
	April 2, 2022	April 3, 2021
Revenue	\$ 291,969	\$ 303,261
Cost of revenue:		
Cost of product revenue	183,633	180,092
Amortization of acquired intangible assets	821	225
Total cost of revenue	184,454	180,317
Gross profit	107,515	122,944
Operating expenses:		
Research and development	42,529	41,920
Selling and marketing	61,065	50,990
General and administrative	26,698	23,440
Amortization of acquired intangible assets	510	205
Total operating expenses	130,802	116,555
Operating (loss) income	(23,287)	6,389
Other expense, net	(16,746)	(160)
(Loss) income before income taxes	(40,033)	6,229
Income tax benefit	(9,627)	(1,214)
Net (loss) income	\$ (30,406)	\$ 7,443
Net (loss) income per share:		
Basic	\$ (1.12)	\$ 0.26
Diluted	\$ (1.12)	\$ 0.26
Number of shares used in per share calculations:		
Basic	27,051	28,257
Diluted	27,051	29,086

The accompanying notes are an integral part of the consolidated financial statements.

iROBOT CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(in thousands)
(unaudited)

	Three Months Ended	
	April 2, 2022	April 3, 2021
Net (loss) income	\$ (30,406)	\$ 7,443
Other comprehensive income:		
Net foreign currency translation adjustments	(4,015)	(5,883)
Net unrealized gains on cash flow hedges, net of tax	7,653	12,967
Net (gains) losses on cash flow hedge reclassified into earnings, net of tax	(1,234)	391
Net unrealized losses on marketable securities, net of tax	—	(4)
Total comprehensive (loss) income	\$ (28,002)	\$ 14,914

The accompanying notes are an integral part of the consolidated financial statements.

iROBOT CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)
(unaudited)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income ("AOCI")	Stockholders' Equity
	Shares	Value				
Balance at January 1, 2022	27,006	\$ 270	\$ 222,653	\$ 485,710	\$ 8,090	\$ 716,723
Issuance of common stock under employee stock plans	23	—	797			797
Vesting of restricted stock units	112	1	(1)			—
Stock-based compensation			7,208			7,208
Stock withheld to cover tax withholdings requirements upon restricted stock vesting	(25)	—	(1,524)			(1,524)
Other comprehensive income					2,404	2,404
Net loss				(30,406)		(30,406)
Balance at April 2, 2022	<u>27,116</u>	<u>\$ 271</u>	<u>\$ 229,133</u>	<u>\$ 455,304</u>	<u>\$ 10,494</u>	<u>\$ 695,202</u>

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss) ("AOCI")	Stockholders' Equity
	Shares	Value				
Balance at January 2, 2021	28,184	\$ 282	\$ 205,256	\$ 599,389	\$ (493)	\$ 804,434
Issuance of common stock under employee stock plans	67	1	2,588			2,589
Vesting of restricted stock units	185	2	(2)			—
Stock-based compensation			6,782			6,782
Stock withheld to cover tax withholdings requirements upon restricted stock vesting	(41)	(1)	(4,755)			(4,756)
Other comprehensive income					7,471	7,471
Directors' deferred compensation			21			21
Net income				7,443		7,443
Balance at April 3, 2021	<u>28,395</u>	<u>\$ 284</u>	<u>\$ 209,890</u>	<u>\$ 606,832</u>	<u>\$ 6,978</u>	<u>\$ 823,984</u>

The accompanying notes are an integral part of the consolidated financial statements.

iROBOT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended	
	April 2, 2022	April 3, 2021
Cash flows from operating activities:		
Net (loss) income	\$ (30,406)	\$ 7,443
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities, net of the effects of acquisition:		
Depreciation and amortization	11,241	7,501
Loss on equity investment	16,835	—
Stock-based compensation	7,208	6,782
Deferred income taxes, net	(15,571)	(95)
Other	1,539	1,582
Changes in operating assets and liabilities — (use) source		
Accounts receivable	54,299	101,459
Inventory	(1,688)	(51,443)
Other assets	(26,734)	3,425
Accounts payable	(77,006)	(15,438)
Accrued expenses and other liabilities	(42,032)	(32,522)
Net cash (used in) provided by operating activities	<u>(102,315)</u>	<u>28,694</u>
Cash flows from investing activities:		
Additions of property and equipment	(3,113)	(11,272)
Purchase of investments	(500)	(8,664)
Sales and maturities of investments	16,213	63,644
Net cash provided by investing activities	<u>12,600</u>	<u>43,708</u>
Cash flows from financing activities:		
Proceeds from employee stock plans	797	2,589
Income tax withholding payment associated with restricted stock vesting	(1,524)	(4,756)
Net cash used in financing activities	<u>(727)</u>	<u>(2,167)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>1,023</u>	<u>(2,116)</u>
Net (decrease) increase in cash and cash equivalents	(89,419)	68,119
Cash and cash equivalents, at beginning of period	<u>201,457</u>	<u>432,635</u>
Cash and cash equivalents, at end of period	<u>\$ 112,038</u>	<u>\$ 500,754</u>

The accompanying notes are an integral part of the consolidated financial statements.

iROBOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Description of Business

iRobot Corporation ("iRobot" or the "Company") designs, builds and sells robots and home innovations that make life better. The Company's portfolio of home robots and smart home devices features proprietary technologies for the connected home and advanced concepts in cleaning, mapping and navigation, human-robot interaction and physical solutions. iRobot's durable and high-performing robots are designed using the close integration of software, electronics and hardware. 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 unaudited consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP").

In the opinion of management, all adjustments necessary to the unaudited interim consolidated financial statements have been made to state fairly the Company's financial position. Interim results are not necessarily indicative of results for the full fiscal year or any future periods. The information included in this Form 10-Q should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in its Annual Report on Form 10-K for the fiscal year ended January 1, 2022, filed with the Securities and Exchange Commission on February 15, 2022.

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.

Recently Issued Accounting Standards

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board 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.

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, standalone selling price, variable consideration and other obligations such as sales incentives and product returns; allowance for credit losses; accounting for business combinations; impairment of goodwill and long-lived assets; valuation of non-marketable equity investments; product warranties; loss contingencies; accounting for stock-based compensation including performance-based assessments; and accounting for income taxes and related valuation allowances. The Company bases its estimates and assumptions on historical experience, market participant fair value considerations, projected future cash flows, current economic conditions, including impact from COVID-19 pandemic and the uncertainty imposed by the conflict between Russia and Ukraine, and various other factors that the Company believes are reasonable under the circumstances. Actual results and outcomes may differ from the Company's estimates and assumptions.

Short-Term Investments

The Company's short term investments include marketable equity securities with readily determinable fair value and debt securities. The fair value of investments is determined based on quoted market prices at the reporting date for those instruments. 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.

As of January 1, 2022, the Company held 1.6 million shares of Matterport, Inc. ("Matterport") from the Matterport merger in 2021 with shares received subject to time based contractual sales restrictions that expired in January 2022. During the three months ended April 2, 2022, the Company sold these Matterport shares and received net proceeds of \$16.2 million and recognized a loss of \$16.8 million during the period. In addition, during the three months ended April 2, 2022, the Company received an additional 0.2 million shares of Matterport upon achievement of conditions set forth in the merger agreement and recorded an unrealized gain of \$1.5 million in other income (expense), net during the period. As of April 2, 2022 and January 1,

2022, the Company had \$1.5 million and \$33.0 million, respectively, in short term investments related to these shares. Subsequent to April 2, 2022, the Company sold the remaining Matterport shares and received net proceeds of \$1.2 million and recognized a loss of \$0.3 million during the second quarter of fiscal 2022.

Allowance for Credit Losses

The Company maintains an allowance for credit losses for accounts receivable using an expected loss model that requires the use of forward-looking information to calculate credit loss estimate. The expected loss methodology is developed through consideration of factors including, but not limited to, historical collection experience, current customer credit ratings, customer concentrations, current and future economic and market conditions and age of the receivable. As of April 2, 2022 and January 1, 2022, the Company had an allowance for credit losses of \$4.1 million and \$4.6 million, respectively.

Tariff Refunds

On March 23, 2022, the Company was granted a temporary exclusion from Section 301 List 3 tariffs by the United States Trade Representative ("USTR"). This exclusion eliminates the 25% tariff on Roomba products imported from China beginning on October 12, 2021 and continuing until December 31, 2022. This tariff exclusion entitles the Company to a refund of approximately \$29.8 million in tariffs comprised of \$11.7 million in tariffs paid on Roomba robots imported after October 12, 2021 and sold during fiscal 2021, \$5.9 million for tariffs paid during the first quarter of 2022 and \$12.2 million for on-hand inventory imported after October 12, 2021. While tariff refund claims are subject to the approval of U.S. Customs, the Company currently expects to recover the entire balance of \$29.8 million within the next twelve months. The refund receivable is recorded in other current assets on the consolidated balance sheet.

Inventory

Inventory primarily consists of finished goods and, to a lesser extent, components, which are purchased from contract manufacturers. Inventory is stated at the lower of cost or net realizable value with cost being determined using the standard cost method, which approximates actual costs determined on the first-in, first-out basis. Inventory costs primarily consist of materials, inbound freight, import duties, tariffs, and other handling fees. The Company writes down its inventory for estimated obsolescence or excess inventory based upon assumptions around market conditions and estimates of future demand. Net realizable value is the estimated selling price less estimated costs of completion, disposal and transportation. Adjustments to reduce inventory to net realizable value are recognized in cost of revenue and have not been significant for the periods presented.

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 in orderly transactions for identical or similar investments of the same issuer. 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 Company monitors non-marketable equity investments for impairment indicators, such as deterioration in the investee's financial condition and business forecasts and lower valuations in recent or proposed financings. 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. Changes in fair value of non-marketable equity investments are recorded in other expense, net on the consolidated statement of operations. At April 2, 2022 and January 1, 2022, the Company's equity securities without readily determinable fair values totaled \$15.3 million and \$16.3 million, respectively, and are included in other assets on the consolidated balance sheets.

Net (Loss) Income Per Share

Basic income per share is calculated using the Company's weighted-average outstanding shares of common stock. 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.

iROBOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (continued)

The following table presents the calculation of both basic and diluted net (loss) income per share (in thousands, except per share amounts):

	Three Months Ended	
	April 2, 2022	April 3, 2021
Net (loss) income	\$ (30,406)	\$ 7,443
Basic weighted-average common shares outstanding	27,051	28,257
Dilutive effect of employee stock awards	—	829
Diluted weighted-average common shares outstanding	27,051	29,086
Net (loss) income per share - Basic	\$ (1.12)	\$ 0.26
Net (loss) income per share - Diluted	\$ (1.12)	\$ 0.26

Employee stock awards representing approximately 0.6 million and nil shares of common stock for the three months ended April 2, 2022 and April 3, 2021, respectively, were excluded from the computation of diluted earnings per share as their effect would have been antidilutive.

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 in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. Revenue is allocated to distinct performance obligations and is recognized net of allowances for returns and other credits and incentives. 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.

Frequently, the Company's contracts with customers contain multiple promised goods or services. Such contracts may include any of the following, the consumer robot, downloadable app, cloud services, accessories on demand, potential future unspecified software upgrades, premium customer care and extended warranties. For these contracts, the Company accounts for the promises separately as individual performance obligations if they are distinct. Performance obligations are considered distinct if they are both capable of being distinct and distinct within the context of the contract. In determining whether performance obligations meet the criteria for being distinct, the Company considers a number of factors, such as the degree of interrelation and interdependence between obligations, and whether or not the good or service significantly modifies or transforms another good or service in the contract. 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. The Company has determined that the app, cloud services and potential future unspecified software upgrades represent one performance obligation to the customer to enhance the functionality and interaction with the robot (referred to collectively as "Cloud Services"). Other services and support are considered distinct and therefore are treated as separate performance obligations.

The Company allocates revenue to all distinct performance obligations based on their relative stand-alone selling prices ("SSPs"). When available, the Company uses observable prices to determine SSPs. When observable prices are not available, SSPs are established that reflect the Company's best estimates of what the selling prices of the performance obligations would be if they were sold regularly on a stand-alone basis. The Company's process for estimating SSPs without observable prices considers multiple factors that may vary depending upon the facts and circumstances related to each performance obligation including, market data or the estimated cost of providing the products or services. The transaction price allocated to the robot is recognized as revenue at a point in time when control is transferred, generally as title and risk of loss pass, 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. Other services and support are recognized over their service periods. For contracts with a duration of greater than one year, the transaction price allocated to performance obligations that are unsatisfied as of April 2, 2022 and January 1, 2022 was \$21.3 million and \$20.9 million, respectively.

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." For contracts with the right to upgrade to a new product after a specified period of time, the Company accounts for this trade-in right as a guarantee obligation under ASC 460. The total transaction price is reduced by the full amount of the trade-in right's fair value and the remaining transaction price is allocated between the performance obligations within the contract.

iROBOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (continued)

The Company provides limited rights of returns for direct-to-consumer sales generated through its online 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 April 2, 2022, the Company had reserves for product returns of \$44.7 million and other credits and incentives of \$63.7 million. As of January 1, 2022, the Company had reserves for product returns of \$56.8 million and other credits and incentives of \$101.6 million. The Company regularly evaluates the adequacy of its estimates for product returns and other credits and incentives. Future market conditions and product transitions may require the Company to take action to change such programs and related estimates. When the variables used to estimate these reserves change, or if actual results differ significantly from the estimates, the Company would be required to increase or reduce revenue to reflect the impact. During the three months ended April 2, 2022 and April 3, 2021, changes to these estimates related to performance obligations satisfied in prior periods were not material.

Disaggregation of Revenue

The following table provides information about disaggregated revenue by geographical region (in thousands):

	Three Months Ended	
	April 2, 2022	April 3, 2021
United States	\$ 153,174	\$ 114,772
EMEA	65,661	116,233
Japan	50,521	40,575
Other	22,613	31,681
Total revenue	<u>\$ 291,969</u>	<u>\$ 303,261</u>

Contract Balances

The following table provides information about receivables and contract liabilities from contracts with customers (in thousands):

	April 2, 2022	January 1, 2022
Accounts receivable, net	\$ 96,357	\$ 155,659
Unbilled receivables	9,216	8,747
Contract liabilities	24,219	22,996

The Company invoices customers based upon contractual billing schedules, and accounts receivable are recorded when the right to consideration becomes unconditional. Unbilled receivables represent revenue recognized in excess of billings. 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. During the three months ended April 2, 2022 and April 3, 2021, the Company recognized \$4.7 million and \$7.3 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. The operating leases expire at various dates through 2030.

iROBOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (continued)

The components of lease expense were as follows (in thousands):

	Three Months Ended	
	April 2, 2022	April 3, 2021
Operating lease cost	\$ 851	\$ 1,987
Variable lease cost	918	895
Total lease cost	\$ 1,769	\$ 2,882

Supplemental cash flow information related to leases was as follows (in thousands):

	Three Months Ended	
	April 2, 2022	April 3, 2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 2,039	\$ 2,279
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ —	\$ —

At April 2, 2022, the Company's weighted average discount rate was 3.99%, while the weighted average remaining lease term was 7.30 years.

Maturities of operating lease liabilities were as follows as of April 2, 2022 (in thousands):

Remainder of 2022	\$	5,687
2023		7,392
2024		6,099
2025		5,838
2026		5,858
Thereafter		18,976
Total minimum lease payments	\$	49,850
Less: imputed interest		6,900
Present value of future minimum lease payments	\$	42,950
Less: current portion of operating lease liabilities (Note 6)		6,046
Long-term lease liabilities	\$	36,904

During January 2022, the Company amended its lease on the corporate headquarters to reduce square footage. The reduction decreased the Company's future right-of-use assets and lease liabilities by \$5.6 million.

5. Goodwill and Other Intangible Assets

The following table summarizes the activity in the carrying amount of goodwill and intangible assets for the three months ended April 2, 2022 (in thousands):

	Goodwill	Intangible assets
Balance as of January 1, 2022	\$ 173,292	\$ 28,410
Purchase accounting adjustments	(1,152)	—
Amortization	—	(1,331)
Effect of foreign currency translation	(2,176)	(452)
Balance as of April 2, 2022	\$ 169,964	\$ 26,627

6. Accrued Expenses

Accrued expenses consisted of the following at (in thousands):

	April 2, 2022	January 1, 2022
Accrued warranty	\$ 30,239	\$ 32,019
Accrued compensation and benefits	17,319	19,029
Accrued manufacturing and logistics cost	6,567	23,038
Current portion of operating lease liabilities	6,046	6,220
Accrued sales and other indirect taxes payable	4,922	9,599
Derivative liability	2,198	2,600
Accrued bonus	1,991	11,375
Accrued income taxes	642	1,788
Accrued other	19,458	26,950
	<u>\$ 89,382</u>	<u>\$ 132,618</u>

7. Derivative Instruments and Hedging Activities

The Company enters into derivative instruments that are designated as cash flow hedges to reduce its exposure to foreign currency exchange risk in sales. These contracts typically have maturities of three years or less. At April 2, 2022 and January 1, 2022, the Company had outstanding cash flow hedges with a total notional value of \$497.6 million and \$423.3 million, respectively.

The Company also enters into economic hedges that are not designated as hedges from an accounting standpoint to reduce foreign currency exchange risk related to short term trade receivables and payables. These contracts typically have maturities of twelve months or less. At April 2, 2022 and January 1, 2022, the Company had outstanding foreign currency economic hedges with a total notional value of \$249.0 million and \$325.4 million, respectively.

The fair values of derivative instruments were as follows (in thousands):

	Classification	Fair Value	
		April 2, 2022	January 1, 2022
Derivatives not designated as hedging instruments:			
Foreign currency forward contracts	Other current assets	\$ 9,807	\$ 8,362
Foreign currency forward contracts	Other assets	994	1,627
Foreign currency forward contracts	Accrued expenses	2,198	2,377
Derivatives designated as cash flow hedges:			
Foreign currency forward contracts	Other current assets	\$ 10,221	\$ 4,110
Foreign currency forward contracts	Other assets	11,549	9,610
Foreign currency forward contracts	Accrued expenses	—	223
Foreign currency forward contracts	Long-term liabilities	74	407

Gain (loss) associated with derivative instruments not designated as hedging instruments were as follows (in thousands):

	Classification	Three Months Ended	
		April 2, 2022	April 3, 2021
Gain (loss) recognized in income	Other expense, net	\$ 2,064	\$ (10,013)

iROBOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (continued)

The following tables reflect the effect of derivatives designated as cash flow hedging (in thousands):

	Gain recognized in OCI on Derivative (1)	
	Three Months Ended	
	April 2, 2022	April 3, 2021
Foreign currency forward contracts	\$ 10,257	\$ 17,154

(1) The amount represents the change in fair value of derivative contracts due to changes in spot rates.

	Gain (loss) recognized in earnings on cash flow hedging instruments	
	Three Months Ended	
	April 2, 2022	April 3, 2021
Consolidated statements of operations in which the effects of cash flow hedging instruments are recorded	\$ 291,969	\$ 303,261
Gain on cash flow hedging relationships:		
Foreign currency forward contracts:		
Amount of gain (loss) reclassified from AOCI into earnings	\$ 1,639	\$ (517)

8. Fair Value Measurements

The Company's financial assets and liabilities measured at fair value on a recurring basis were as follows (in thousands):

	Fair Value Measurements as of April 2, 2022		
	Level 1	Level 2 (1)	Level 3
Assets:			
Money market funds	\$ 11,606	\$ —	\$ —
Marketable equity securities, \$0 at cost (2)	1,461	—	—
Derivative instruments (Note 7)	—	32,571	—
Total assets measured at fair value	\$ 13,067	\$ 32,571	\$ —
Liabilities:			
Derivative instruments (Note 7)	\$ —	\$ 2,272	\$ —
Total liabilities measured at fair value	\$ —	\$ 2,272	\$ —

iROBOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (continued)

	Fair Value Measurements as of January 1, 2022		
	Level 1	Level 2 (1)	Level 3
Assets:			
Money market funds	\$ 33,003	\$ —	\$ —
Marketable equity securities, \$23,286 at cost	33,044	—	—
Derivative instruments (Note 7)	—	23,709	—
Total assets measured at fair value	\$ 66,047	\$ 23,709	\$ —
Liabilities:			
Derivative instruments (Note 7)	\$ —	\$ 3,007	\$ —
Total liabilities measured at fair value	\$ —	\$ 3,007	\$ —

- (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 expense, net was \$1.5 million for the three months ended April 2, 2022. Marketable equity securities are included in short-term investments on the consolidated balance sheet.

9. 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.

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 had no liabilities recorded for these agreements as of April 2, 2022 and January 1, 2022, 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 6) in the accompanying consolidated balance sheets.

Activity related to the warranty accrual was as follows (in thousands):

	Three Months Ended	
	April 2, 2022	April 3, 2021
Balance at beginning of period	\$ 32,019	\$ 24,392
Provision	6,036	10,185
Warranty usage	(7,816)	(10,673)
Balance at end of period	\$ 30,239	\$ 23,904

10. Income Taxes

Ordinarily, the Company's interim provision for income taxes is determined using an estimate of the annual effective tax rate. The Company records any changes affecting the estimated annual effective tax rate in the interim period in which the change occurs, including discrete tax items. However, for the first quarter of 2022, the Company concluded that the estimated

annual effective tax rate method would not provide a reliable estimate of the Company's overall annual effective tax rate due to the range of potential impacts of the ongoing global COVID-19 pandemic, heightened inflation and reduced consumer confidence stemming from the Russia-Ukraine war may have on its business and results of operations. Accordingly, the Company has computed the tax provision using the actual effective tax rate for the three months ended April 2, 2022.

The Company recorded an income tax benefit of \$9.6 million and \$1.2 million for the three months ended April 2, 2022 and April 3, 2021, respectively. The \$9.6 million income tax benefit for the three months ended April 2, 2022 resulted in an effective income tax rate of 24.0%. The \$1.2 million income tax benefit for the three months ended April 3, 2021 resulted in an effective tax rate of (19.5)%. The change in effective income tax rate was primarily driven by a discrete tax item of excess stock-based compensation windfalls recognized for the three months ended April 3, 2021 compared to stock-based compensation shortfalls recognized during the current period.

The Company's 24.0% effective rate of income tax for the three months ended April 2, 2022 was higher than the federal statutory tax rate of 21% primarily because of the recognition of R&D credits and the benefit associated with Foreign-Derived Intangible Income.

11. 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.

Significant Customers

For the three months ended April 2, 2022 and April 3, 2021, the Company generated 26.6% and 17.0%, respectively, of total revenue from one of its retailers.

12. Subsequent Event

Credit Facility

On May 4, 2022, the Company entered into a Second Amendment to the Amended and Restated Credit Agreement (the "Credit Agreement") with Bank of America N.A. (the "Amendment") with an effective date of March 31, 2022. The Amendment waives the quarterly tested leverage and interest coverage covenants in the Credit Agreement for the first, second and third quarters of 2022. The interest coverage ratio calculation for the fourth quarter of 2022 was changed to a trailing nine months. Additionally, a new liquidity covenant was added for all of fiscal 2022. The Amendment also increases the borrowing rate under the facility for 2022 to LIBOR plus 1.5%. With this Amendment, as of April 2, 2022, the Company is in compliance with the covenants under the Credit Agreement.

Item 2. 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 Quarterly Report on Form 10-Q. This Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q that are not historical facts, including, but not limited to statements concerning new product sales, product development and offerings, ability to address consumer needs, the expansion of our addressable market, factors for differentiation of our products, product integration plans, 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, efforts to mitigate supply chain challenges, availability of semiconductor chips, 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 and negative forms of such 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 this Quarterly Report on Form 10-Q and in Part 1, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended January 1, 2022 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. With over 30 years of artificial intelligence ("AI") and advanced robotics experience, we are focused on building thoughtful robots and developing intelligent home innovations that help make life better for millions of people around the world. iRobot's portfolio of home robots and smart home devices features proprietary technologies for the connected home and advanced concepts in cleaning, mapping and navigation, human-robot interaction and physical solutions. Leveraging this portfolio, we plan to add new capabilities and expand our offerings to help consumers make their homes easier to maintain, more efficient, more secure and healthier places to live.

As of April 2, 2022, we had 1,415 full-time employees. Since our founding in 1990, we have developed the expertise 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, time and other risks associated with product development. These capabilities are amplified by our Genius Home Intelligence ("Genius") platform, which leverages our considerable expertise and ongoing investment in AI, home understanding and machine vision technologies to provide consumers with greater control over our products, simple integration with other smart home devices, recommendations that further enhance the cleaning experience and the ability to share and transfer home knowledge across multiple iRobot robots. We believe that the capabilities within Genius will support our ability to build out a larger ecosystem that encompasses a broader range of adjacent robotic and smart home categories. 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 expand our total addressable market and capitalize on the anticipated growth in a wider range of robotic and smart home categories.

To continue expanding our business globally and increase our profitability in a highly competitive marketplace, we have continued to make progress on each key element of our strategy: innovate, get, keep and grow. In March 2022, iRobot released Genius 4.0 Home Intelligence, which adds a number of new pragmatic, convenient new experiences, makes Imprint Smart Mapping available for Roomba i3 and i3+ customers, and increases the range of objects that our Roomba j7 robot can identify and avoid. In addition, we continued to expand our connected customer base, focus on ways to keep customer use of our products and overall satisfaction levels high, and advance key commercial activities aimed at increasing existing customer revenue, especially through our direct-to-consumer channel.

In March 2022, we were granted a temporary exclusion from Section 301 List 3 tariffs by the United States Trade Representative ("USTR"). This exclusion eliminates the 25% tariff on Roomba products imported from China beginning on October 12, 2021 and continuing until December 31, 2022. The tariff exclusion entitles us to a refund of approximately \$29.8 million in tariffs comprised of \$11.7 million in tariffs paid on Roomba robots imported after October 12, 2021 and sold during fiscal 2021, \$5.9 million for tariffs paid during the first quarter of 2022 and \$12.2 million for on-hand inventory imported after October 12, 2021.

In addition to the ongoing impact of the COVID-19 pandemic, we anticipate potential disruptions in the consumer marketplace, particularly in EMEA, primarily driven by a combination of heightened inflation that threatens to curb consumer spending and reduced consumer confidence stemming from the Russia-Ukraine war. In March 2022, in response to the Russian invasion of Ukraine, we halted all new sales of our products to Russia. Revenue from our Russian distributor in 2021 was not material to our business.

Key Financial Metrics and Non-GAAP Financial Measures

In addition to the measures presented in our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"), we use the following key metrics, including non-GAAP financial measures, to evaluate and analyze our core operating performance and trends, and to develop short-term and long-term operational plans. The most directly comparable financial measures to the following non-GAAP metrics calculated under U.S. GAAP are gross profit and operating (loss) income. During the three months ended April 2, 2022 and April 3, 2021, we had gross profit of \$107.5 million and \$122.9 million, respectively, and operating (loss) income of \$(23.3) million and \$6.4 million, respectively. A summary of key metrics for the three months ended April 2, 2022, as compared to the three months ended April 3, 2021, is as follows:

	Three Months Ended	
	April 2, 2022	April 3, 2021
	(dollars in thousands, except average gross selling prices) (unaudited)	
Total Revenue	\$ 291,969	\$ 303,261
Non-GAAP Gross Profit	\$ 100,588	\$ 123,531
Non-GAAP Gross Margin	34.5 %	40.7 %
Non-GAAP Operating (Loss) Income	\$ (18,516)	\$ 14,954
Non-GAAP Operating Margin	(6.3)%	4.9 %
Total robot units shipped (in thousands)	974	1,088
Average gross selling prices for robot units	\$ 333	\$ 319

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, provided below, 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.

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 including adjustments after the measurement period has ended.

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

Tariff Refunds: We were granted an exclusion from Section 301 List 3 in March 2022, which temporarily eliminates tariffs on our Roomba products imported from China beginning on October 12, 2021 until December 31, 2022. This temporary exclusion entitles us to a refund of all related tariffs previously paid since October 12, 2021. We exclude the refunds for tariff costs expensed during fiscal 2021 from our fiscal 2022 non-GAAP measures because those tariff refunds associated with tariff costs incurred in the past have no impact to our current period earnings.

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.

Restructuring and Other: Restructuring charges are related to one-time actions associated with realigning resources, enhancing operational productivity and efficiency, or improving our cost structure in support of our strategy. Such actions are

not reflective of ongoing operations and include costs primarily associated with severance costs, certain professional fees, costs associated with consolidation of warehouses, and other non-recurring costs directly associated with resource realignments tied to strategic initiatives or changes in business conditions.

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.

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, including impact from stock-based compensation windfalls/shortfalls, that are not reflective of income tax expense incurred as a result of current period earnings.

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 (loss) income, net (loss) income and net (loss) income per share on a GAAP and non-GAAP basis for the three months ended April 2, 2022 and April 3, 2021:

	Three Months Ended	
	April 2, 2022	April 3, 2021
	(in thousands, except per share amounts)	
GAAP Gross Profit	\$ 107,515	\$ 122,944
Amortization of acquired intangible assets	821	225
Stock-based compensation	441	362
Tariff refunds	(11,727)	—
Restructuring and other	3,538	—
Non-GAAP Gross Profit	<u>\$ 100,588</u>	<u>\$ 123,531</u>
Non-GAAP Gross Margin	34.5 %	40.7 %
GAAP Operating (Loss) Income	\$ (23,287)	\$ 6,389
Amortization of acquired intangible assets	1,331	430
Stock-based compensation	7,208	6,782
Tariff refunds	(11,727)	—
Net merger, acquisition and divestiture expense	109	—
IP litigation expense, net	3,487	1,140
Restructuring and other	4,363	213
Non-GAAP Operating (Loss) Income	<u>\$ (18,516)</u>	<u>\$ 14,954</u>
Non-GAAP Operating Margin	(6.3)%	4.9 %
GAAP Net (Loss) Income	\$ (30,406)	\$ 7,443
Amortization of acquired intangible assets	1,331	430
Stock-based compensation	7,208	6,782
Tariff refunds	(11,727)	—
Net merger, acquisition and divestiture expense	109	—
IP litigation expense, net	3,487	1,140
Restructuring and other	4,363	213
Loss (gain) on strategic investments	16,835	(38)
Income tax effect	(9,185)	(4,051)
Non-GAAP Net (Loss) Income	<u>\$ (17,985)</u>	<u>\$ 11,919</u>
GAAP Net (Loss) Income Per Diluted Share	\$ (1.12)	\$ 0.26
Dilutive effect of non-GAAP adjustments	0.46	0.15
Non-GAAP Net (Loss) Income Per Diluted Share	<u>\$ (0.66)</u>	<u>\$ 0.41</u>

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. Our estimates and assumptions are based on historical experience and various other factors that we believe are reasonable under the circumstances. Actual results and outcomes may differ from our estimates and assumptions.

The critical accounting policies affected most significantly by estimates and assumptions used in the preparation of our consolidated financial statements are described in Item 7 of our Annual Report on Form 10-K for the fiscal year ended January 1, 2022, filed with the Securities and Exchange Commission on February 15, 2022. On an ongoing basis, we evaluate the critical accounting policies used to prepare our consolidated financial statements. There have been no material changes in these critical accounting policies and estimates.

Overview of Results of Operations

The following table sets forth our results of operations as a percentage of revenue:

	Three Months Ended	
	April 2, 2022	April 3, 2021
Revenue	100.0 %	100.0 %
Cost of revenue:		
Cost of product revenue	62.9	59.4
Amortization of acquired intangible assets	0.3	0.1
Total cost of revenue	63.2	59.5
Gross profit	36.8	40.5
Operating expenses:		
Research and development	14.6	13.8
Selling and marketing	20.9	16.8
General and administrative	9.1	7.7
Amortization of acquired intangible assets	0.2	0.1
Total operating expenses	44.8	38.4
Operating (loss) income	(8.0)	2.1
Other expense, net	(5.7)	—
(Loss) income before income taxes	(13.7)	2.1
Income tax benefit	(3.3)	(0.4)
Net (loss) income	(10.4)%	2.5 %

Comparison of Three Months Ended April 2, 2022 and April 3, 2021

Revenue

	Three Months Ended			
	April 2, 2022	April 3, 2021	Dollar Change	Percent Change
	(Dollars in thousands)			
Revenue	\$ 291,969	\$ 303,261	\$ (11,292)	(3.7)%

Revenue for the three months ended April 2, 2022 decreased \$11.3 million to \$292.0 million, or 3.7%, from \$303.3 million for the three months ended April 3, 2021. Geographically, in the three months ended April 2, 2022, international revenue decreased \$49.7 million, or 26.4%, which primarily reflected a 43.5% decrease in EMEA largely due to an exceptionally strong quarter in the EMEA region a year ago. The decrease was slightly offset by a \$9.9 million, or 24.5% increase in Japan, while domestic revenue increased \$38.4 million, or 33.5%, compared to the three months ended April 3, 2021. The decrease in revenue was also impacted by a 10.5% decrease in total robots shipped offset by a 4.4% increase in gross average selling price for the three months ended April 2, 2022, compared to the three months ended April 3, 2021. Despite the decrease in total revenue, our direct-to-consumer revenue growth of 16.8% to \$40.8 million, or 14.0% of total revenue, reflected continued expansion of this channel as we invested in enhancing the online buying experience and upgrading our digital marketing capabilities.

Cost of Product Revenue

	Three Months Ended			
	April 2, 2022	April 3, 2021	Dollar Change	Percent Change
	(Dollars in thousands)			
Cost of product revenue	\$ 183,633	\$ 180,092	\$ 3,541	2.0 %
As a percentage of revenue	62.9 %	59.4 %		

Cost of product revenue increased to \$183.6 million in the three months ended April 2, 2022, compared to \$180.1 million in the three months ended April 3, 2021. The increase in cost was driven by higher supply chain cost continuing from the second half of fiscal 2021 and a one-time action associated with the consolidation of warehouses in the U.S. These increases in cost of product revenue are mostly offset by lower product cost driven by a 3.7% decrease in revenue and lower Section 301 tariff expense during the three months ended April 2, 2022. In March 2022, we were granted a temporary exclusion from Section 301 List 3 tariffs which eliminates the 25% tariff on Roomba products imported from China beginning on October 12, 2021 and continuing until December 31, 2022. As a result of this exclusion, we recognized approximately \$11.7 million as a benefit to cost of product revenue related to tariffs expensed in fiscal 2021 during the three months ended April 2, 2022, compared to \$3.4 million in tariff expense during the three months ended April 3, 2021.

Gross Profit

	Three Months Ended			
	April 2, 2022	April 3, 2021	Dollar Change	Percent Change
	(Dollars in thousands)			
Gross profit	\$ 107,515	\$ 122,944	\$ (15,429)	(12.5)%
Gross margin	36.8 %	40.5 %		

Gross margin decreased to 36.8% in the three months ended April 2, 2022, compared to 40.5% in the three months ended April 3, 2021. Gross margin decreased 3.7% driven by continuing supply chain headwinds with increases in freight and material costs, along with price reductions and higher promotional activities for certain products of varying magnitudes across regions. The decrease is offset by lower warranty expense and tariff cost as we were granted temporary exclusion from Section 301 List 3 which eliminates the 25% tariffs on Roomba products imported from China as previously described. In addition, gross margin was favorably impacted from \$11.7 million recognized as a benefit from tariff refunds during the three months ended April 2, 2022 related to tariffs expensed in fiscal 2021. We expect gross margin pressure to continue over the next few quarters, as we anticipate continued elevated costs associated with increased raw materials, oceanic transport and air freight expenses as well as higher component costs associated with limited semiconductor chip availability.

Research and Development

	Three Months Ended			
	April 2, 2022	April 3, 2021	Dollar Change	Percent Change
	(Dollars in thousands)			
Research and development	\$ 42,529	\$ 41,920	\$ 609	1.5 %
As a percentage of revenue	14.6 %	13.8 %		

Research and development expenses increased \$0.6 million, or 1.5%, to \$42.5 million (14.6% of revenue) in the three months ended April 2, 2022 from \$41.9 million (13.8% of revenue) in the three months ended April 3, 2021. This increase was primarily due to a \$2.4 million increase in people-related costs associated with additional headcount, offset by lower short-term incentive compensation cost of \$2.0 million.

Selling and Marketing

	Three Months Ended			
	April 2, 2022	April 3, 2021	Dollar Change	Percent Change
	(Dollars in thousands)			
Selling and marketing	\$ 61,065	\$ 50,990	\$ 10,075	19.8 %
As a percentage of revenue	20.9 %	16.8 %		

Selling and marketing expenses increased \$10.1 million, or 19.8%, to \$61.1 million (20.9% of revenue) in the three months ended April 2, 2022 from \$51.0 million (16.8% of revenue) in the three months ended April 3, 2021. This increase was primarily attributable to higher marketing spend of \$7.0 million associated with increased use of working media to drive sales growth, \$2.0 million increase in people-related costs associated with additional headcount as well as \$0.9 million higher technology related cost including cloud service and maintenance and support fees as we continue to invest in our digital marketing and e-commerce capabilities. These increases were offset by lower short-term incentive compensation of \$0.8 million.

General and Administrative

	Three Months Ended			
	April 2, 2022	April 3, 2021	Dollar Change	Percent Change
	(Dollars in thousands)			
General and administrative	\$ 26,698	\$ 23,440	\$ 3,258	13.9 %
As a percentage of revenue	9.1 %	7.7 %		

General and administrative expenses increased \$3.3 million, or 13.9%, to \$26.7 million (9.1% of revenue) in the three months ended April 2, 2022 from \$23.4 million (7.7% of revenue) in the three months ended April 3, 2021. This increase was primarily due to a \$1.6 million increase in legal fees driven by higher intellectual property litigation costs and a \$1.2 million increase in enterprise software maintenance, support and services. In addition, during the three months ended April 2, 2022, the allowance for credit loss decreased \$0.5 million as compared to a decrease of \$2.1 million during the three months ended April 3, 2021. These increases were partially offset by lower vesting expectations related to our performance-based stock-based compensation and lower short-term incentive compensation cost of \$1.9 million.

Amortization of Acquired Intangible Assets

	Three Months Ended			
	April 2, 2022	April 3, 2021	Dollar Change	Percent Change
	(Dollars in thousands)			
Cost of revenue	\$ 821	\$ 225	\$ 596	264.9 %
Operating expense	510	205	305	148.8 %
Total amortization expense	\$ 1,331	\$ 430	\$ 901	209.5 %
As a percentage of revenue	0.5 %	0.1 %		

The increase in amortization of acquired intangible assets in the three months ended April 2, 2022 as compared to the three months ended April 3, 2021, was primarily related to the acquired intangible assets as part of the acquisition of Aeris Cleantec AG in the fourth quarter of 2021.

Other Expense, Net

	Three Months Ended			
	April 2, 2022	April 3, 2021	Dollar Change	Percent Change
	(Dollars in thousands)			
Other expense, net	\$ (16,746)	\$ (160)	\$ (16,586)	10,366.3 %
As a percentage of revenue	(5.7)%	— %		

During the three months ended April 2, 2022, other expense, net primarily consists of a realized loss of \$16.8 million associated with the sale of Matterport shares. Other expense, net includes interest income, interest expense, foreign currency gains (losses) as well as gains (losses) from strategic investments.

Income Tax Benefit

	Three Months Ended			
	April 2, 2022	April 3, 2021	Dollar Change	Percent Change
	(Dollars in thousands)			
Income tax benefit	\$ (9,627)	\$ (1,214)	\$ (8,413)	693.0 %
Effective income tax rate	24.0 %	(19.5)%		

We recorded an income tax benefit of \$9.6 million and \$1.2 million for the three months ended April 2, 2022 and April 3, 2021, respectively. The \$9.6 million income tax benefit for the three months ended April 2, 2022 resulted in an effective income tax rate of 24.0%. The \$1.2 million income tax benefit for the three months ended April 3, 2021 resulted in an effective income tax rate of (19.5)%. The change in effective tax rate was primarily driven by a discrete tax item of excess stock-based

compensation windfalls recognized for the three months ended April 3, 2021 compared to stock-based compensation shortfalls recognized during the current period.

Our 24.0% effective rate of income tax for the three months ended April 2, 2022 was higher than the federal statutory tax rate of 21% primarily because of the recognition of R&D credits and the benefit associated with Foreign-Derived Intangible Income.

Liquidity and Capital Resources

At April 2, 2022, our principal sources of liquidity were cash and cash equivalents totaling \$112.0 million. Our working capital, which represents our total current assets less total current liabilities, was \$371.3 million as of April 2, 2022, compared to \$393.9 million as of January 1, 2022. Cash and cash equivalents held by our foreign subsidiaries totaled \$51.2 million as of April 2, 2022. We expect the cash held overseas to be permanently reinvested outside of the United States, and our U.S. operation to be funded through its own operating cash flows, cash, and if necessary, through borrowing under our working capital credit facility.

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, and only invest periodically in leasehold improvements a portion of which is often 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. During the three months ended April 2, 2022 and April 3, 2021, we spent \$3.1 million and \$11.3 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.

Cash used in operating activities

Net cash used in operating activities for the three months ended April 2, 2022 was \$102.3 million, of which the principal components were the cash outflow of \$93.2 million from change in working capital and our net loss of \$30.4 million, partially offset by non-cash charges of \$21.3 million. The change in working capital was driven by decreases in accounts payable and accrued liabilities of \$119.0 million. This was partially offset by a decrease in accounts receivable of \$54.3 million.

Cash provided by investing activities

Net cash provided by investing activities for the three months ended April 2, 2022 was \$12.6 million. During the three months ended April 2, 2022, we received \$16.2 million from the sales and maturities of our investments while we paid \$0.5 million for the purchases of investments. We invested \$3.1 million in the purchase of property and equipment, including machinery and tooling for new products.

Cash used in financing activities

Net cash used in financing activities for the three months ended April 2, 2022 was \$0.7 million. During the three months ended April 2, 2022, we received \$0.8 million from employee stock plans and paid \$1.5 million upon vesting of restricted stock where 25,213 shares were retained by us to cover employee tax withholdings.

Working Capital Facilities

Credit Facility

We currently have a \$150 million unsecured revolving line of credit which expires in June 2023. As of April 2, 2022, 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 USD LIBOR is discontinued as expected in June 2023, 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. On May 4, 2022, we entered into a Second Amendment to the Amended and Restated Credit Agreement (the "Credit Agreement") with Bank of America N.A. (the "Amendment") with an effective date of March 31, 2022. The Amendment waives the quarterly tested leverage and interest coverage covenants in the Credit Agreement for the first, second and third quarters of 2022. The interest coverage ratio calculation for the fourth quarter of 2022 was changed to a trailing nine months. Additionally, a new liquidity covenant was added for the remainder of 2022. The Amendment also increases the borrowing rate under the Credit Agreement for 2022 to LIBOR plus 1.5%. With this Amendment, as of April 2, 2022, we are in compliance with the covenants under the Credit Agreement.

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 April 2, 2022, we had letters of credit outstanding of \$0.4 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 250.0 million Japanese Yen. As of April 2, 2022, 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 existing cash and cash equivalents as well as through our credit facility. 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, the overall macro economic conditions due to heightened inflation and reduced consumer confidence stemming from the Russia-Ukraine war and the ongoing impact of the COVID-19 pandemic 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

The disclosure of our contractual obligations and commitments is set forth under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations - Contractual Obligations" in our Annual Report on Form 10-K for the year ended January 1, 2022. Our principal commitments generally consist of obligations under our credit facility, leases for office space, inventory related purchase obligations, and minimum contractual obligations. Other obligations consist primarily of subscription services. There have been no material changes in our contractual obligations and commitments since January 1, 2022.

At April 2, 2022, we had outstanding purchase orders aggregating approximately \$327.4 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 cancellable without penalty.

Recently Adopted Accounting Pronouncements

See Note 2 to the Consolidated Financial Statements for a discussion of recently adopted accounting pronouncements.

Recently Issued Accounting Pronouncements

See Note 2 to the Consolidated Financial Statements for a discussion of recently issued accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

Exchange Rate Sensitivity

Our international revenue and expenses are denominated in multiple currencies, including British Pounds, Canadian Dollars, Chinese Renminbi, Euros, Japanese Yen and Swiss Franc. 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 April 2, 2022 and January 1, 2022, we had outstanding cash flow hedges with a total notional value of \$497.6 million and \$423.3 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 April 2, 2022 and January 1, 2022, we had outstanding economic hedges with a total notional value of \$249.0 million and \$325.4 million, respectively.

At April 2, 2022, 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 \$50.9 million.

Item 4. Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report were effective at a reasonable assurance level in ensuring that information required to be disclosed by us in reports that we file or submit under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms; and (ii) accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely discussions regarding required disclosure. We believe that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

There was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

This information is included in Note 9, Commitments and Contingencies, in the accompanying notes to the unaudited consolidated financial statements and is incorporated herein by reference from Item 1 of Part I.

Item 1A. Risk Factors

We operate in a rapidly changing environment that involves a number of risks that could materially affect our business, financial condition or future results, some of which are beyond our control. In addition to the other information set forth in this report, the risks and uncertainties that we believe are most important for you to consider are discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended January 1, 2022, which could materially affect our business, financial condition or future results. 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. There are no material changes to the Risk Factors described in our Annual Report on Form 10-K for the year ended January 1, 2022, other than as set forth below:

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 ("USTR"). 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 compression on 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.

On October 4, 2021, the USTR announced its decision to establish a new process for importers to apply for exclusions from Section 301 tariffs in 549 product categories, including robotic vacuum cleaners. Beginning October 12, 2021, the USTR started accepting comments on whether or not reinstating certain tariff exclusions will impact or result in severe economic harm to companies or other interests of the United States. On March 23, 2022, the USTR announced that it had reinstated a tariff exclusion for both robot vacuums and certain air purifiers, effective from October 12, 2021, through December 31, 2022. We do not currently believe that additional exclusions will be available after December 31, 2022.

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, whether exclusions will be extended, 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.

Moreover, in recent months, inflation has increased significantly in the United States, the European Union and in many of the countries where we conduct business. Inflation impacts consumer spending and increases the costs of many aspects of our business, including the costs of our products sold, transportation and travel costs, and labor costs. If inflation decreases consumer demand or we are unable to increase our prices to sufficiently offset the increased costs of doing business, our results of operations and profitability may be adversely impacted.

Because we are an increasingly global business that in the three month ended April 2, 2022 and April 3, 2021 generated approximately 47.5% and 62.2%, 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.

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 three months ended April 2, 2022 and April 3, 2021, sales to non-U.S. customers accounted for 47.5% and 62.2%, 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, including the invasion of Ukraine by Russia, the possibility of military action in countries near or adjacent to Ukraine, and the sanctions and other actions taken by the European Union, the United States and other governments around the world in response;
- 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 conflict in the Ukraine has, and we anticipate will continue to have, an adverse impact upon our business operations. In March 2022, in response to the Russian invasion of Ukraine, we halted all new sales of our products to Russia. It is unclear whether we will resume shipments to Russia in 2022. As this conflict continues, we have seen, and believe we will continue to see, an impact to consumer spending in other regions.

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.

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, ransomware, 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.

On February 21, 2022, we were informed by our primary North American third-party logistics (3PL) partner that it had suffered a major cyber incident shutting down a significant portion of its ability to perform 3PL services on our behalf. While iRobot's systems were not impacted in the incident, we took certain actions to mitigate the lack of 3PL services.

Item 5. 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, and Deborah Ellinger, 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 Quarterly Report on Form 10-Q 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.

Entry into a Material Definitive Agreement, Termination of a Material Definitive Agreement, and Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On May 4, 2022, iRobot Corporation (the "Company") entered into a Second Amendment to Amended and Restated Credit Agreement (the "Credit Facility Amendment") to its existing unsecured revolving credit facility (the "Credit Facility") with Bank of America, N.A. (the "Lender") dated December 20, 2013, (as amended by that certain First Amendment to Amended and Restated Credit Agreement, dated as of June 29, 2018) and a Second Amendment to Amended and Restated Reimbursement Agreement (the "Reimbursement Agreement Amendment") to its existing reimbursement agreement with the Lender dated December 20, 2013 (as amended by that certain First Amendment to Amended and Restated Credit Agreement, dated as of June 29, 2018). The Credit Facility Amendment provides for the suspension of compliance with certain covenants, inter alia, those related to debt to EBITDA ratios in 2022, and the addition for fiscal year 2022 of a covenant requiring the company to maintain certain minimum cash balances ranging from \$40 million to \$75 million.

Item 6. Exhibits

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
10.1*#	Manufacturing Services Agreement between the Registrant and Jabil Circuit, Inc., dated as of March 18, 2010 (as amended to date)
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.*)

* Filed herewith

** Furnished herewith

Portions of this exhibit (indicated by asterisks) have been omitted in accordance with the rules of the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

iROBOT CORPORATION

Date: May 5, 2022

By: /s/ Julie Zeiler
Julie Zeiler
Executive Vice President and Chief Financial Officer (Principal Financial Officer)

Certifications

I, Colin M. Angle, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of iRobot Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2022

/s/ COLIN M. ANGLE

Colin M. Angle
Chief Executive Officer

Certifications

I, Julie Zeiler, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of iRobot Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2022

/s/ JULIE ZEILER

Julie Zeiler
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of iRobot Corporation (the "Company") for the period ended April 2, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Colin M. Angle, the Chief Executive Officer of the Company and Julie Zeiler, the Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to our knowledge, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This certification is being provided pursuant to 18 U.S.C. 1350 and is not to be deemed a part of the Report, nor is it to be deemed to be "filed" for any purpose whatsoever.

Date: May 5, 2022

/s/ COLIN M. ANGLE

Colin M. Angle
Chief Executive Officer

Date: May 5, 2022

/s/ JULIE ZEILER

Julie Zeiler
Chief Financial Officer

[*] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.



MANUFACTURING SERVICES AGREEMENT

between

JABIL CIRCUIT, INC.

and

IROBOT CORPORATION

MANUFACTURING SERVICES AGREEMENT

This Manufacturing Agreement (this “**Agreement**”) is entered into by and between Jabil Circuit, Inc., a Delaware corporation, having offices at 10560 Dr. M.L. King Jr. Street North St. Petersburg, Florida 33716, on behalf of Jabil and its Subsidiaries (“**Jabil**”), and iRobot Corporation, a Delaware corporation (“**Company**” or “**iRobot**”), having its principal place of business at 8 Crosby Drive, Bedford, MA 01730. Jabil and Company are referred to herein as “**Party**” or “**Parties**”.

RECITALS

A. Jabil is in the business of providing sophisticated manufacturing services that in some cases may be unique in kind and quality, including designing, developing, manufacturing, testing, configuring, assembling, packaging and shipping highly specialized electronic assemblies and systems.

B. Company is in the business of designing, developing, distributing, marketing and selling products containing highly specialized electronic assemblies and systems.

C. Whereas, the Parties desire that Jabil manufacture, test, configure, assemble, package and/or ship certain electronic assemblies and systems pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

TERMS

1 Definitions. In addition to terms defined elsewhere in this Agreement, the capitalized terms set forth below shall have the following meaning:

1.1 “**AAA**” shall have the meaning set forth in Section 25.13.2.

1.2 “**Additional Services**” means services such as, design for manufacturability, manufacturing design test support, computer assisted design for manufacturability, test development services, volume production and advanced packaging technologies all as specified and approved by Company and agreed to by Jabil.

1.3 “**Affiliate**” means with respect to a Person, any other Person which directly or indirectly controls, or is controlled by, or is under common control with, the specified Person. For purposes of the preceding sentence, “control” of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, or direct or indirect ownership (beneficially or of record) of, or direct or indirect power to vote, 5% or more of the outstanding shares of any class of capital stock of such Person (or in the case of a Person that is not a corporation, 5% or more of any class of equity interest).

1.4 “**Assigned Components**” means the components or materials specifically identified in Schedule 1 as “assigned” and for which Company has identified the applicable supplier from whom Jabil is authorized to source such component or material for incorporation into the Product.

1.5 “**AVL**” means the confidential list of Suppliers Designated by Company from which Jabil is authorized to purchase the applicable Assigned Components and Generic Components for use in the manufacture of Products.

1.6 “**Business Continuity Plan**” shall have the meaning set forth in Section 21.1.

1.7 “**Class Failure**” means a defect solely caused by (i) Jabil’s failure to manufacture any Product to conform to the Specifications or other requirements in this Agreement, (ii) the failure of Jabil to comply with any applicable law, rule, regulation, court order or decree that is applicable to Jabil’s performance of its obligations set forth in this Agreement, or (iii) the gross negligence or willful misconduct of Jabil’s personnel performing Manufacturing Services for Company under this Agreement; wherein, such defect occurs in **[*]** or more of the total number of a particular Product (as identified by the applicable Product serial numbers) supplied under this Agreement over a rolling **[*]** period within the Warranty Period.

1.8 “**Commercially Reasonable Efforts**” means those efforts that would be deemed both commercially practicable and reasonably financially prudent after having taken into account all relevant commercial considerations. “Relevant commercial considerations” shall be deemed to include, without limitation, (1) all pertinent facts and circumstances; (2) financial costs; (3) resource availability and impact; (4) probability of success; and (5) other commercial practicalities.

1.9 “**Company Indemnified Parties**” shall have the meaning set forth in Section 19.

1.10 “**Company Intellectual Property**” means all Intellectual Property, tangible embodiments thereof and all other materials provided or made available to Jabil by Company, including, without limitation the Specifications and Company Proprietary Information and Technology and Company Property.

1.11 “**Company Marks**” shall have the meaning set forth in Section 17.5.

1.12 “**Company Property**” means all property, including all Product and Consigned Components, other Components paid for by Company, inventories, work in process (WIP), Loaned Equipment, Specifications, test equipment, software and documentation, and support maintenance or design documentation, furnished to Jabil by Company or otherwise paid for by Company in connection with this Agreement for Jabil’s use in performing its obligations hereunder.

1.13 “**Company Tooling**” shall have the meaning set forth in Section 10.1.

1.14 “**Company Quarter End**” means Company’s fiscal calendar which follows the 4-4-5 week format identified in Schedule 6, which Schedule shall be updated by Company on an annual basis on or before December 1st.

1.15 “**Competitor Product**” shall have the meaning set forth in Section 18.

1.16 “**Compliance Certification**” shall have the meaning set forth in Section 3.7.1.

1.17 “**Components**” means those Assigned Components, Generic Components, and Consigned Components.

1.18 “**Consigned Components**” means those components that are provided by or on behalf of Company, to Jabil, at Company’s expense for assembly into Products, including those Components or materials specifically identified in writing by Company as “consigned.”

1.19 “**Defect**” shall have the meaning set forth in Section 5.4.

1.20 “**Deliverable**” shall mean an item specified as a deliverable in a SOW corresponding to Additional Services provided by Jabil.

1.21 “**EDI**” shall mean electronic data interchange.

1.22 “**Effective Date**” shall mean the date upon which the terms and conditions of this Agreement shall become effective by and between the Parties. The Parties have agreed that the Effective Date of this Agreement shall be the late date of execution on the signature page to this Agreement.

1.23 “**Encumbrance**” means any encumbrance, lien, charge, hypothecation, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, right of set-off, any matter capable of registration against title, option, right of pre-emption, privilege or any contract to create any of the foregoing.

1.24 “**Fee and Price Schedule**” shall mean the prices and fees set forth in Schedule 2 for the applicable Product identified therein, and any future Fee and Price Schedule for new Product as added in writing from time to time upon mutual agreement of the Parties.

1.25 “**FCA**” means that Jabil must at its own expense and risk deliver the Product cleared for export into the custody of the designated carrier at the applicable Port of Origin.

1.26 “**Force Majeure Events**” shall have the meaning set forth in Section 24.1.

1.27 “**Forecast**” shall have the meaning set forth in Section 11.1.

1.28 “**Generic Components**” means the components or materials identified in Schedule 1 for incorporation into the Product and for which Company has not identified any specific supplier or source from whom Jabil is authorized to source such component or material.

1.29 “**including**” shall be defined to have the meaning “including, without limitation.”

1.30 “**in writing**” shall mean written documents, EDI with phone confirmation, verified faxes and successfully transmitted e-mails.

1.31 “**Initial Term**” shall have the meaning set forth in Section 14.

1.32 “**Intellectual Property**” means any and all intellectual property and tangible embodiments thereof, including without limitation inventions, discoveries, designs, specifications, developments, methods, modifications, improvements, processes, know-how, show-how, techniques, algorithms, databases, computer software and code (including software and firmware listings, assemblers, applets, compilers, source code, object code, net lists, design tools, user interfaces, application programming interfaces, protocols, formats, documentation, annotations, comments, data, data structures, databases, data collections, system build software and instructions), mask works, formulae, techniques, supplier and customer lists, trade secrets, graphics or images, text, audio or visual works, materials that document design or design processes, or that document research or testing, schematics, diagrams, product specifications and other works of authorship.

1.33 “**Intellectual Property Rights**” means, collectively, all rights in, to and under patents, trade secret rights, copyrights, trademarks, service marks, trade dress and similar rights of any type under the laws of any governmental authority, including without limitation, all applications and registrations relating to the foregoing.

1.34 “**Jabil Circuit, Inc.**” and “**Jabil**” shall be defined to include any Jabil Subsidiary.

1.35 “**Jabil Created Intellectual Property**” means any improvements or modifications to the Jabil Technical Manufacturing Information that are newly created or developed, and reduced to practice by Jabil in (i) preparing any Product provided pursuant to this Agreement, or (ii) performing the Manufacturing Services or any other work provided pursuant to this Agreement; but shall not include any Jabil Existing Intellectual Property.

1.36 “**Jabil Existing Intellectual Property**” means any Intellectual Property, including the Jabil Technical Manufacturing Information, created or developed by Jabil outside the scope of this Agreement during the Term or owned or controlled by Jabil prior to the execution of this Agreement; and all improvements, modifications or enhancements to the foregoing made by or on behalf of Jabil.

1.37 “**Jabil Indemnified Parties**” shall have the meaning set forth in Section 19.2.

1.38 “**Jabil Intellectual Property**” shall mean both Jabil Created Intellectual Property and Jabil Existing Intellectual Property, collectively.

1.39 “**Jabil Technical Manufacturing Information**” means the manufacturing information, process (not including its manufacturing process) and technology used by Jabil or third parties under its control to design/develop

(as described in Additional Services above), test or manufacture the Products including, but not limited to: (i) specifications, software, test software, schematics, drawings, designs, mask works, topography or other materials pertinent to the most current revision level of manufacturing of the Products; (ii) copies of all inspection, manufacturing, test and quality control procedures and any other work processes (except manufacturing); (iii) jig, fixture and tooling designs; (iv) Jabil general knowledge and information relating to the Products; and (v) support documentation.

1.40 “**Jabil Warranty**” shall have the meaning set forth in Section 5.1.

1.41 “**Lead-time**” means the mutually agreed upon minimum amount of time in advance of shipment that Jabil must receive a Purchase Order in order to deliver Product by the requested delivery date.

1.42 “**Loaned Equipment**” means capital equipment (including tools) which is loaned to Jabil by or on behalf of Company to be used by Jabil to perform the Manufacturing Services and includes all equipment, tools and fixtures purchased specifically for Company, by Jabil, to perform the Manufacturing Services and that are paid for in full by Company.

1.43 “**Losses**” shall have the meaning set forth in Section 19.

1.44 “**Manufacturing Services**” means the services performed by Jabil hereunder which shall include but not be limited to manufacturing, testing, configuring, assembling, packaging and/or shipping of the Product, and all Reasonable and Customary Support Services, and any Additional Services, all in accordance with the Specifications.

1.45 “**Marks**” means trademarks, service marks, trademark and service mark applications, trade dress, trade names, logos, insignia, symbols, designs or other marks identifying a Party or its products.

1.46 “**Material Authorization**” shall have the meaning set forth in Section 3.6.1.

1.47 “**Materials Declaration Requirements**” means any requirements, obligations, standards, duties or responsibilities pursuant to any environmental, product composition and/or materials declaration laws, directives, or regulations, including international laws and treaties regarding such subject matter; and any regulations, interpretive guidance or enforcement policies related to any of the foregoing, including, but not limited to, the following examples: Directive 2002/95/EC of the European Parliament and of the Council of 27 January 2003 on the restriction of the use of certain hazardous substances in electrical and electronic equipment (“RoHS”), Directive 2002/96/EC of the European Parliament and of the Council of 27 January 2003 on waste electrical and electronic equipment (“WEEE”), and European Union Member State implementations of the foregoing; the People’s Republic of China (PRC) Measures for the Administration of the Control of Pollution by Electronic Information Products

(**电子信息产品污染控制管理办法**) promulgated on February 28, 2006 (including any pre-market certification (“CCC mark”) requirements thereunder and including relevant standards adopted by the PRC Ministry of Information Industry or other applicable PRC authority); PRC General Administration of Quality Supervision, Inspection and Quarantine’s Circular 441 (2006); Japanese Industrial Standard C0950:2005; the California Electronic Waste Recycling Act of 2003; Act on the Recycling of Electrical and Electronics Equipment and Automobiles (1.1.2008) (Korea), Waste Act (2004) and secondary legislation (based on EU directives) (Croatia), Regulation (EC) No 1907/2006, Regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC and/or other similar legislation.

1.48 “**Minimum Production Increase**” shall have the meaning set forth in Section 11.6.

1.49 “**Minimum Volume**” means the minimum volume, if any, set forth on Schedule 1 for a particular Product.

1.50 “**New York Courts**” shall have the meaning set forth in Section 25.18.

1.51 “**Newly Created Intellectual Property**” means, other than the Jabil Intellectual Property, any and all Intellectual Property, tangible embodiments thereof and all other materials newly created, developed, and reduced to practice, resulting from any work, Manufacturing Services or other services performed by either or both Parties, including, but not limited to, by any of its or their employees, agents or contractors, under this Agreement, that is incorporated by Jabil into any Product or otherwise in a Deliverable that Jabil prepares for Company.

1.52 “**Non-Conforming Product**” means any Product that does not conform to the Specifications.

1.53 “**Non-Disclosure Agreement**” means that certain Mutual Non-Disclosure Agreement between the Parties dated June 23, 2009, attached hereto as Schedule 4, as amended in Section 16 below.

1.54 “**NRE Costs**” shall consist of expenses, excluding the Waived NRE Costs, incurred by Jabil under this Agreement, including design engineering services, testing, fixturing and tooling and other out-of-pocket costs, in each case for work performed by Jabil for Company pursuant to Company’s prior written consent. For the avoidance of doubt, NRE Costs shall not include any costs or expenses incurred by Jabil for any Reasonable and Customary Support Services.

1.55 “**On-time**” shall have the meaning set forth in Section 3.9.4.

1.56 [*]

1.57 “**Port of Origin**” means Hong Kong, China or Yantian, China or another port mutually agreed between Parties in writing.

1.58 “**Packaging and Shipping Specifications**” means the packaging and shipping specifications set forth in Schedule 1 and otherwise supplied and/or approved by Company.

1.59 “**Person**” means any corporation, business entity, natural person, firm, joint venture, limited or general partnership, limited liability entity, limited liability partnership, trust, unincorporated organization, association, government, or any department or agency of any government.

1.60 “**Product Price**” shall have the meaning set forth in Section 9.2.

1.61 “**Products**” means any and all the products manufactured and assembled by Jabil on behalf of Company under this Agreement as identified in Schedule 1 (or any subsequent Schedule 1 prepared for any product to be manufactured hereunder) including any updates, renewals, modifications or amendments thereto.

1.62 “**Production Start Date**” means the first day immediately following the business week during which Jabil manufactures and delivers at least [*] units of a Product.

1.63 “**Proprietary Information and Technology**” means “Proprietary Information” as defined in the Non-Disclosure Agreement, as amended in Section 16 below.

1.64 “**Purchase Order**” shall have the meaning set forth in Section 11.2.

1.65 “**Purchase Order Acknowledgment**” shall have the meaning set forth in Section 11.3.

1.66 “**Quality and Test Procedures**” means the testing specifications, quality requirements, standards, procedures and parameters supplied and/or approved by Company, including without limitation, the specifications and quality requirements plans for the Product and certain Components attached hereto as Schedule 3.

1.67 “**R3 Product**” means any and all configurations of the Roomba® 3 product SKUs manufactured and assembled by Jabil on behalf of Company under this Agreement as identified in the initial Schedule 1 to this Agreement.

1.68 “**Reasonable and Customary Support Services**” mean all services and activities related to reporting for Company and its customers, root cause analysis, testing, trials, inventory audits and reconciliation, development and delivery of samples, participation and support of any new Product introduction, design, procurement and maintenance of all production related fixtures, and design, procurement and maintenance of all quality and test

fixtures that may be necessary for Jabil to execute the Quality and Test Procedures (but excluding any PCBA NRE's and ICT fixtures and programming as these will be subject to volume based negotiations that may result in the costs being waived by Jabil).

1.69 "**RMA**" shall have the meaning set forth in Section 5.4.

1.70 "**Renewal Term**" shall have the meaning set forth in Section 14.

1.71 "**Specifications**" means the technical specifications for manufacturing Products under this Agreement as set forth in Schedule 1, any bill of materials, designs, schematics, assembly drawings, process documentation, test specifications, current revision number, and Approved Vendor List, and other technical requirements/specifications for manufacturing otherwise supplied and/or approved by Company. Specifications also include Packaging and Shipping Specifications. Specifications may be amended from time to time by amendments in the form of written engineering change orders agreed to by the Parties.

1.72 "**SOW**" means the statement of work for each Product set forth in any Schedule 1 as amended in writing from time to time upon mutual agreement of the Parties.

1.73 "**Subsidiary(ies)**" means any corporation, partnership, joint venture, limited liability entity, trust, association or other business entity of which a Party or one or more of its Subsidiaries, owns or controls more than 50% of the voting power for the election of directors, managers, partners, trustees or similar parties.

1.74 "**Suppliers Designated by Company**" means suppliers designated, specified and/or approved by Company.

1.75 "**Sustainable and Competitive Pricing**" shall have the meaning set forth in Section 9.1.

1.76 "**Term**" means the Initial Term and each Renewal Term, collectively.

1.77 "**Termination Effective Date**" shall have the meaning set forth in Section 15.3.3.

1.78 "**Transition Period**" shall have the meaning set forth in Section 15.4.

1.79 "**Waived NRE Costs**" means, collectively, the total NRE Costs for the Metal Parts Tooling NRE, PCBA NRE, and the ICT NRE, each as set forth in Schedule 2.

1.80 "**Warranty Period**" shall have the meaning set forth in Section 5.3.

2 List of Schedules. This Agreement includes the following Schedules for each Product to be manufactured hereunder, which are hereby incorporated herein and made a part of this Agreement:

Schedule 1 - Statement of Work and Specifications

Schedule 2 - Fee and Price Schedule (Final Jabil Quote)

Schedule 3 - Quality and Test Procedures

Schedule 4 - Non-Disclosure Agreement

Schedule 5 - Company Marks

Schedule 6 - Company Quarter End

3 Manufacturing Services. Jabil will manufacture the Product in accordance with the Specifications and any applicable Purchase Order. When requested by Company, and subject to appropriate fee and cost adjustments, Jabil will provide Additional Services for existing or future Product manufactured by Jabil for Company. Company shall be solely responsible for the sufficiency and adequacy of the Specifications and shall hold Jabil harmless for any claim arising therefrom pursuant to Section 19.2.

3.1 **Quality and Test Procedures.** All Products manufactured and supplied by Jabil shall adhere to the Quality and Test Procedures as set forth in this Agreement, including the Quality and Test Procedures attached as Schedule 3 hereto. Jabil shall continuously perform the applicable quality tests and procedures and monitor such compliance at all times, including during the preparation for production as well as during production. Company shall

be solely responsible for the sufficiency and adequacy of the Quality and Test Procedures and will hold Jabil harmless from any claims arising therefrom pursuant to Section 19.2. Jabil is responsible for designing and/or purchasing and maintaining necessary test and fixture equipment to conduct such testing and procedures at no charge in connection with performing the Reasonable and Customer Support Services. Where applicable, Company will provide detailed test fixture design/layout. Jabil is responsible for Jabil employee/worker's training, employee/worker's instructions, preventive and/or on-conditional (as needed) maintenance plans, and calibration plans unless otherwise specified by Company

3.2 Packaging and Shipping. Jabil will package and ship the Product in accordance with the Packaging and Shipping Specifications. Company shall be solely responsible for the sufficiency and adequacy of the Packaging and Shipping Specifications and shall hold Jabil harmless from any claims arising therefrom pursuant to Section 19.2. In the event Jabil fails to comply with the Packaging and Shipping Specifications and such results in a breach of the Jabil Warranty, the provisions of Section 5.4 shall apply.

3.3 Items to be Supplied by Company. Company shall supply to Jabil, according to the terms and conditions specified herein, Company Proprietary Information and Technology and, if applicable, the Loaned Equipment, and Consigned Components pursuant to Section 12.1. Company will also provide to Jabil all Specifications, Quality and Test Procedures, Packaging and Shipping Specifications, Product design drawings, approved vendor listings where applicable, material component descriptions (including approved substitutions), manufacturing process requirements, and any other specifications necessary for Jabil to perform the Manufacturing Services. Company shall be solely responsible for delay in delivery, defects and enforcement of warranties related to the Consigned Components, and Company shall hold Jabil harmless from any claims arising therefrom pursuant to Section 19.2. Any Loaned Equipment that Company requests Jabil to accept shall be subject to specific acceptance criteria (including maintenance and repair schedules) that are mutually created and mutually agreed upon. Once Jabil has accepted the Loaned Equipment, Jabil is responsible for adhering to the specifications describe in the acceptance criteria.

3.4 Items to be Supplied by Jabil. Jabil will employ the Jabil Manufacturing Process, and provide the Manufacturing Services, Reasonable and Customary Support Services, any required manufacturing technology, manufacturing capacity, design services in support of manufacturing process (to include fixture design) labor, manufacturing and quality related fixtures, transportation logistics (as required by FCA Port of Origin), systems and facilities necessary for Jabil to perform the Manufacturing Services. Jabil will provide Reasonable and Customary Support Services at no charge.

3.5 Company Inspection. Company shall have the right, upon reasonable advance notice, during normal business hours and at its expense to inspect, review, monitor and oversee the Manufacturing Services, provided that such inspection shall not disrupt Jabil's normal business operations. Company shall cause each of its employees, agents and representatives who have access to Jabil's facilities, to maintain, preserve and protect all Proprietary Information and Technology of Jabil and the confidential or proprietary information and technology of Jabil's other customers in accordance with the Non-Disclosure Agreement. Company shall further have the right to bring Company's customers to Jabil's facility, upon reasonable advance notice and under the same obligations to Jabil surrounding protection of Jabil's Proprietary Information and Technology and Jabil's customers' confidential or proprietary information and technology. Company's employees have the right to obtain relevant artifacts (such as reports, process tracking charts, etc.) and take photographs and videos of Company related Products, Components, manufacturing processes, tests, fixtures, tools or items at any time during the inspection, subject to Jabil's prior review and approval of said photographs and videos.

3.6 Materials Procurement.

3.6.1 Jabil will use Commercially Reasonable Efforts to procure Assigned Components from the applicable designated supplier per Company's AVL and Generic Components per Company's BOM, where applicable, and otherwise from suppliers chosen by Jabil and approved by Company, in amounts necessary to fulfill Purchase Orders and to procure under Material Authorizations. Jabil will be responsible for adherence to the Product Specifications in the assembly and manufacturing process. Company will be responsible for the part functionality set forth in the Company Specifications. Company will be responsible for managing the pipeline of Company controlled Consigned Components. Jabil will be responsible for managing the pipeline of all Assigned Components, Generic Components, and any Consigned Components controlled by Jabil to the extent empowered by Company through its Material Authorizations and Purchase Orders. Company may authorize Jabil to procure Generic Components and Assigned Components necessary, without a Purchase Order, by issuing a written authorization to purchase such Components ("**Material Authorization**"), to meet specific Forecast or Purchase Order demand as well as any coverage which may be needed for NCNR and Long-Lead Components. In the event of schedule changes, Jabil shall use Commercially Reasonable Efforts to cancel all applicable material and parts purchase orders and reduce material and parts inventory through return for credit programs or allocate such materials and parts for other customer orders. Company retains all liability for materials and parts Jabil cannot return or reuse elsewhere after Commercially Reasonable Efforts to mitigate such liability, if those materials were ordered by Jabil acting on Company's Material Authorization or Purchase Order. Jabil's obligation to exercise Commercially Reasonable Efforts to return/reuse any materials shall extend to all Components regardless of classification, except for non-cancel/nonreturnable (NCNR) Components.

3.6.2 Long-Lead Components. Jabil shall not purchase any Component designated in Schedule 2 as a "long lead" Component by Company without a Material Authorization or Purchase Order. Jabil shall use Commercially Reasonable Efforts to continuously improve lead time for all Components. With Company's prior written consent (such as a Material Authorization), Jabil may pre-purchase Generic Components and Assigned Components, or pre-build sub assemblies, modules, core robots or even completed SKU quantities in order to meet Forecast volumes, or anticipated volumes under Purchase Orders and Material Authorizations.

3.7 Materials Declaration.

3.7.1 Company shall notify Jabil, in reasonable detail, with respect to each Product as of the Effective Date, whether or not such Product is exempt from Materials Declaration Requirements. Where Company notifies Jabil in writing that the Product is subject to Materials Declaration Requirements, Jabil will use Commercially Reasonable Efforts to procure, or assist Company in procuring (if applicable) Components and other parts and materials that are compliant with Materials Declaration Requirements. Upon Company's request, Jabil shall use commercially reasonable efforts to collect documentation from suppliers on the AVL as of the Effective Date, certifying compliance with Materials Declaration Requirements with respect to Components, the form of which certification has been provided, or approved, by Company ("**Compliance Certification**"). Jabil shall obtain such Compliance Certification from each suppliers added to the AVL after the Effective Date, and from each supplier chosen by Jabil pursuant to Section 3.6.1. Upon Company's request, Jabil shall promptly provide copies of all requested Compliance Certifications to Company. In the event that any supplier does not provide Compliance Certification, Jabil shall promptly notify Company and cooperate with Company to remove such supplier from the AVL or take such other action that the parties mutually agree upon in writing. In addition, Jabil shall fully cooperate and render all necessary assistance to Company in Company's efforts to recover on any claims against any suppliers related to Materials Declaration Requirements. In the event that a supplier fails to provide a Compliance Certification, Jabil has notified Company of such failure and Company has notified Jabil that Company still chooses

to accept Components from such supplier, then Jabil shall bear no responsibility or liability for the lack of such Compliance Certification. However, Company understands and agrees that:

3.7.1.1. Company is responsible for notifying Jabil in writing of the specific Materials Declaration Requirements and any exemptions thereto that Company determines to be applicable to the Product and shall be solely liable for the adequacy and sufficiency of such determination and information;

3.7.1.2. Any information or certification regarding Materials Declaration Requirements compliance of parts, components, packaging or materials used in the Products shall come from the relevant supplier, which Jabil shall provide to Company promptly following receipt of any such information or certification. Jabil does not test, certify or otherwise warrant component, part, packaging or materials compliance, on a homogenous material level or any other level, with Materials Declaration Requirements; and

3.7.1.3. Company is ultimately and solely responsible for ensuring that any parts, components or materials used in the Products, and the Product itself, are compliant with applicable Materials Declaration Requirements.

3.7.1.4. In the event Jabil becomes aware of any Material Declaration Requirements that may be applicable to the Product or any Component thereof, Jabil will use Commercially Reasonable Efforts to notify Company of such Material Declaration Requirements.

Notwithstanding any other provision set forth in this Agreement, including amendments, attachments, or any other document incorporated herein (i) if any Products do not comply with the Jabil Warranty, then Company shall be entitled to the remedies provided in Section 5.4 below for such Non-Conforming Products, this Section 3.7 sets forth Jabil's sole responsibility and liability and Company's entire remedy from Jabil with respect to Materials Declaration Requirements and any third party claims against Company related to the Materials Declaration Requirements, and that absent this provision, Jabil would not enter this Agreement.

3.8 Product Evaluation. Acceptance of the Product will occur upon Company's or its designee's receipt of the Product. Notwithstanding the foregoing, Company reserves the right to inspect or evaluate any Product to determine if it conforms, in all material respects, to the Specifications. In the event Company determines that the Product does not pass its acceptance test procedures or inspection procedures, (i) Company shall notify Jabil in writing that such Product is a Non-Conforming Product, and (ii) Jabil will assume its obligations and Company will have the available remedy with respect to such Non-Conforming Products as set forth in Section 5.4. For the avoidance of doubt, the Jabil Warranty in Section 5 will survive any acceptance, inspection, or evaluation by Company under this Section.

3.9 Purchase Order Performance.

3.9.1 Jabil shall fill and deliver 100% of the Products purchased under a Purchase Order by the due date specified in Jabil's Order Acknowledgment of such Purchase Order.

3.9.2 In the event that Jabil fails to fill and deliver "On-time" as defined in Section 3.9.4, solely due to an act or omission by Jabil, then Jabil shall pay to Company commercially reasonable expedited shipping charges to deliver the affected order to Company.

3.9.3 Notwithstanding anything to the contrary, the following is hereby excluded from On-time delivery calculations:

- Obsolete Parts. Components which are no longer actively being manufactured, but found through limited distribution supply, brokers and/or through a Company last-time buy. Jabil is responsible for proactively monitoring threat to obsolescence and issuing advance notification to Company as soon as it becomes aware of same so that Company may have sufficient time to introduce alternate component.
- Force Majeure event as provided in Section 24.
- Company caused and/or controlled delays.

3.9.4 For purposes of this Agreement, “**On-time**” delivery means: delivery of [*] of the Products purchased under a Purchase Order are delivered by the due date indicated on Jabil’s Acknowledgment to Company’s Purchase Order for such Products, no later than the end of [*] thereafter; minus [*] for any portion of the order delivered early [*]. Jabil will monitor and report to Company monthly “On-time” delivery per Purchase Order and Order Acknowledgment, and such report shall include the number of Purchase Orders placed by Company within the Lead Time versus number of Purchase Orders delivered On-time.

3.10 Assigned and Consigned Components.

3.10.1 Company may elect to assign a specific supplier and part number for any component or material, including any rechargeable battery, battery charger, masked IC components, motors, packaging material, and gears. In such case, Jabil shall source such Assigned Components from the applicable supplier and implement supply optimization inventory practices. In the event that Company elects to transfer to Jabil the purchasing responsibility for any Consigned Component, Jabil shall assume such responsibility as soon as reasonably practicable. The Parties will work in good faith to identify and implement all reasonable measures to allow for Jabil to assume such purchasing responsibility for such Consigned Component.

3.10.2 Jabil will segregate, conspicuously identify and safeguard all Company owned and Consigned Components in such fashion to clearly identify the Consigned Components as the property of Company. Jabil shall maintain all Components at its own expense in accordance with the product requirements provided in writing to Jabil.

3.10.3 Title and possession of all Consigned Components placed into Jabil’s facility shall remain with Company as if it were an actual shipment of Product to Company. Insurance covering the Consigned Components will be the responsibility of Company. Such insurance includes a waiver of subrogation against Jabil. Jabil shall hold inventory on consignment for support of Company’s Products and business at levels mutually agreed upon by Company and Jabil, but no less than an amount to satisfy Purchase Orders against the current Material Authorizations, subject to Company providing (or authorizing procurement of) sufficient quantities. Jabil will at all times utilize FIFO inventory management for all Consigned Components. In the event that Jabil’s failure to utilize FIFO inventory management for the battery Components results in any battery Component remaining in consigned inventory for more than six (6) months (subject to Company’s sufficient consumption under Purchase Orders so that no Components will remain in consigned inventory for more than 6 months when FIFO is utilized), then Jabil shall, at its own expense, coordinate with the applicable supplier for the return and replacement of such battery Components for new or properly re-charged battery Components. If Company does not place Purchase Orders that consume Consigned Components consistent with applicable Forecast, the Parties will negotiate in good faith the disposition of Consigned Components held by Jabil. Jabil shall provide to Company upon request a detailed accounting of all Consigned Components and all other Components, Products and materials of Company at Jabil’s premises or otherwise under Jabil’s control.

3.10.4 Sales of Products and Components. Without Company's prior written consent, Jabil shall not, directly or indirectly, sell, supply or otherwise transfer any Product to any Person other than Company or Company's designated customer or distributor.

4 Quality; Product Recalls. -

4.1 Governing Quality documents. -

4.1.1 Supplier Qualification. Jabil shall be responsible for demonstrating that all Jabil recommended suppliers were qualified using Jabil's supplier qualification process.

4.1.2 Incoming Quality Control. Unless otherwise specified, incoming quality control (IQC) methodology for incoming materials shall be governed by existing process at Jabil, subject to Company's right to comment and suggest changes and improvements thereto. With respect to the Consigned Components, the R3 Battery Incoming Inspection quality requirements will be governed as per Production QC Plan - R3 Battery document, and the R3 Power Supply Incoming Inspection quality requirements will be governed as per Production QC Plan - R3 Power Supply, each as included in the Quality and Test Procedures.

4.1.3 Tooling & Tooling Cavity. Tooling & Tooling Cavity requirements shall be governed, at a minimum, as per the testing process outlined in the Production Quality Specification and Test Plan - General Requirements included in the Quality and Test Procedures. Jabil shall design, develop and deliver all tooling necessary to develop, manufacture, and assemble the parts identified in the engineering drawings (CAD files) and other specifications provided by Company to Jabil. Each cavity (if multiple cavities in one tool) shall be dimensionally identical. The quality of the molded part shall be governed, at a minimum, as per process outlined in Quality Specification and Test Plan - General Requirements included in the Quality and Test Procedures.

4.1.4 Calibration Requirements. Calibration requirements are outlined in the applicable Production QC Plan documents included in the Quality and Test Procedures. Jabil shall be responsible for development of implementation and maintenance plans to comply with all such calibration requirements.

4.1.5 Preventive and/or On-Conditional Maintenance. Unless otherwise specified, Preventive and/or On-Conditional Maintenance requirements shall be governed by existing process at Jabil, subject to Company's right to comment and suggest changes and improvements thereto.

4.1.6 Environmental Control. Environmental Control requirements shall be governed as per the QC General Requirements - Environmental Control Standards document included in the Quality and Test Procedures.

4.1.7 Data Collection. Quality related data collection and data transfer requirements shall be governed as per the Production Quality Data Collection and Data Transfer Requirements document included in the Quality and Test Procedures.

4.2 Continuous Quality Improvement. Jabil shall establish a program for continuous improvement demonstrated by annual improvement goals for a series of key quality objectives, which shall be subject to review and approval in writing by Company.

4.3 Product Inspection and Traceability. Jabil shall establish inspection points throughout its manufacturing process and shall be governed, at a minimum, by the Quality and Test Procedures. These points must be located in-process as well as after Product has completed all manufacturing operations, to assure through visual, mechanical, or electro-mechanical inspections, tests and with the use of statistically valid sampling plans or 100% inspection that Product conforms to the Specifications, standards of acceptable workmanship as well as any reasonable requirements of Company. Company reserves the right to review the additional verification points proposed by Jabil and make suggestions for improvement.

4.4 Certifications. Regulatory compliance certifications are required as a condition for the production, shipment, sale, and disposal of all Company products, and as such, Company is obligated to maintain a commitment to meeting all regulatory compliance requirements. As a condition of the compliance certification process, the Products and Jabil's manufacturing facility shall be subject to periodic audits and certification testing. Jabil shall provide objective evidence that it meets such requirements pertaining to all regulatory, quality, and compliance requirements and will provide such information upon request from Company. Objective evidence shall include, but is not limited to, existing certification documents and certification inspection reports from Jabil and each of its suppliers.

4.4.1 Product Specific Certifications. Company is responsible for maintaining all existing product certifications. Jabil shall comply, and shall flow such requirement to its suppliers to comply, with any and all Product specific, certification-related requirements such as: informing Company of the source and manufacturing part number of every Component and validation that Jabil's processes are compliant to such certification requirements. Jabil shall support all recertification requirements for all Product certifications. All Product licenses and Product certifications shall be in Company's name. In the event that Company requires Product changes which result in Product recertification, Company will bear any licensing and external testing fees for all such Product certifications. In the event that Jabil requires Product changes which result in Product recertification, Jabil will notify Company immediately and bear any licensing and external testing fees for all product certifications.

4.4.2 Manufacturing Facility Specific Certifications. Jabil shall support and maintain specific requirements related to the Product certification requirements. Jabil shall bear any reasonable fees associated with these pre-requisite site specific certifications. All pre-requisite site specific certifications shall be maintained in Jabil's name. In the event that Company requires product or business changes which result in additional site specific certifications by Jabil, Jabil shall promptly take all actions necessary to comply with such requirements. In addition, Jabil shall promptly execute documents and take such further action as Company shall reasonably request in order to comply with any certification required by any customer or distributor of Company.

4.4.3 Records Retention. For a period of seven (7) years from delivery of each Product (items produced under the engineering pilot (EP) cycles are considered Product), Jabil shall maintain accurate and complete records for all Products manufactured hereunder, including, but not limited to, all configuration and engineering records. This shall include all records relating to product traceability to ensure both forward and reverse traceability. Records shall contain, as a minimum, all information relating to the following:

- Component lot certificates
- Product (finished good) serial numbers and as built configuration
- Volume of Product units manufactured with each production run
- Location of each Product unit (for semi-finished and finished Product)
- Serial numbers for all Products associated with each Purchase Order

- All in-coming quality control (IQC), WIP, post-production, and quality inspection data of each Product shipped
- All life testing units (minimum of 1 year is required)
- All signed samples

4.4.4 Articles Approval. Jabil shall conduct first article inspection after any production stoppage and shall be governed by the Production Quality Specification and Test Plan - General Requirements document included in the Quality and Test Procedures. Company also requires first article inspection builds during each EP cycle. Company further requires first article inspection builds for all new engineering designs of Product, engineering changes of Product, and Jabil initiated changes. Results of first article inspections performed by Jabil shall be sent to Company quality representative within [*] of completion. During the ramp up to production, Vendor will send to Company the samples identified on Schedule 3 in the frequency, amounts, formats set forth therein, and as amended from time to time by Company.

4.4.5 Molding Parameter Instructions. Before the start of production for each Product, Jabil and Company will jointly agree on molding parameter instructions for each tool to insure optimum performance and quality. This exercise shall be conducted in addition to Jabil's adherence to Quality and Test Procedures. Jabil shall coordinate with its molding team to insure the molds are run according to the agreed upon parameters. Jabil will identify any methods to improve the cost or efficiency for the molding process, but will seek Company's written approval before implementing any change in production. After it has been reviewed and agreed upon by the Parties, the quality requirements will be maintained and controlled through engineering change requests (ECR) and/or engineering change notices (ECN). Components with no regrind allowed will have that stated on the applicable part drawing.

4.4.6 Product Precision. The R3 Product requires repeatable precision to insure adequate overall system performance. Prior to Company's issuance of any Purchase Order for Jabil to build a tool for Company, Company will specify critical dimensions and acceptable tolerance bounds, which will account for the many complex factors that influence the final molded dimensions of the parts. Jabil shall be responsible for tuning the machines to compensate for these variations. To ensure that Components are conforming to the Specifications, as conditions evolve over time, Jabil will sample and measure, on a daily basis or at the frequency defined as per Production QC Plan - Roomba 3 Robot included in the Quality and Test Procedures, the key parts to insure dimensional compliance. If any batch of Components fails to comply with Specifications, the disposition of the molded parts and units made with such non-conforming molded parts shall be governed by the Production QC Plan - Roomba 3 Robot included in the Quality and Test Procedures. Company reserves the right to determine final disposition of all non-conforming material.

4.4.7 Secure Testing Facility. Jabil shall provide intellectual property secure on-site facilities for Company's final inspection quality control team, as well as the necessary inspection technicians to assist during inspections.

4.4.8 Quality Test Plan Audits. Company and Jabil shall coordinate with Jabil's quality team to generate an audit plan that complies with the detailed Quality and Test Procedures. Upon mutual agreement, this plan will serve as the gold standard. This plan will be under ECR/ECN control.

4.4.9 Signed Samples. Company will provide all necessary signed samples before production of each Product.

4.4.10 Random Inspections. Company, or its designated representative, will perform final random inspections on all shipments according to the sampling plan described in the Production Quality Specification and Test Plan - General Requirements included in the Quality and Test Procedures. Sections 3.8 and 5 shall apply to any breach of warranty by Jabil.

4.5 Returned Products. Jabil shall establish a program for analyzing Product returns and for tracking Product return rates and failure types. Jabil will utilize Company provided Return product information in such analysis and tracking. Jabil shall provide objective evidence to demonstrate appropriate corrective actions, as needed, to address Product Returns root cause.

4.6 Recalls. If Company reasonably decides to, or is required by any government authority or court of competent jurisdiction to, initiate a product recall, withdrawal or field correction with respect to, or if there is any governmental seizure of, any Product covered by the Jabil Warranty, Company will notify Jabil of the details regarding such action, including providing copies of all relevant documentation concerning such action. Jabil will assist Company in investigating any such situation. All regulatory contacts that are made and all activities concerning seizure, recall, withdrawal or field correction will be coordinated and made by Company, and all communications in connection with any recall, shall come solely from Company. If any such recall, withdrawal, field correction or seizure is due to a Class Failure (as defined above), then the rights, remedies and obligations under Sections 5.4 and 5.6 shall apply.

5 Warranty & Remedy. -

5.1 Jabil Warranty. -

5.1.1 Product Warranty. Jabil represents, warrants and covenants that: (i) it will manufacture the Product in accordance with IPC-A 610 Class 2 workmanship standard, (ii) and that at the time of manufacture, the Product will conform, in all material respects, to the Specifications and (iii) the Products will be free and clear of all Encumbrances. The foregoing warranty (collectively, the "**Jabil Warranty**") shall apply to any Product that is repaired or re-manufactured by or on behalf of Jabil under this Agreement during the Warranty Period. This Product warranty is extended to, and may only be enforced by, Company.

5.2 Components Warranty. To the extent Jabil is permitted to do so under applicable third party agreements, with respect to defects in Components, Jabil's sole and exclusive obligation will be to pass on to Company all warranties from Component suppliers to the extent that they are transferable. Jabil shall use Commercially Reasonable Efforts to ensure that all Assigned Components used in the Product are procured from suppliers on the AVL, unless otherwise agreed to by the Parties in writing. If Jabil incurs any cost in assisting Company at Company's request in pursuing and/or utilizing on Company's behalf any transferable supplier warranty (including any analysis associated therewith), Jabil shall notify Company in writing in advance of incurring such costs and Company shall reimburse Jabil accordingly for any such approved cost.

5.3 Survival of Warranty. Product warranties will survive any inspection, delivery, acceptance or payment by Company and be in effect for a period of [*] from the date a Product is initially delivered to Company or to Company's designated carrier (such period, the "**Warranty Period**").

5.4 Repair or Replacement of Defective Product. Jabil shall elect, in its sole discretion, to repair, replace, or issue credit to Company in an amount equal to the price paid by Company under applicable Purchase Order for, any Non-Conforming Products caused by a breach of the warranty set forth in this Section 5. Any such credit, repair or replacement shall be pursuant to Jabil's standard return material authorization process and procedure ("**RMA**"), pursuant to which Company will request an RMA number from Jabil for such Non-Conforming Product during

Warranty Period and Jabil shall issue such RMA number within one (1) business day following Company's request. Company shall then consign the Non-Conforming Products along with objective documentation of the applicable breach of warranty and alleged defect ("**Defect**"), FOB Jabil's repair facility and specify the Jabil assigned RMA number. Jabil will promptly analyze such RMA Product and provide notice of Jabil's confirmation or rejection of the Defect to Company within ten (10) days of receipt of such Product. If such Defect is confirmed, then Jabil will repair, replace, or issue a credit to Company in an amount equal to the price paid by Company under applicable Purchase Order for, the Non-Conforming Products within twenty (20) business days of receipt by Jabil of such Non-Conforming Products, and in the event the Defect is confirmed, Jabil will reimburse Company for the reasonable cost of transporting the Non-Conforming Products to Jabil's designated facility and Jabil will deliver the repaired or replacement Products FCA Company's designated destination. If no such Defect is confirmed by Jabil after seeking reasonable input from Company regarding the alleged Defect, Company shall reimburse Jabil for all fees, costs and expenses incurred to analyze and, if requested by Company, repair or replace the non-defective Products and Company shall bear responsibility for all transportation costs to and from Jabil's designated repair facility.

5.5 Class Failure. In the event that Jabil is notified in writing of a detailed and complete description of Company's basis of a Class Failure, Jabil shall:

5.5.1 Within 24 working hours of receipt of such notice, Jabil will provide Company with a status report and details of a proposed interim solution (or if Jabil disputes the basis for Class Failure, it shall provide written notice to Company of same and any such dispute shall be resolved by the Parties in accordance with the provisions of Section 25.13); and

5.5.2 No later than five (5) business days following notification of such Class Failure, provide Company with a root cause analysis and corrective action plan (unless Jabil provides written notice of dispute of such Class Failure as noted above).

In each of the foregoing cases, Company will make available such information and assistance reasonably required to allow Jabil to conduct its root cause analysis and to provide its corrective action plan.

5.6 Remedies Due to Class Failure or Recall. In the event of a Class Failure or recall of a Product solely caused by a Class Failure, then, in addition to the rights, remedies and obligations under Section 5.4 with respect to such Product, the following costs and expenses incurred by Company as a direct result of the Class Failure or recall shall be borne by Jabil: (i) costs of transport of affected Products between the Jabil facility and Company facility; (ii) costs to re-inspect 100% of the rejected lots of batches/sorting costs; (iii) costs of repair in Company's production line; and (iv) **[*]** of the reasonable out of pocket costs and expenses incurred as a direct result of transporting the affected Products between Company and the end user or between the end user and Jabil. Company shall provide all supporting documentation of its incurred costs to Jabil before or along with its invoice for same and Jabil will remit payment by forty-five (45) days receipt of same. If Jabil in good faith disputes any such invoiced charges, Jabil will notify Company of the disputed items in writing within said forty-five days.

5.7 Third Party Repair and Re-Manufacture; Other Defects. Notwithstanding anything to the contrary in this Agreement, Company may itself, or through a third party, and at its own expense, repair or replace, or re-manufacture any Product (whether or not such Product is defective) without any obligation or liability to Jabil (such Company actions shall void the Jabil Product Warranty). If Company wishes Jabil to undertake repair or replace Products that are non-conforming due to reasons other than a breach by Jabil of its warranty obligations hereunder, and Jabil agrees to perform such work, Jabil will provide a quotation to Company for such work and the Parties will

mutually agree on an allocation of costs for the repair, replace and/or re-manufacture process prior to Jabil performing such work.

5.8 Limitation of Warranty.

5.8.1 THE REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 5 AND 16.2 ARE IN LIEU OF, AND JABIL EXPRESSLY DISCLAIMS AND WAIVES, ALL OTHER WARRANTIES AND REPRESENTATIONS OF ANY KIND WHATSOEVER WHETHER EXPRESS, IMPLIED, STATUTORY, ARISING BY COURSE OF DEALING OR PERFORMANCE, CUSTOM, USAGE IN THE TRADE OR OTHERWISE, INCLUDING COMPLIANCE WITH MATERIALS DECLARATION REQUIREMENTS, ANY WARRANTY OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT OR MISAPPROPRIATION OF ANY RIGHT, TITLE OR INTEREST OF ANY PARTY OR ANY THIRD PARTY. SECTIONS 5.4 AND 5.6 CONSTITUTE COMPANY'S SOLE AND EXCLUSIVE REMEDY FOR A BREACH MADE BY JABIL OF THE JABIL WARRANTY. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, COMPANY UNDERSTANDS AND AGREES THAT IT SHALL HAVE FULL AND EXCLUSIVE LIABILITY WITH RESPECT TO ANY PRODUCT, WHETHER FOR PRODUCT DESIGN LIABILITY, PRODUCT LIABILITY, DAMAGE TO PERSON OR PROPERTY AND/OR INFRINGEMENT OR MISAPPROPRIATION OF THIRD PARTY RIGHTS. NO ORAL OR WRITTEN STATEMENT OR REPRESENTATION OUTSIDE OF THIS AGREEMENT BY EITHER PARTY, ITS AGENTS OR EMPLOYEES SHALL CONSTITUTE OR CREATE A WARRANTY OR EXPAND THE SCOPE OF ANY WARRANTY HEREUNDER.

5.8.2 AT THE TIME OF DELIVERY TO JABIL, COMPANY SHALL BE RESPONSIBLE FOR THE QUALITY OF CONSIGNED COMPONENTS. NOTWITHSTANDING THE FOREGOING, WITH RESPECT TO ANY LOANED EQUIPMENT OR CONSIGNED COMPONENTS, COMPANY HEREBY EXPRESSLY DISCLAIMS AND WAIVES ANY AND ALL OTHER WARRANTIES, OF ANY KIND WHATSOEVER WHETHER EXPRESS, IMPLIED, STATUTORY, ARISING BY COURSE OF DEALING OR PERFORMANCE, CUSTOM USAGE IN THE TRADE OR OTHERWISE INCLUDING ANY WARRANTY EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT OR MISAPPROPRIATION OF ANY RIGHT, TITLE OR INTEREST OF ANY PARTY OR ANY THIRD PARTY.

5.8.3 JABIL'S WARRANTY SHALL NOT APPLY TO ANY PRODUCT THAT HAS BEEN SUBJECTED TO TESTING FOR OTHER THAN SPECIFIED ELECTRICAL CHARACTERISTICS OR TO OPERATING AND/OR ENVIRONMENTAL CONDITIONS IN EXCESS OF THE MAXIMUM VALUES ESTABLISHED IN COMPANY'S APPLICABLE SPECIFICATIONS, OR TO HAVE BEEN THE SUBJECT OF ANYONE OTHER THAN JABIL OR ITS AGENTS OR CONTRACTORS MISHANDLING, ACCIDENT, MISUSE, NEGLIGENCE, IMPROPER TESTING, IMPROPER OR UNAUTHORIZED REPAIR, ALTERATION, DAMAGE, ASSEMBLY, PROCESSING OR ANY OTHER INAPPROPRIATE OR UNAUTHORIZED ACTION OR INACTION THAT ALTERS PHYSICAL OR ELECTRICAL PROPERTIES. THIS WARRANTY SHALL NOT APPLY TO ANY DEFECT IN THE PRODUCT TO THE EXTENT ARISING FROM ANY DRAWING, DESIGN, SPECIFICATION, PROCESS, TESTING OR OTHER PROCEDURE, ADJUSTMENT OR MODIFICATION SUPPLIED AND APPROVED BY COMPANY.

5.9 ECO Upgrade. RMA's for any engineering changes or upgrades under any ECR or ECN upgrades will also be subject to the RMA process. Jabil will analyze each ECR and ECN and provide a per unit upgrade/change cost and expected completion and delivery date.

6 Limitation Of Liability.

6.1 EXCEPT WITH REGARD TO ANY LIABILITY THAT ARISES FROM A PARTY'S INDEMNIFICATION OBLIGATIONS SET FORTH IN SECTION 19 OR A BREACH BY EITHER PARTY OF ITS CONFIDENTIALITY OBLIGATIONS SET FORTH IN SECTION 16, UNDER NO CIRCUMSTANCES SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY OR TO ANY OTHER PERSON OR ENTITY UNDER ANY CONTRACT, TORT, STRICT LIABILITY, NEGLIGENCE, OR OTHER LEGAL OR EQUITABLE CLAIM OR THEORY FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR INDIRECT DAMAGES, LOSS OF GOODWILL OR BUSINESS PROFITS, LOST REVENUE, WORK STOPPAGE, DATA LOSS, COMPUTER FAILURE OR MALFUNCTION, OR FOR ANY AND ALL OTHER OR EXEMPLARY OR PUNITIVE DAMAGES WHETHER SUCH PARTY WAS INFORMED OR WAS AWARE OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE. THE FOREGOING SHALL NOT EXCLUDE OR LIMIT EITHER PARTY'S LIABILITY FOR DEATH OR PERSONAL INJURY RESULTING FROM ITS NEGLIGENCE TO THE EXTENT THAT SUCH LIABILITY CANNOT BY LAW BE LIMITED OR EXCLUDED. JABIL'S MAXIMUM, AGGREGATE LIABILITY TO COMPANY DURING ANY IROBOT FISCAL YEAR DURING THE TERM OF THIS AGREEMENT (PER SECTION 14) FOR CLASS FAILURES AND RECALLS SHALL NOT EXCEED [*]; PROVIDED, HOWEVER, THAT, THE FOREGOING [*] CAP FOR CLASS FAILURES AND RECALLS IS NOT APPLICABLE TO JABIL'S STANDARD WARRANTY REMEDY PROVIDED IN SECTION 5.4, INCLUDING WITH RESPECT TO ANY PRODUCT THAT IS THE SUBJECT OF ANY CLASS FAILURE OR RECALL.

FURTHER, JABIL'S MAXIMUM, AGGREGATE LIABILITY TO COMPANY DURING ANY IROBOT FISCAL YEAR DURING THE TERM OF THIS AGREEMENT (PER SECTION 14) FOR INDEMNIFICATION UNDER SECTION 19 SHALL NOT EXCEED [*].

6.2 Without affecting the rights and remedies which are identified as sole and exclusive rights and remedies under this Agreement, Company retains all rights expressly granted hereunder and any and all remedies herein expressly conferred upon Company will be deemed cumulative with, and, except as expressly set forth in this Agreement, not exclusive of, any other remedy conferred hereby upon Company, and the exercise by Company of any one remedy will not preclude the exercise of any other remedy available under this Agreement.

7 Delivery, Risk of Loss and Payment Terms. For purposes of this Agreement all Product shipments shall be FCA Port of Origin (per Incoterms 2000). Title and risk of loss for a Product will pass to Company (or to Company's designee invoiced by Jabil) FCA Port of Origin. For any shipments where Jabil is an authorized agent of Company in completing the Shipper's Export Declaration and managing Company's exports on behalf of Company, where the Company is the exporter of record (Principal Party in Interest - PPI), the Company hereby grants Jabil a limited power of attorney for the sole purpose of acting on its behalf in managing such exports.

7.1 **Payment.** Company shall pay Jabil all monies when due, including all NRE Costs under this Agreement. Jabil shall invoice Company upon delivery FCA Port of Origin. Payment of all invoices shall be net [*] from date of Jabil's invoice. Payment to Jabil shall be in U.S. Dollars and in immediately available funds. In the event the invoice currency from a Jabil supplier is other than U.S. dollars, the Parties will meet and agree in writing as to how pricing and foreign currency would be handled. Such agreement will include provisions for any changes in pricing resulting from purchases outside of U.S. Dollars (to be reviewed in advance of each calendar quarter), a reconciliation process and formula for realized foreign currency gains and losses, as well as the process for obtaining and/or establishing applicable exchange rates, including the applicable publications, websites and dates for same. Any equipment, tooling, component, material or other goods or property, which is purchased by Jabil in order to perform its obligations under this Agreement, shall become the property of Company once Jabil is reimbursed for all NRE Costs, if any. Jabil shall invoice Company for actual outstanding NRE Costs and other monies due at monthly

intervals (or such other intervals as deemed appropriate) during the term of this Agreement and upon cancellation, termination or expiration of this Agreement. Jabil agrees to request advance written approval from Company should resource requirements, and thereby NRE Costs, increase materially relative to estimated NRE Costs initially agreed by the Parties. Upon such request, Jabil shall provide to Company reasonably detailed supporting documentation and/or descriptions of the NRE Costs for which Jabil seeks reimbursement. Company is not obligated to accept any additional reimbursement request from Jabil. Tooling prices do not include FCA Port of Origin transportation cost. All pricing files provided by Jabil will be based on FCA Port of Origin.

7.2 Taxes. Company shall be responsible for all federal, foreign, state and local sales, use, excise and other taxes (except taxes based on Jabil's income), all delivery, shipping, and transportation charges and all foreign agent or brokerage fees, document fees, custom charges and duties.

7.3 Disputed Invoices. If Company in good faith disputes any invoiced charges, Company will notify Jabil of the disputed items in writing within [*] from date of invoice. A "good faith" invoice dispute is one under which the invoice contains an error on quantity, pricing or any line-item as compared to the Company Purchase Order accepted by Jabil.

7.4 Reservation of Rights. Any payments made by Company under the Agreement, and any acceptance of Products, will be without prejudice to Company's right (i) to subsequently claim that it has overpaid Jabil; no such claim to be made following three hundred sixty five (365) calendar days from the date of invoice payment, or (ii) to require Jabil to remedy any deficiencies during the Warranty Period in Jabil's performance as provided in Section 5 of this Agreement.

8 Import and Export. Company shall be the importer of record for all Product shipments and shall be responsible for obtaining any required import licenses necessary for Company to import Product and/or receive shipments of Product from Jabil or its designated carrier, any U.S. Federal Communications Commission's identifier, if applicable and any other licenses required under U.S. or foreign law applicable to Company's obligations under this Agreement. Jabil shall be responsible for obtaining any required export licenses necessary for Jabil to ship Product, including certificates of origin, manufacturer's affidavits and any other licenses required under US or foreign law applicable to Jabil's under this Agreement. Company agrees that it shall not knowingly require Jabil to ship or deliver any Product, assembly, component or any technical data or software which violate any export controls or limitations imposed by the United States or any other governmental authority, or to any country for which an export license or other governmental approval is required at the time of export without first obtaining all necessary licenses and approvals and paying all duties and fees. Upon request, Company shall communicate to Jabil whether Product is controlled for export by the U.S. Department of State, or the U.S. Department of Commerce, and provide the appropriate corresponding export control number(s). Each Party shall be responsible for securing all applicable licenses, certifications, approvals and authorizations that are necessary for such Party to comply with applicable import and export laws, rules and regulations for the shipment and delivery of the Product under this Agreement. Company shall also be responsible for complying with any legislation or regulations governing the importation of the Product into the country of destination and for payment of any duties thereon. Jabil accepts responsibility for factory and container security until such time as the container/merchandise is delivered FCA Port. Jabil will immediately report container seal changes and reason for changes to the Company's destination Distribution Center Manager.

9 Cost Management

9.1 Cost Summary and Management. The cost summary set forth on Schedule 2, prepared by Jabil, contains a detailed SKU-level (SKU as defined by Company) cost summary, Incoterm FCA Port of Origin, complete with all formulas and assumptions, to provide full access and visibility to all component, labor, assembly and mark-up costs.

The cost agreed upon as of the Effective Date will be in effect until [*] and will not increase during that time period, except as provided in Section 9.2. Each calendar year (starting with [*]), the Parties shall meet from time to time on an executive level as required, but no less than on an annual basis, on or before [*], to identify cost reduction opportunities where each Party will share overall financial objectives of the on-going relationship between the Parties. Prices agreed upon at that time will be based on a written, Company volume projection on a SKU based level of its Product requirements for each calendar year and will be in effect for 12 months, starting on the first day of the upcoming iRobot fiscal year, and ending on the last day of that iRobot fiscal year and will not increase during that time, except as provided in Section 9.2. In support of Company's annual operation plan (AOP) process, Jabil shall provide budgetary, non binding Product pricing to Company no later than [*] of each year during the Term. Jabil shall at all times employ an [*] approach to cost management and pricing of Components, Products and the Manufacturing Services to review Sustainable and Competitive Pricing opportunities for the Products and Manufacturing Services provided to Company under this Agreement. For purposes of this Agreement, the phrase "**Sustainable and Competitive Pricing**" means stable pricing over time for the Products and Manufacturing Services provided to Company under this Agreement that is favorable against that which could be reasonably attained from other contract manufacturers for comparable volumes of substantially similar products and comparable manufacturing services for customers similarly situated in similar markets taking into account all applicable state, local and federal regulations and licensing requirements. For purposes of this Agreement, the term [*] means providing detailed Jabil [*] to Company which includes; [*] (in place as of the Effective Date).

9.2 Price. The Price for each Product is set forth in Schedule 2 or the price identified in Jabil's Purchase Order Acknowledgment where Schedule 2 has not yet been updated between the Parties despite the Parties' mutually agreement on price change (the "**Product Price**"), and includes the complete price for such Product, including the fully-costed bill of materials, Jabil's Gross Margin (as defined in Schedule 2), and any and all other added fees and costs related to the Manufacturing Services. The initial price for each Product shall remain in effect during the period beginning on the Effective Date and ending on [*]. New [*] pricing for each Product following [*] shall remain in effect for [*] from implementation of such new pricing. [*].

9.3 [*]

9.4 Cost Reduction Efforts. Company and Jabil shall pursue continuous cost reduction initiatives to ensure that available Sustainable and Competitive Pricing opportunities are reviewed. Such initiatives may include supply chain redesign, review of available Component suppliers, improved logistics solutions, manufacturing processes and test efficiency/elimination improvements, and, if necessary, process(es) and any Company-product redesign. Commencing [*], the Parties will target [*] total cost reduction on released and active Products per year for the first [*] of the life of each new Product. Jabil will demonstrate cost reduction improvements and report such results to Company [*] as part of a rolling cost management process with a [*] outlook for each Product.

9.5 Cost Reduction Sharing. Any cost reductions gained through Jabil's suggestions, whether during a quarterly cost reduction effort review or during the interim thereof, shall be [*], starting from the date of implementation of such change, and ending at implementation of new pricing following the next annual cost review. Upon implementation of the new pricing, [*]. Jabil is expected to make reasonable efforts to implement cost reduction changes (irrespective of who initiated changes) as early as possible. Jabil is expected to provide full account of change implementation, timeline for implementation and the rationale.

9.6 Source Transparency. Jabil will submit a full list of suppliers to Company for each Product at the time of any cost summary submittal, along with the supplier part number (in case of Generic Components). Jabil will submit every supplier or part number change to Company for Company's approval before such change goes into effect.

9.7 Cost Transparency. COGS (Cost Of Goods Sold) is a key factor in Company engaging Jabil to produce and deliver the Product. So that Company has full visibility to the current and ongoing status of Jabil's COGS, Jabil will provide updated costing in the agreed upon format within five (5) business days of any change submittal. If Jabil fails to provide cost impact information within five (5) business days after any Company Specification changes, Company will consider the lack of response to mean that there is no cost impact. Any cost change would be considered valid only after Company's approval. No less frequently than semi-annually, Jabil will, upon Company's request, provide a microeconomic report that includes status of all suppliers/vendors/components, along with Jabil risk mitigation plan addressing all identified microeconomic risks.

10 Tooling and fixtures.

10.1 Company shall own any and all tooling, fixtures, molds, equipment, software and firmware made available to Jabil by Company, developed for or on behalf of Company, or otherwise paid for by Company ("**Company Tooling**"). Jabil may manufacture, have manufactured, and use the Company Tooling only to perform the Manufacturing Services under the Agreement and shall use and treat the Company Tooling with a high degree of care, and in any case no less than the same degree of care it would for its own equipment, tooling, molds or supplies. Jabil shall attach an identifying label showing Company's ownership in a conspicuous place on each unit of Company Tooling, if possible, and shall secure and segregate the Company Tooling in such fashion to clearly identify the Company Tooling as the property of Company. Jabil shall maintain the Company Tooling, at its own expense, in efficient working order and good repair based on reasonable wear and use, and otherwise in accordance with Company's instructions. Jabil shall keep all Company Tooling free of any Encumbrances, and shall not transfer any Company Tooling, or any rights in the Company Tooling to any Person.

10.2 Jabil shall deliver all Company Tooling to Company or Company's designee, or at Company's request, make available for pickup, upon the termination or expiration of this Agreement, or upon Company's earlier request. Jabil shall execute documents and take such further action as Company shall reasonably request to protect Company's interest in the Company Tooling. Jabil will at Company's expense of Jabil deliver to Company any of the above mentioned tooling within fifteen (15) days upon Company's written request. Jabil will adhere to the record keeping of Company Tools in accordance with Company requirements set forth in Section 4.4.3 or as otherwise described on Schedule 1. Jabil shall make such records available for inspection by Company or Company's designee Jabil upon Company's reasonable request.

11 Forecast, Purchase Orders; Change Orders, Rescheduling and Cancellation.

11.1 Forecast. Company will provide to Jabil, on a monthly basis, a non-binding, rolling 180 day (6 months) planning forecasts at a core robot level and on a SKU based level, indicating Company's monthly Product requirements, as amended by Company from time to time (each, a "**Forecast**").

11.2 Purchase Orders. Company will issue orders for Products hereunder using its standard form of purchase order ("**Purchase Order**"). Each Purchase Order will identify the applicable Product by SKU, quantity, mutually agreed price denominated in US currency, delivery terms, and other customary terms. Such Purchase Orders will be issued by Company at least [*] prior to the requested delivery date set forth in each such Purchase Order.

11.3 Purchase Order Acknowledgment. Jabil will notify Company electronically within one (1) business day if it utilizes EDI, or if in writing, within two (2) business days of receipt of a Purchase Order (a "**Purchase Order Acknowledgment**"), and inform Company in writing of any reason Jabil is unable to meet a requested delivery date or any other Purchase Order requirements. All orders are subject to Jabil's acceptance and any rejection notice shall specify the basis for in such notice. The absence of Jabil's written notice of Purchase Order acceptance constitutes acceptance of the Purchase Order including Jabil's obligation to manufacture and supply to

Company amounts of Product as set forth on the Purchase Order in accordance with the terms and conditions of this Agreement; provided however, Company has notified Jabil in writing or by electronic mail that Jabil has not yet provided its Purchase Order acceptance and Jabil has not responded to such notice within one (1) business day of receipt thereof.

11.4 Changes to Forecast: At any time, prior to the issue of a Purchase Order, Company may reschedule and/or cancel any forecast demand.

11.5 Changes to Manufacturing Services, Packaging and Shipping Specifications and Test Procedures. Company may, in writing, request a change to the Manufacturing Services, Packaging and Shipping Specifications and Test Procedures at any time. Jabil will analyze the requested change and provide Company with an assessment of the effect that the requested change will have on cost, manufacturing, scheduling, delivery and implementation. Company will be responsible for all costs associated with any accepted changes. Any such change shall be documented in a written change order and shall become effective only upon mutual written agreement of both Parties to the terms and conditions of such change order, including changes in time required for performance, cost and applicable delivery schedules.

11.6 Production Increases, Rescheduling Delivery. Company may, in writing, request increases in production volume or acceleration of open Purchase Order at any time. Jabil will analyze the request and determine if it can meet the requested increase within the required Lead-time, provided, however, that Jabil must meet any and all increases up to [*] of the production volume for a Purchase Order for requests that include at least [*] of the original Purchase Order Lead-Time; subject to quantities authorized by Company in Material Authorizations issued to Jabil (the "**Minimum Production Increase**"); (for example, if Purchase Order quantity is [*] and Company requests increase of [*], the increased quantity shall equal [*] for a total quantity of [*] under the applicable Purchase Order). If Jabil is unable to satisfy or comply with Company's requested increase in production volume within the requested time frame for delivery, Jabil will provide the reasons preventing Jabil from satisfying the requested increase within five (5) business days after receipt of Company's request. Any such change shall be documented in a written change order and shall become effective only upon mutual written agreement of both Parties to the terms and conditions of such change order, including changes in time required for performance, cost and applicable delivery schedules. Jabil shall utilize its global supply network to assess availability of shared material across accounts to minimize instances in which Jabil is unable to meet an increase in a Purchase Order quantity requested by Company. It is further understood that Company will not incur additional charges due to Jabil's decision to meet an accelerated delivery schedule or request for increased quantities by utilizing Generic Components from another account's material.

11.7 Product Configuration Changes and Engineering Changes. Company may request configuration or engineering changes to a Product in writing at any time. Jabil will analyze the request and determine if it can meet the requested changes within the required Lead-time. If Jabil can satisfy the requested change it will provide Company within five (5) business days after receipt of the configuration or engineering request notice, a notice of acceptance of the requested changes. In the event that any requested change in the form, fit or function or Specification of any Product results in a significant increase in the cost of such Product, or in the length of time required for the manufacture or delivery thereof, then Jabil shall provide Company with a detailed cost analysis regarding such requested change using [*] as contemplated under Section 9.1. Following Company's acknowledgment of such detailed cost analysis, the Parties will negotiate in good faith an equitable adjustment to the price of such Product and/or expected changes to the delivery schedule for such Product. If Jabil is unable to satisfy or comply with Company's requested changes within the requested time frame for delivery, Jabil will provide the reasons preventing Jabil from satisfying the requested increase within five (5) business days after receipt of

Company's request. Any such change shall be documented in writing and shall become effective only upon mutual written agreement of both Parties of the terms and conditions of such change, including changes in time required for performance, cost (including cost of materials on hand or on order in accordance with original Purchase Order) and applicable delivery schedules.

11.8 Treatment of Obsolete/End-of-Life Material. Upon receiving notice from Company of an engineering change or that any Product, component or assembly has become obsolete or has reached end-of-life Jabil will, within a reasonable period after receiving such notice, provide Company with an analysis of Company's liability to Jabil for components and materials acquired or scheduled to be acquired to manufacture such Product. Company's liability shall include the price of finished Product and Jabil's costs (including cancellation fees and charges), plus applicable margin, of WIP, safety stock components and materials and components and materials on hand or on order within applicable Lead-times. Jabil will use Commercially Reasonable Efforts to assist Company in minimizing Company's liability by taking the following steps:

- As soon as is commercially practical reduce or cancel Component and material orders to the extent contractually permitted.

- Return all Components and materials to the extent contractually permitted.

- Make all Commercially Reasonable Efforts to sell Components and materials to third parties; provided, however, that Company shall approve any such sale for Components and consigned items that Company identifies in writing as having "exclusive rights."

- Assist Company to determine whether current WIP should be completed, scrapped or shipped to Company or its designee "AS-IS."

11.9 Rescheduled Delivery out, reduction of quantity, and Cancellation of Orders. Company may request Jabil to reschedule the delivery date for any Product, decrease quantity on open Purchase Order, and cancel pending Purchase Orders in accordance with this Section. The charges to Company for deferring delivery of a Purchase Order, reducing quantity or cancellation of a Purchase Order are outlined below:

Days Prior to Delivery Date	Reschedule Terms	Cancellation Liability
0-30 Days	Jabil is not obligated to adhere to the request, but must consider each request in good faith.	Company may not cancel a Purchase Order to be delivered within 30 days of the applicable delivery date without full payment to Jabil for the Purchase Order; provided however, Company may cancel a Purchase Order in the event it simultaneously issues a new one for the same quantity, but a different part number and in such event Company will be liable for any material on hand or on order, non-cancelable and non-returnable materials (to the extent issued under a Material Authorization by Company or its Purchase Order), and applicable labor charges for WIP, plus margin for any portion of the canceled Purchase Order that cannot be used to fulfill the new Purchase Order.
31-56 Days from original delivery date	Company may reschedule out the delivery up to [*] of the original quantity, reduce quantity or cancel the order, provided such rescheduling is within thirty (30) days of the original delivery date. Company may only reschedule one time per each Purchase Order. Jabil will consider requests for rescheduling above said [*] on an individual basis.	Material on hand or on order, non-cancelable and non-returnable materials (to the extent issued under a Material Authorization by Company or its Purchase Order), and applicable labor charges for WIP, plus margin, provided, that such liability applies only to the extent that Jabil is unable to reallocate such material to any existing Purchase Order of Company.

Reschedules in excess of the maximum deferred quantity or period (set forth above) will be considered cancellations and subject to applicable cancellation charges. Except as provided in Section 9.2, any reschedule out of a delivery date, reduction of quantity and/or cancellation of a Purchase order (in whole or in part) will not affect the current [*] Product Price.

12 Logistics. Jabil will maintain control over all Products while in Jabil's care, custody, and control. Jabil shall cooperate with Company and its suppliers and logistics services providers. Jabil will provide relevant and necessary information to Company relating to receipt, storing and shipment of Products. Jabil will coordinate with Company personnel, Company logistics services providers, and Company customers to execute the shipment of Products as instructed by Company.

12.1 Receiving. From time to time Company may ship Components, including batteries and Integrated Circuits (IC's, processors) directly to Jabil. Jabil will verify actual quantities and SKU's of such Components received as compared to the quantities and SKU's indicated on the shipping documents, process the Components into their inventory system, and notify Company of the quantity actually received by SKU. Jabil will also indicate any exceptions, at the time of reporting the receipt, as related to over, short or damage. The reporting of receipts and exceptions is made to Company.

12.2 Storage and maintenance of inventory. All Products and Components will be stored in a manner to maintain inventory control and to prevent damage. Jabil will maintain inventories and locations of Company Products and Components on their own perpetual inventory and/or warehouse management system.

12.3 Physical inventory audit.

12.3.1 On a quarterly basis Jabil will arrange a cut-off date for and complete a physical inventory audit of all Consigned Components. Because the integrated circuit (IC) Components contain valuable intellectual property of Company, there is no shrinkage allowance for such Components. Variances will be identified and reported to Jabil by Company within 30 days of the physical inventory. Within 30 days of being notified of any such

variance, Jabil shall provide Company with a written report that explains the variance and, if requested by Company, the Parties will meet to discuss same. Jabil will be responsible for reimbursement of any such verified variances reported and invoiced by Company. All other Consigned Components are subject to a shrinkage allowance of [*] of the volume of such Component or Product received during the three month period immediately prior to the physical inventory audit.

12.3.2 On a quarterly basis Jabil will arrange a cut-off date for and complete a physical inventory audit of all finished Products that have passed the applicable quality inspections, but remain unshipped and in Jabil's possession at the end of such quarter. Jabil shall deliver such audit report to Company by the fifth (5th) business day immediately following the end of each Company Quarter End.

12.4 Shipping to Company locations. Most of the Products are designed to withstand a maximum of two pallet high floor storage. Components, including chips and batteries must be single stacked on the floor or stored in pallet racks. Company may direct Jabil to ship to specific Company locations and distributions centers such as, but not limited to, Sumner, WA; Mississauga, ON, Canada; and Rotterdam, Netherlands. Incoterms for sale to Company are FCA Port (or airport) of Origin. Company will select the freight forwarder and communicate local contacts to Jabil. Based on selection of forwarder or ocean carrier, Company will specify the Port of Origin. Company will be responsible for paying the transportation costs from the origin port or airport to the destination, Jabil will arrange empty container delivery in accordance with the shipping schedule communicated to Jabil by Company. Upon receipt of container, Jabil will inspect the container for any signs of damages to flooring, any holes in the roof or side of the containers, and any sign of tampering with the latching device (tampering to include drilling out rivets and replacing the rivets with bolts). If the container has holes, damages or signs of tampering Jabil will request a replacement container. Products will be loaded on the container, floor stacked, in a manner to prevent damage and to fully utilize the container. Jabil shall adhere to any specific pallet configuration requested and provided by Company. If there is a requirement to ship on wooden pallets, then the pallets must meet the guidelines of ISPM15 and be appropriately marked, indicating the pallets meet the standards. Company will be responsible for the costs associated with purchasing these pallets. Containers must be sealed with a cargo seal that meets or exceeds ISO/PAS 17712:2006.

12.5 Direct shipment to Company Customers. From time to time, Company may direct Jabil to arrange for shipping directly to Company's customers in accordance with specific Incoterms identified by Company at that time. The container inspection requirements and pallet requirements under Section 12.4 shall apply to any shipments directly to Company's customers.

13 Duty to Mitigate Costs. Both Parties shall, in good faith, undertake Commercially Reasonable Efforts to mitigate the costs of termination, expiration or cancellation. Jabil shall make Commercially Reasonable Efforts to cancel all applicable component and material purchase orders and reduce component inventory through return for credit programs or allocate such components and materials for alternate Company programs if applicable, or other customer orders provided the same can be used within thirty (30) days of the termination date.

14 Term. Unless earlier terminated as provided in Section 15 below, the term of this Agreement shall commence on the Effective Date and shall continue until the third anniversary thereof (the "Initial Term"), and shall automatically renew for successive three-year term (each, a "Renewal Term") unless at anytime following the Initial Term Jabil or Company provide written notice to the other of its intent to terminate this Agreement at least fifteen (15) months prior to the termination date set forth in its notice.

15 Termination. This Agreement may be terminated as follows:

15.1 Termination for Cause. Either Party may terminate this Agreement based on the material breach by the other Party of the terms of this Agreement, provided that the Party alleged to be in material breach receives written

notice setting forth the nature of the breach at least thirty (30) days prior to the intended termination date. During such time the Party in material breach may cure the alleged breach and if such breach is cured within such thirty (30) day period, no termination will occur and this Agreement will continue in accordance with its terms. If such breach shall not have been cured, termination shall occur upon the termination date set forth in such notice.

15.2 Termination for Bankruptcy/Insolvency. Upon the happening of any of the following events with respect to a Party, except as otherwise prohibited by the United States bankruptcy laws, this Agreement may be terminated immediately:

15.2.1 The appointment of a receiver or custodian to take possession of any or all of the assets of a Party, or should a Party make an assignment for the benefit of creditors, or should there be an attachment, execution, or other judicial seizure of all or a substantial portion of a Party's assets, and such attachment, execution or seizure is not discharged within thirty (30) days.

15.2.2 A Party becomes a debtor, either voluntarily or involuntarily, under Title 11 of the United States Code or any other similar law and, in the case of an involuntary proceeding, such proceeding is not dismissed within thirty (30) days of the date of filing.

15.2.3 The dissolution or termination of the existence of a Party whether voluntarily, by operation of law or otherwise.

15.3 Termination Consequences.

15.3.1 If this Agreement is terminated for any reason, Company shall not be excused from performing its obligations under this Agreement with respect to payment for all monies due Jabil hereunder in connection with activities occurring prior to termination or expiration of this Agreement including fees, costs and expenses incurred by Jabil up to and including the effective date of such termination or expiration in accordance with this Agreement. The following Sections 3.8, 3.10.4, 4.4.3, 4.6, 5.1, 5.3, 5.4, 5.5, 5.6, 5.7, 5.8, 6, 7, 8, 10.2, 13, 15.3, 15.4, 16, 17.1, 17.2, 17.3, 17.4, 18, 19, 23 and 25 shall survive the expiration, cancellation or termination of this Agreement.

15.3.2 All Purchase Orders acknowledged by Jabil prior to the Termination Effective Date will be fulfilled pursuant to and subject to the terms of this Agreement, even if the delivery dates of Products under such Purchase Orders are after such Termination Effective Date, not to exceed ninety (90) days from said Termination Effective Date. The provisions of Section 3.9 shall not apply to deliveries made after the Termination Effective Date.

15.3.3 Termination Charges. Upon termination, expiration or cancellation of this Agreement for any reason, Jabil shall submit to Company within (a) 60 days from the effective date of such termination or expiration an invoice for all amounts properly due and payable as set forth in this Section 15.3.3. Jabil's invoice for such charges shall be based upon validated and actual costs incurred by Jabil up to the date of termination, expiration or cancellation (the "**Termination Effective Date**") and shall also include the following: (i) to the extent authorized in writing by Company, actual out-of-pocket costs incurred by Jabil accrued after the Termination Effective Date and directly resulting from such termination; and (ii) applicable Gross Margin except for termination by Company for Jabil's breach pursuant to Section 15.1. Jabil will provide to Company all information reasonably necessary to confirm the costs, expenses and applicable margin. To the extent that Jabil cannot mitigate its costs as set forth in Section 11.8 above, upon termination, expiration or cancellation, for any reason, Company's obligation shall be to pay the following amounts:

- The applicable Product Price for the Product of which Jabil has completed manufacture prior to the Termination Effective Date pursuant to an issued Purchase Order or Material Authorization for which payment has not been made;
- Reimbursements for Components, subassemblies and work-in-process at the time of Termination Effective Date which were purchased, or ordered, or work had commenced, as applicable, pursuant to issued Purchase Orders or Material Authorizations, plus applicable Gross Margin; provided however, that no Gross Margin will apply if this Agreement is terminated by Company for Jabil's breach pursuant to Section 15.1;
- Jabil's reasonable cancellation costs incurred for Components and subcontracted services that Jabil had on order on behalf of Company on the Termination Effective Date (in each case) pursuant to issued Purchase Orders or Material Authorizations; and
- Jabil's cost of equipment or tooling purchased by Jabil specifically for the Manufacturing Services related to Product and, to the extent authorized in writing by Company under the terms and conditions of this Agreement, any costs incurred by Jabil under this Agreement. All goods, equipment or tooling for which Company shall have paid 100% of Jabil's incurred cost or more shall be held by Jabil for Company's account and Company may arrange for its acquisition of them on AS-IS, WHERE-IS basis.

15.3.4 Return of Product and Materials Supplied by Company. Except as needed subject to Section 15.4, upon the Termination Effective Date for whatever reason, Jabil shall immediately deliver to Company or its designee all Product, Specifications, Components, packaging materials and other materials purchased by or on behalf of Company and all other materials or supplies provided by Company. Jabil shall also deliver to Company or its designee all Product produced hereunder, and shall invoice Company in accordance with the terms of Section 7.1.

15.4 Transition Assistance. Upon Termination Effective Date, Jabil will reasonably support Company in making an orderly transition to a successor third party manufacturer during a period lasting no longer than six (6) months (the "**Transition Period**"). During such Transition Period, (a) Jabil shall provide, in a timely and professional manner, services reasonably necessary to transition the Manufacturing Services to a successor third party manufacturer; and (b) all of the terms and conditions of this Agreement shall continue to be in full force and effect, including Manufacturer's obligations to continue providing the Manufacturing Services (except for accepting any further Company Purchase Order). In addition, Jabil shall provide such technical assistance to Company or its designated third party manufacturer, as Company may reasonably request in connection with such transition. At the end of such Transition Period, or upon Company's earlier request, Jabil shall deliver to Company, or to Company's agent all tooling, fixtures, Components, Products (including WIP), tangible embodiments of Company's Proprietary Information and Technology and all documentation and materials related to the Products.

16 Confidentiality.

16.1 Confidentiality Obligations. The terms and conditions of the Non-Disclosure Agreement, as amended in this Section 16, are hereby incorporated by reference into, and made a part of this Agreement. The Parties hereto agree to the following amendments and modifications of the Non-Disclosure Agreement:

16.1.1 The defined term "**Proprietary Information**" in Section 1.1 of the Non-Disclosure Agreement is hereby amended as follows:

By adding the following Section 1.1.3

"The AVL, Bill of Material, Specifications, Forecasts, Orders, Quality and Test Procedures, Fee and Price Schedule, software, firmware, hardware,

technology and any documentation related to the foregoing or to any Product that is disclosed or made available by iRobot will be deemed the Proprietary Information of iRobot even if not so marked or identified.”

By adding the following Section 1.1.4

“Any Jabil Technical Manufacturing Information that is disclosed or made available by Jabil will be deemed the Proprietary Information of Jabil even if not so marked or identified.”

16.2 Employees, Agents and Representatives. Each Party represents and warrants to the other that it has adopted policies and procedures with respect to the receipt and disclosure of confidential or proprietary information, such as the Proprietary Information and Technology with its employees, agents and representatives.

Each Party represents and warrants to the other Party that it will cause each of its employees, agents and representatives to maintain and protect the confidentiality of the other Party’s Proprietary Information and Technology pursuant to the terms and conditions of the Non-Disclosure Agreement.

16.3 Return of Proprietary Information and Technology. Upon expiration or termination of this Agreement, or at any time upon written request by the other Party, each Party shall return to the other Party all Proprietary Information and Technology received from the other Party, including all copies thereof, to the other Party or, with such other Party’s written consent, destroy all such Proprietary Information and Technology. All use of such Proprietary Information and Technology by a Party shall cease on such termination or request for return. At the disclosing Party’s option, receiving Party shall also provide written certification of its compliance with this Section 16.3.

16.4 Company retains all rights and all remedies with respect to its Proprietary Information as provided in the Non-Disclosure Agreement (as amended herein) and under Section 25.13 below expressly conferred upon Company, and such rights and remedies will be deemed cumulative with, and, except as expressly set forth in the Non-Disclosure Agreement and Section 25.13, not exclusive of, any other remedy conferred hereby, or by law or equity upon Company, and the exercise by Company of any one remedy will not preclude the exercise of any other remedy available under the Non-Disclosure Agreement or Section 25.13.

17 Intellectual Property Rights

17.1 Jabil Existing Intellectual Property

17.1.1 Except for the license rights granted to Company under this Section 17.1.1, Jabil shall retain all right, title and ownership to any and all Jabil Existing Intellectual Property and all Intellectual Property Rights therein.

17.1.2 Jabil shall not incorporate any Jabil Existing Intellectual Property into any Products or Deliverables without Company’s prior written approval. Upon full payment of all monies due and owing for applicable Products and Deliverables, to the extent any Jabil Existing Intellectual Property is incorporated by or on behalf of Jabil within or used by or on behalf of Jabil in connection with any Product or Deliverable, Jabil hereby grants to Company a non-exclusive, royalty-free, fully paid up, worldwide, transferable, perpetual, license under all of its Intellectual Property Rights in or to the Jabil Existing Intellectual Property for Company to use, sell, test, improve, support and distribute the Products or Deliverables provided by Jabil hereunder, and to the extent Jabil incorporated any Jabil Existing Intellectual Property into any Product or Deliverable without Company’s written approval, to make, have made, sell, offer for sale, import, use, reproduce, modify, adapt, display, distribute, and

make the Product; provided however, that no license to the Jabil Technical Manufacturing Information shall be granted under this Section 17.1.2.

17.2 Jabil Created Intellectual Property.

17.2.1 Except for the license rights granted to Company under Section 17.1.1, Jabil shall retain all right, title and ownership to any and all Jabil Created Intellectual Property and all Intellectual Property Rights therein.

17.2.2 Upon full payment of all monies due and owing for applicable Products, Jabil hereby grants to Company a non-exclusive, royalty-free, fully paid up, worldwide, perpetual, irrevocable license under all of its Intellectual Property Rights in or to the Jabil Technical Manufacturing Information developed under this Agreement that is unique to the Products for Company's internal use and the use by third party suppliers or manufacturers on behalf of Company to develop, design, improve, test and support the Products.

17.2.3 Any such unique Jabil Technical Manufacturing Information will be used by Jabil solely for the design, development, testing and manufacturing of Products for Company.

17.3 Company Intellectual Property. Company shall retain all right, title and ownership to any and all Company Intellectual Property and all Intellectual Property Rights therein.

17.4 Newly Created Intellectual Property.

17.4.1 The Newly Created Intellectual Property constitutes "works made for hire" for Company, and Company will be considered the author and will be the owner of the Newly Created Intellectual Property and all Intellectual Property Rights therein or related thereto. If any Newly Created Intellectual Property does not qualify for treatment as "works made for hire," or if Jabil retains any interest in any Newly Created Intellectual Property for any other reason, Jabil hereby grants, assigns and transfers, and will grant, assign and transfer, to Company all ownership and interest in such Newly Developed Intellectual Property, including without limitation any and all Intellectual Property Rights in and to any Newly Created Intellectual Property or that claim or cover any Newly Created Intellectual Property. Jabil acknowledges that all personnel performing Manufacturing Services for Company under this Agreement have executed appropriate agreements with Jabil so that Jabil may fulfill Jabil's obligations under this Section 17. Jabil agrees to execute any documents of assignment or registration requested by Company relating to any and all Newly Created Intellectual Property. Jabil agrees to cooperate fully with Company, both during and after the engagement, with respect to the procurement and maintenance of Intellectual Property Rights in or related to Newly Created Intellectual Property.

17.4.2 During the Term plus any period of support that may survive termination or expiration of this Agreement, Jabil agrees to inform Company of any Newly Created Intellectual Property.

17.5 Trademark Usage. Nothing in this Agreement gives either Party a right to use the other Party's Marks or implies the grant of any license from one Party to the other to use any Marks. Notwithstanding the foregoing, and subject to the terms and conditions of this Agreement, Company grants to Jabil a limited, non-exclusive, non-transferable, non-assignable, royalty-free license during the Term to reproduce any Mark set forth on Schedule 5 as may be amended from time to time in a writing authorized by both Parties ("**Company Marks**") solely for the purpose placing such Marks on Products sold to Company and any applicable packaging, and for no other business or non-business purposes whatsoever and no other goods or services whatsoever, in accordance with the following:

17.5.1 All reproductions of Company Marks must be approved in writing by Company;

17.5.2 Jabil may not combine any Company Marks with, or create a composite mark using any Company Mark with, a trademark of Jabil or any third party, or use any of the Company Marks or any part thereof as part of its corporate name, or use any name or mark confusingly similar to any of the Company Marks;

17.5.3 No other rights or licenses, except that expressed in this Section 17.5 are granted to Jabil in and to any Company Mark, whether expressly, by implication, by estoppel, or otherwise;

17.5.4 As between Company and Jabil, the Company Marks are and shall remain the sole and exclusive property of Company and Jabil shall not acquire any right, title or interest in or to any Company Mark as a result of this Agreement (other than the limited license expressly granted in this Section 17.5) and all use of the Company Marks by Jabil and all goodwill generated thereby shall inure solely to the benefit of Company;

17.5.5 Jabil admits the validity of, and agrees not to challenge the Company Marks; and

17.5.6 Jabil represents that to the best of its knowledge, Jabil has not, nor does it have plans to, file trademarks (or register any domain names) that are confusingly similar to any Company trademark listed in Schedule 5. Should Company identify any such filing or registration by Jabil, Company shall provide prompt notification to Jabil, and the Parties shall mutually agree on procedures to implement a resolution. If any application for registration is filed by Jabil after the Effective Date of this Agreement that is the same as or that contains any of the Company trademarks listed in Schedule 5, then upon written request from the Company, Jabil shall immediately abandon any such application or registration.

17.5.7 Upon any notice from Company that Jabil's use of the Company's Marks fails to conform to any provision of this Section 17.5, Jabil shall cease use of the Company Marks, until such failure has been corrected to the satisfaction of Company.

17.6 Jabil Marks. Jabil agrees and warrants that it will not use any Jabil or third party Mark (excluding authorized Marks of the Company) on any Product, packaging materials or documentation without Company's prior written authorization.

18 [*]

19 Indemnification

19.1 Jabil's Indemnity Obligations. Jabil shall indemnify, defend and hold Company and its employees, Subsidiaries, Affiliates, successors and assigns ("**Company Indemnified Parties**") harmless from and against any and all losses, liabilities, damages (including consequential, special and/or punitive damages), claims, expenses, suits, recoveries, judgments and fines (including reasonable attorneys' fees and expenses) recovered by third parties (collectively "**Losses**") that may be incurred by any Company Indemnified Party to the extent based on (a) third party claims for any damage to tangible property or injury or death occurring to any person arising out of manufacturing defect solely and proximately caused by Jabil's gross negligence or willful misconduct that constitutes a material breach of Jabil's obligation to comply with IPC-A-610 Class 2 workmanship standard and was not necessary to comply with the Specifications or otherwise approved or required by Company; (b) any third party claims for injury to person or tangible property or death occurring to any Jabil employees, subcontractors, agents or any other individuals on Jabil's premises, except to the extent such injury to person or property or death was caused by the presence of Company's employees or agents on Jabil's premises; or (c) any claim relating to the infringement of patent or other intellectual property rights of a third party to the extent based on the unique manufacturing process employed by Jabil in performing the Manufacturing Services for Products that was not necessary to comply with the Specifications or otherwise approved or required by Company. Jabil shall have no liability under this Section for Losses resulting from Company's Specifications, Company Intellectual Property, Product or design, or Company's willful misconduct or gross negligence, or Company's modification, alteration or combination of the Products. Jabil's maximum, aggregate liability to Company for all third party claims under this Agreement shall not exceed the amount specified in Section 6.1. This Section 19.1 states Company's exclusive remedy and Jabil's total liability (in accordance with Section 6.1) to Company regarding a third party claim.

19.2 Company's Indemnity Obligations. Except to the extent subject to Jabil's indemnification of Company as provided in Section 19.1, Company shall indemnify, defend and hold Jabil and its employees, Subsidiaries, Affiliates, successors and assigns ("**Jabil Indemnified Parties**") harmless from and against any and all Losses that may be incurred by Jabil Indemnified Party, to the extent based on any of the following: (a) proper and authorized use of the Specifications, Proprietary Information and Technology of the Company, Company Intellectual Property, Company Property, or any information, technology and processes supplied and/or approved by Company or otherwise required by Company of Jabil, in connection with Jabil's performance of its obligations under this Agreement; (b) any Product, including any recall or actual noncompliance with Materials Declaration Requirements; (c) a claim that Jabil's use of any item in subsection (a) in connection with performing its obligations under this Agreement infringes any patent, copyright or other intellectual property right of a third party, and (d) performance of the Manufacturing Services in accordance with the Specifications.

19.3 Indemnification Procedures. Any Person that may be entitled to indemnification under this Agreement shall give the other Party prompt notice of any claim and cooperate with the indemnifying Party at its expense. The Indemnifying party shall have the right to assume the defense (at its own expense) of any such claim through counsel of its own choosing by so notifying the Party seeking indemnification within thirty (30) calendar days of the first receipt of such notice. The Party seeking indemnification shall have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnifying party. The Indemnifying party shall not, without the prior written consent of the indemnified party, agree to the settlement, compromise or discharge claim.

20 Relationship of Parties. Jabil shall perform its obligations hereunder as an independent contractor. Nothing contained herein shall be construed to imply a partnership or joint venture relationship between the Parties.

The Parties shall not be entitled to create any obligations on behalf of the other Party, except as expressly contemplated by this Agreement. The Parties will not enter into any contracts with third parties in the name of the other Party without the prior written consent of the other Party.

21 Insurance. During the Term, any Warranty Period and at all times that Jabil performs work for Company, Jabil will maintain in full force and effect, at Jabil's own expense; insurance coverage to include:

21.1 Workers' Compensation and Employer's Liability. Workers' Compensation insurance will be provided as required by law or regulation where work under this Agreement is performed. Employer's Liability insurance will be provided in amounts not less than **[*]** per accident for bodily injury by accident, **[*]** policy limit by disease, and **[*]** per employee for bodily injury by disease. Where permitted by law, such policies will contain waivers by the insurer's subrogation rights against Company.

21.2 Insurance Coverage. Jabil will maintain Commercial General Liability Insurance on an occurrence basis, (including but not limited to premises and operations, products and completed operations, broad form contractual liability, broad form property damage and personal injury liability). Commercial General Liability (Occurrence) policy limits shall be not less than **[*]** per occurrence (combined single limit for bodily injury and property damage) and **[*]** Annual Aggregate. Such policies will include Company as an additional insured for liability to the extent injury or damage is caused by Jabil's negligence. Jabil hereby waives, on its own behalf and on behalf of its insurers, any rights of subrogation against Company. Jabil will inform its insurers of such waiver of subrogation, and will endeavor to obtain written acknowledgment of same. Such insurance policies will be written with appropriately licensed and financially responsible insurers, and will provide for a minimum of thirty (30) days written notice to Company of any cancellation or reduction in coverage.

21.3 Certificates of Insurance. Certificates of insurance evidencing the required coverage and limits as set forth in Sections 21.1 and 21.2 above will be furnished to Company before any work is commenced under this Agreement.

21.4 Additional Requirements. All deductibles on policies providing coverage will be paid by Jabil. In the event Jabil is self insured for matters described above, Jabil agrees to respond to any claims or losses made against or incurred by Company in the same fashion as if insurance had been purchased. In no event will the coverages or limits of any insurance required under this Section 21, or the lack or unavailability of any other insurance, be deemed to limit or diminish either Party's obligations or liability to the other Party under this Agreement, including but not limited to, each Party's indemnification obligations as set forth in Section 19.

22 Business Continuity Plan.

22.1 Risk Management and Continuity Plans. Jabil will develop and keep current a formal business continuity plan detailing Jabil's plans, procedures and designated resources for timely response to and recovery from potential civil, natural, and physical plant disasters that could reasonably be expected to disrupt production and delivery to Company ("**Business Continuity Plan**"). Upon request, Jabil will make such plan available to Company or its designated representative for review.

22.2 Notification. Jabil agrees to notify Company as soon as possible in the event of a crisis that disrupts manufacturing or delivery of Products. Unless authorized in advance in writing by Company, Jabil will not refer to Company in public and media communications about the crisis and subsequent recovery.

22.3 Loss Control. Jabil will be responsible for maintaining its facilities and operations in accordance with applicable fire protection and loss control laws, regulations and industry standards.

23 Publicity. Without the consent of the other Party, neither Party shall refer to this Agreement in any publicity or advertising or disclose to any third party any of the terms of this Agreement. Notwithstanding the foregoing, neither Party will be prevented from, at any time, furnishing any information to any governmental or regulatory authority, including the United States Securities and Exchange Commission or any other foreign stock exchange regulatory authority, that it is by law, regulation, rule or other legal process obligated to disclose, so long as the other Party is given advance written notice of such disclosure pursuant to Section 2.4 of the Non-Disclosure Agreement. In addition, a Party may disclose the existence of this Agreement and its terms to its attorneys and accountants, suppliers, customers and others only to the extent necessary to perform its obligations and enforce its rights hereunder, and to existing and prospective investors and/or acquirers that are contemplating a potential investment in or acquisition of such Party, provided, however, that any and all such suppliers, customers, investors, acquirers and advisers are bound by agreements or, in the case of professional advisers, ethical duties, to treat, hold and maintain such information in accordance with the terms and conditions of the Non-Disclosure Agreement.

24 Force Majeure.

24.1 Subject to Section 24.2 below, neither Party shall be liable for any failure or delay in the performance of its obligations under this Agreement (other than the payment of money) to the extent such failure or delay both: (i) is caused by any of the following: acts of war, terrorism, civil riots or rebellions; quarantines, embargoes and other governmental action (including changes in law that materially and adversely impact the non-performing Party); and U.S. Government priority orders or contracts; extraordinary elements of nature or acts of God (such as earthquake, localized fire, typhoon, hurricane, tornado or flood); blackouts; power failures; epidemics; strikes; work stoppages; labor, component or material shortages; slow-downs; industrial disputes; sabotage; accidents; destruction of production facilities; and (ii) could not have been prevented by the non-performing Party's reasonable precautions or commercially accepted processes, or could not reasonably be circumvented by the non-performing Party through the use of substitute services, alternate sources, work-around plans or other means by which the requirements of a

buyer of services substantively similar to the Manufacturing Services hereunder would be satisfied, or are outside the reasonable control of the non-performing Party; provided the non-performing Party promptly notifies the other Party (in no event more than ten (10) business days of discovery of the event). Events meeting both of the criteria set forth in clauses (i) and (ii) above are referred to individually and collectively as “**Force Majeure Events.**” The Parties expressly acknowledge that Force Majeure Events do not include vandalism or labor strikes by Jabil’s employees. Upon the occurrence of a Force Majeure Event, the non-performing Party shall be excused from any further performance or observance of the affected obligation(s) for as long as such circumstances prevail, and such Party continues to attempt to recommence performance or observance to the greatest extent possible without delay.

24.2 Notwithstanding any other provision of this Section 24, a Force Majeure Event shall obligate and require Jabil to commence and successfully implement all of the Manufacturing Services relating to disaster recovery set forth in its Business Continuity Plan within the time period described therein. In the event that a Party’s material obligations hereunder are suspended or delayed due to a Force Majeure Event for more than sixty (60) consecutive days, then the other Party may immediately terminate this Agreement, subject to charges set forth in Section 15.3.3. Termination pursuant to this Section shall not affect Company’s obligation to pay Jabil as provided herein. Company may, at its option, and in addition to any other rights Company may have as provided herein, procure such Manufacturing Services from an alternate source until Jabil is again able to provide such Manufacturing Services. If Jabil’s material obligations hereunder are suspended or delayed due to a Force Majeure Event for more than ten (10) consecutive days, to the extent reasonably practicable under said Force Majeure circumstances, Jabil agrees to provide reasonable Transition Assistance as provided in Section 15.4.

25 Miscellaneous.

25.1 Notices. All notices, demands and other communications made hereunder shall be in writing and shall be given either by personal delivery, by nationally recognized overnight courier (with charges prepaid), by facsimile or EDI (with telephone confirmation) addressed to the respective Parties at the following addresses:

Notice to Jabil:

Jabil Circuit, Inc.
10560 Dr. M.L. King Jr. Street North
St. Petersburg, FL 33716
Facsimile: [*]
Attn: Attention, Controller Huangpu Plant

with a copy to:

Jabil Circuit, Inc.
10560 Dr. M.L. King Jr. Street North
St. Petersburg, FL 33716
Facsimile: [*]
Attn: General Counsel

Notice to Company:

iRobot Corporation
8 Crosby Drive
Bedford, MA 01730
Facsimile: [*]
Attn: General Counsel

with a copy to:

Goodwin Procter LLP
Exchange Place
53 State Street
Boston, MA 02109
Fax: [*]
Attn: Mark T. Bettencourt, Esq.

25.2 Expenses and Costs. Each Party shall pay their own expenses in connection with the negotiation of this Agreement and in connection with the resolution of Disputes pursuant to Section 25.13 below.

25.3 Amendment. No course of dealing between the Parties hereto shall be effective to amend, modify, or change any provision of this Agreement. This Agreement may not be amended, modified, or changed in any respect except by an agreement in writing signed by the Party against whom such change is to be enforced. The Parties may, subject to the provisions of this Section 25.3, from time to time, enter into supplemental written agreements for the purpose of adding any provisions to this Agreement or changing in any manner the rights and obligations of the Parties under this Agreement or any Schedule hereto. Any such supplemental written agreement executed by the Parties shall be binding upon the Parties.

25.4 Partial Invalidity. Whenever possible, each provision of this Agreement shall be interpreted in such a way as to be effective and valid under applicable law. If a provision is prohibited by or invalid under applicable law, it shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

25.5 Monies. All references to monies in this Agreement shall be deemed to mean lawful monies of the United States of America.

25.6 Entire Agreement. This Agreement, the Schedules and any addenda attached hereto or referenced herein, constitute the complete and exclusive statement of the agreement of the Parties with respect to the subject matter of this Agreement, and replace and supersede all prior agreements, including the Letter of Intent between the Parties dated November 16, 2009, and negotiations by and between the Parties, provided, however, that each Party acknowledges that the Manufacturing Services Agreement between iRobot Corporation and Jabil Defense & Aerospace Services, LLC, dated June 4, 2007 is a separate agreement between the Parties regarding separate subject matter and is not terminated or otherwise amended by this Agreement. Each Party acknowledges and agrees that no agreements, representations, warranties or collateral promises or inducements have been made by any Party to this Agreement except as expressly set forth herein or in the Schedules and any addenda attached hereto or referenced herein, and that it has not relied upon any other agreement or document, or any verbal statement or act in executing this Agreement. These acknowledgments and agreements are contractual and not mere recitals. In the event of any inconsistency between the provisions of this Agreement and any Schedule and any addenda attached hereto or referenced herein, the provisions of this Agreement shall prevail unless expressly stipulated otherwise, in writing executed by the Parties. Pre-printed language on each Party's forms, including purchase orders shall not constitute part of this Agreement and shall be deemed unenforceable.

25.7 Binding Effect. This Agreement shall be binding on the Parties and their successors and assigns; provided, however, that neither Party shall assign, delegate or transfer, in whole or in part, this Agreement or any of its rights or obligations arising hereunder without the prior written consent of the other Party. Any purported

assignment without such consent shall be null and void. Notwithstanding the foregoing, Jabil shall have the right to assign its rights to receive monies hereunder without the prior written consent of Company.

25.8 Waiver. Waiver by either Party of any breach of any provision of this Agreement shall not be considered as or constitute a continuing waiver or a waiver of any other breach of the same or any other provision of this Agreement.

25.9 Captions. The captions contained in this Agreement are inserted only as a matter of convenience or reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any of its provisions.

25.10 Construction. Since both Parties have engaged in the drafting of this Agreement, no presumption of construction against any Party shall apply.

25.11 Section References. All references to Sections or Schedules shall be deemed to be references to Sections of this Agreement and Schedules attached to this Agreement, except to the extent that any such reference specifically refers to another document. All references to Sections shall be deemed to also refer to all subsections of such Sections, if any.

25.12 Business Day. If any time period set forth in this Agreement expires upon a Saturday, Sunday or U.S. national, legal or bank holiday, such period shall be extended to and through the next succeeding business day.

25.13 Dispute Resolution.

25.13.1 The Parties shall use good faith efforts to resolve disputes, within twenty (20) business days of notice of such dispute. Such efforts shall include escalation of such dispute to the corporate officer level of each Party.

25.13.2 If the Parties cannot resolve any such dispute within said twenty (20) business day period, the matter shall be submitted to arbitration for resolution. Arbitration will be initiated by filing a demand at the New York, New York regional office of the American Arbitration Association (“AAA”). Any judicial proceeding arising out of or relating to this Agreement or the relationship of the Parties, including without limitation any proceeding to enforce this Section 25.13, to review or confirm the award in arbitration, or for specific performance and/or preliminary injunctive relief (for any alleged violations of the Parties’ Non-Disclosure Agreement, as amended by Section 16 above), shall be brought exclusively in a court of competent jurisdiction in the New York Courts.

25.13.3 Disputes will be heard and determined by a panel of three arbitrators. Each Party will appoint one arbitrator to serve on the panel. A neutral arbitrator will be appointed by the AAA. All arbitrators must have significant experience in resolving disputes involving electronic manufacturing and design services.

25.13.4 Within fifteen (15) business days following the selection of the arbitrator, the Parties shall present their claims to the arbitrator for determination. Within ten (10) business days of the presentation of the claims of the Parties to the arbitrator, the arbitrator shall issue a written opinion. To the extent the matters in dispute are provided for in whole or in part in this Agreement, the arbitrator shall be bound to follow such provisions to the extent applicable. In the absence of fraud, gross misconduct or an error in law appearing on the face of the determination, order or award issued by the arbitrator, the written decision of the arbitrator shall be final and binding upon the Parties.

25.13.5 The Parties agree that the existence, conduct and content of any negotiation or arbitration pursuant to this Section 25.13 shall be kept confidential and no Party shall disclose to any Person any information about such negotiation or arbitration, except as set forth in Section 16 or 23.

25.13.6 IN THE EVENT OF ANY DISPUTE BETWEEN THE PARTIES, WHETHER IT RESULTS IN PROCEEDINGS IN ANY COURT IN ANY JURISDICTION OR IN ARBITRATION, THE PARTIES HEREBY KNOWINGLY AND VOLUNTARILY, AND HAVING HAD AN OPPORTUNITY TO

CONSULT WITH COUNSEL, WAIVE ALL RIGHTS TO TRIAL BY JURY, AND AGREE THAT ANY AND ALL MATTERS SHALL BE DECIDED BY A JUDGE OR ARBITRATOR WITHOUT A JURY TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW.

25.13.7 Notwithstanding anything contained in this Section 25.13 to the contrary, in the event that either Party is seeking temporary or preliminary injunctive relief, including any action for equitable relief, such Party may proceed in the New York Courts without prior negotiation or arbitration for the limited purpose of avoiding immediate and irreparable harm.

25.14 Insider Trading. Neither Party will, and will cause its Affiliates, Subsidiaries, and its and their employees and subcontractors to not, transact in any securities of the other Party based on the manufacture of any Product under this Agreement or any Proprietary Information and Technology of such other Party or from communicating any such information to any other Person in connection with the trading of such securities.

25.15 Other Documents. The Parties shall take all such actions and execute all such documents that may be necessary to carry out the purposes of this Agreement, whether or not specifically provided for in this Agreement.

25.16 Counterparts. This Agreement may be executed by facsimile and delivered in one or more counterparts, each of which shall be deemed to be an original and all of which, taken together, shall be deemed to be one agreement.

25.17 Even-Handed Construction. The terms and conditions as set forth in this Agreement have been arrived at by sophisticated parties with equal bargaining power, each having an opportunity to consult with counsel, after mutual negotiation, and it is the intention of the Parties that its terms and conditions not be construed against any Party merely because it was prepared by one of the Parties.

25.18 Governing Law and Jurisdiction. All disputes, claims or controversies arising out of this Agreement, or the interpretation, negotiation, validity or performance of this Agreement, or the transactions contemplated hereby shall be governed by the laws of the State of New York, without application of conflicts of law principles. The provisions of the United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement. Each of the Parties hereto hereby irrevocably and unconditionally consents to submit to the sole and exclusive jurisdiction of the courts of the State of New York and of the United States of America located in the State of New York (the "**New York Courts**") for any litigation between the Parties hereto arising out of or relating to this Agreement, or the negotiation, validity or performance of this Agreement, waives any objection to the laying of venue of any such litigation in the New York Courts and agrees not to plead or claim in any New York Court that such litigation brought therein has been brought in any inconvenient forum or that there are indispensable parties to such litigation that are not subject to the jurisdiction of the New York Courts.

25.19 Design or Repair Services; and U.S. Government Contracts. In the event that the Parties agree that Jabil will provide design or repair (i.e., out of warranty) services for Company, or U.S. government subcontract services for Company, the terms and conditions of such services shall be set forth in a separate mutually agreed upon agreement prior to the commencement of any such services. No FAR, DFAR, or any other FAR Supplement clauses shall be applicable to this Agreement. If Company requires, and authorizes in writing, Jabil to perform any of the foregoing services prior to execution of a separate agreement, such Jabil's services will be provided "AS-IS" and Company shall be fully responsible for any claims or liability arising from such services and corresponding deliverables or products.

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

IROBOT CORPORATION

By: /s/ Jeffrey A. Beck
Signature

Name: Jeffrey A. Beck
(Print)

Title: President HRD

Date: March 18, 2010

JABIL CIRCUIT, INC.

By: /s/ A. Paribelli
Signature

Name: A. Paribelli
(Print)

Title: VP Business Development

Date: March 17, 2010

SCHEDULE 1
TO MANUFACTURING SERVICES AGREEMENT
BETWEEN JABIL AND COMPANY
STATEMENT OF WORK

This Statement of Work (“**SOW**”) is subject to, and governed by, the Manufacturing Services Agreement, dated _____, 20__ (the “**Agreement**”), by and between Jabil Circuit, Inc. (“**Jabil**”), and iRobot Corporation, (“**Company**” or “**iRobot**”). This SOW and the documents referenced herein set forth a description of certain Products (as defined in the Agreement) and certain obligations of Jabil in connection with the services to be performed by Jabil under the Agreement. This SOW shall be effective upon the Effective Date of the Agreement. All capitalized terms used herein without definition shall have the meanings set forth in the Agreement.

- **Product Description:**

Product Specifications - The “**Product Specifications**” for the [*] shall include, without limitation, the technical and product specifications included in the complete engineering database, SKU portfolio and governing quality documents provided by Company to Jabil on November 17, 2009, which are hereby incorporated by reference.

[*] - Any and all configurations of the finished product SKUs included in the Product Specifications above.

[*]

- **NRE Costs:**

(Parties to insert here the latest quote for the NRE cost as it becomes available)

- **Packaging and Shipping Specifications:**

Packaging and Shipping Specifications- The “**Packaging and Shipping Specifications**” for the [*] shall include, without limitation, the complete packaging and shipping specifications included in the engineering database and SKU portfolio provided by Company to Jabil on November 17, 2009, which are hereby incorporated by reference.

- **Suppliers Designated by Company:**

(iRobot to insert here list of assigned and consigned components)

- **Tools: See Tool in Jabil - Asset management.xls**

- **Long lead time list: See JBL iROBOT MSA, Schedule 1, Long Lead time list.xls**

- **[*]**

- **Project management:**

Jabil agrees to assign appropriate person(s) to manage Company’s business under this Agreement and to act as advocate of Company within Jabil’s operations. This will

include a dedicated Business Unit Manager and a dedicated Program manager, who will be responsible for execution of the project, as well as successful transition between project centric (to Production Start) and continuous improvement (post Production Start).

It is expected of Program Manager to assume following responsibilities:

- Execution of the project as scoped
- Compliance with the Agreement
- Interface with Company NGCM team Program Manager through at least weekly meetings, providing status updates and publish any deviations from the plan. It is assumed that any deviation from the plan would be communicated immediately, without waiting for next scheduled update.
- Call management exception meeting if necessary. The events which would lead to such meeting could be: need for increase in capacity, sustained poor quality, cost or timeline change, to name a few. Both parties have a right and obligation to call such meeting.

• [*]

• **Team**

- Jabil agrees to assign appropriate team to execute Company's production of the [*] at Jabil, as well to participate in continuous improvement of both product and its production processes. As [*] database is created in Wildfire/PCAD/Altium and maintained in Windchill, it is necessary that the resources assigned to the project are fluent in engineering tools used to create and maintain the database. This is critical not only for the design understanding, tooling management, and participation in design and process change management, but also for all production and quality related fixtures. Jabil [*] engineering resources are expected to be qualified and trained engineers, fully capable in handling following CAD tools:

- -Mechanical: ProE/Wildfire, Windchill
- Electrical: PCAD, Altium, Windchill

Jabil will ensure that the engineering resources are periodically and properly trained in CAD tool upgrades, so as not to be out of step with iRobot. Jabil will do so at Jabil's expense and proactively.

Jabil is expected to provide appropriate team dedicated to supporting New Product Introduction(s), as required by iRobot.

• **System requirements**

At iRobot's discretion, Jabil may be given access to the following iRobot or iRobot third party internal systems, which Jabil agrees to work off of, including training Jabil employees on these systems at no cost to iRobot or its third party. The systems include but are not limited to:

a) **Windchill**

Windchill is a Web browser enabled, real time data management tool, which enables manufacturers to control product development activities and collaborate with the global partner in secure way. Windchill is a complex tool which poses certain hardware requirements and certain training requirements on the user. For

this reason, Company has developed an Company Vendor Requirement Document. This document describes:

- -Windchill Software Requirements
- -Hardware Requirements
- -Education Requirements
- -Local Windchill Support Personnel
- -Network Security Requirements

Jabil is expected to adhere to the requirements listed in this document, which may mean purchasing software upgrades, hardware upgrades and arranging and supporting training of their staff, at no cost to Company. All of this is necessary for the future real time global collaboration.

Part of this process is the bandwidth test, which is a test performed by Company personnel at Jabil's site, with the purpose of assessing real life bandwidth capability of Jabil's facility.

[*] Jabil is responsible for providing a secure area in the facility, for storing the server and other associated hardware.

Skill level

After all of the requirements of the Company Vendor Requirements documents have been met, and the bandwidth test has been satisfactorily performed, Jabil's personnel will be subject to the Proficiency Test Script, which will aid in the proficiency assessment of Jabil's personnel. Passing this test would mean that Windchill skill level requirement has been met.

Following this activity, Company and Jabil will engage in limited, scripted and controlled data exchange through Windchill. This step will ensure that everyone understands their role and responsibility and will increase confidence level with the tool, without jeopardizing main database. This step will also expose any issue Jabil might face with their network infrastructure, hardware setup, etc. and give an opportunity to optimize system performance.

The foregoing activities must occur within the agreed upon timeframes included in the integrated Company/Jabil project plan.

b) Oracle

Oracle MRP system is used in Company HRD organization for management of forecast, net requirement calculations, item master maintenance, inventory management and customer order management and fulfillment. In the interest of robust and timely information sharing with Jabil, it is expected that both Companies will go through the level of work required to enable automated

transactions between Oracle and SAP. Jabil is expected to support this work through ensuring that Jabil resources are available according to the agreed upon project timeline, at Jabil's expense.

It is envisioned that enabling limited set of EDI transactions will be necessary threshold requirement in order to successfully complete the Production Start. It is expected that Jabil's resources will be available on an ongoing basis to support ongoing continuous improvement efforts past Production Start, such as expanded set of EDI transactions, CIS access, to name a few, at Jabil's expense.

Database change management. The important objective of the [*] project is to track any and all changes to the files (electrical or mechanical), tools, fixtures, parts, quality specifications or manufacturing processes. To facilitate meeting this objective, Company has developed ECR/ECN process and adopted a database management tool, Windchill. It is necessary that Jabil also acquire working Windchill knowledge, and adopt Company's ECR/ECN process. Windchill as a tool supports this system very well. Company will communicate ECR/ECN process to Jabil through Company documents, and Jabil is expected to understand the process and be prepared to participate in it and use it for any and all changes to controlled activities, such as: changes to the files (electrical or mechanical), tools, fixtures, parts or manufacturing processes. There are many activities and responsibilities under CM II change process. Company will assume most of them. Jabil will be expected to understand overall process, and know how to initiate change through problem report, and then know how to view change after it has been routed through the system. This particular aspect of collaboration will also be practiced by Jabil and Company through scripted and controlled data exchange through Windchill. Jabil is expected to ask permission for any and all changes to database, to include both engineering and quality related documentation and processes. All Jabil input is encouraged but it must be reviewed and approved by Company before it takes effect. Jabil will utilize variety of resources outside of [*] and core [*] team dedicated to Company account, such as tooling/molding resources. It is expected that Jabil will manage all its external relationships, and it is Jabil's responsibility to ensure that all parties acting on Company's account on Jabil's behalf utilize the latest released instance of the database. Failure to do so (resulting in production of outdated parts, or incorrect fixtures, etc.) will be Jabil's responsibility and Jabil will correct any errors that may arise at their own expense and within acceptable timelines. It is expected that Jabil's resources will be available on an ongoing basis to support continuous improvement efforts past Production Start, such as active participation in ECR/ECN process through proposing changes through Windchill, redlining documents and models, and in some instances even

performing edits directly in a database. The augmented participation will be discussed with Jabil well in advance of expected implementation.

Jabil shall maintain its hardware and software setups in support of Company's business under this Agreement to ensure compatibility with Company's future system upgrades. Company shall use Commercially Reasonable Efforts to notify Jabil in advance of any system upgrades applicable to the Products under this Agreement.

SCHEDULE 2
TO MANUFACTURING SERVICES AGREEMENT
BETWEEN JABIL AND COMPANY
[*]

SCHEDULE 3
TO MANUFACTURING SERVICES AGREEMENT
BETWEEN JABIL AND COMPANY
[*]

SCHEDULE 4
TO MANUFACTURING SERVICES AGREEMENT
BETWEEN JABIL AND COMPANY
MUTUAL NON-DISCLOSURE AGREEMENT

This MUTUAL NON-DISCLOSURE AGREEMENT (this “Agreement”), effective as of the date set forth last below, is made by and between the undersigned counter party (the “Counter Party”) and iROBOT CORPORATION (“iROBOT”). In consideration of the mutual agreements and other provisions of this Agreement, the parties hereto agree as follows:

1 Scope of Proprietary Information.

1.1 “Proprietary Information” means, subject to the exceptions set forth in Section 1.2 hereof, any information or data, regardless of whether it is in tangible form, that is disclosed by a party (the “Disclosing Party”) to the other party (the “Receiving Party”) and that (a) the Disclosing Party has marked as confidential or proprietary, or (b) the Disclosing Party identifies as confidential or proprietary at the time of disclosure with written confirmation within thirty (30) days of disclosure to the Receiving Party, provided, however, that:

1.1.1 Reports and/or information related to or regarding the Disclosing Party’s business plans, business methodologies, strategies, specifications, development plans, customers, and/or billing records will be deemed Proprietary Information of the Disclosing Party even if not so marked or identified.

1.1.2 Prototypes, mockups, models, designs, project deliverables, and/or depictions thereof, observed within or upon the Disclosing Party’s business premises will be deemed Proprietary Information of the Disclosing Party even if not so marked or identified.

1.2 “Proprietary Information” shall not include any information which: (a) the Receiving Party can show by written record was in its possession prior to disclosure by the Disclosing Party hereunder, provided that the Receiving Party must promptly notify the Disclosing Party of any prior knowledge in the manner provided in Section 5 below; (b) appears in a patent or publication, or which otherwise is or becomes generally known in the trade other than through the Receiving Party’s failure to observe any or all terms and conditions hereof; provided that the

foregoing shall not be interpreted to create any express or implied license, or the right to obtain a license, to any patents which may be issued to the Disclosing Party; or (c) subsequent to disclosure to the Receiving Party by the Disclosing Party, is obtained by the Receiving Party from a third person who is lawfully in possession of such information, and who is not in violation of any contractual, legal or fiduciary obligations to the Disclosing Party in making such disclosure to the Receiving Party and does not require the Receiving Party to refrain from disclosing such information to others.

2 Use and Disclosure of Proprietary Information.

2.1 The Receiving Party may only use the Proprietary Information for the purpose of evaluating or operating pursuant to a business relationship or potential business relationship between the Receiving Party and the Disclosing Party (the "Permitted Purpose"). The Receiving Party must keep secret and shall not disclose, publish, divulge, furnish or make accessible to anyone any of the Proprietary Information of the Disclosing Party, other than furnishing such Proprietary Information to the Receiving Party's employees, agents, representatives, consultants and contractors who are required to have access to such Proprietary Information in connection with the Permitted Purpose during the time that the Receiving Party is permitted to retain such Proprietary Information hereunder; provided that such persons are bound by written agreements respecting the Proprietary Information in the manner set forth in this Agreement.

2.2 The Receiving Party shall not embody any of the Proprietary Information of the Disclosing Party in any of the Receiving Party's products, processes or services, or duplicate, copy or exploit any of such Proprietary Information in the Receiving Party's business, or otherwise use any of the Proprietary Information for any purpose other than for the Permitted Purpose.

2.3 The Receiving Party shall use the equivalent of measures that the Receiving Party uses to protect the Receiving Party's own proprietary information, but in no event less than reasonable care and adequate measures, to protect the security of the Proprietary Information of the Disclosing Party and to ensure that any Proprietary Information of the Disclosing Party is not disclosed or otherwise made available to other persons or used in violation of this Agreement.

2.4 In the event that the Receiving Party is required by law to make any disclosure of any of the Proprietary Information of the Disclosing Party, by subpoena, judicial or administrative order or otherwise, the Receiving Party shall first give written notice of such requirement to the Disclosing Party, and shall permit the Disclosing Party to intervene in any relevant proceedings to protect its interests in the Proprietary Information, and provide full cooperation and assistance to the Disclosing Party in seeking to obtain such protection.

3 Certain Rights and Limitations.

3.1 The Receiving Party will provide upon the Disclosing Party's request a certification that access and use is being controlled in accordance with this Agreement.

3.2 The provision of Proprietary Information hereunder shall not transfer any right, title or interest in such information to Receiving Party. Disclosing Party does not grant any express or implied right to Receiving Party to or under Disclosing Party's patents, copyrights, trademarks, trade secret information or other proprietary rights.

3.3 All tangible embodiments of the Proprietary Information of the Disclosing Party (e.g., drawings, memoranda and notes) and all copies thereof, whether in hard-copy or machine-readable form and whether supplied by the Disclosing Party or made by or for the Receiving Party (collectively, the "Tangible Embodiments"), shall at all times be and remain the property of the Disclosing Party.

3.4 The Receiving Party shall not reverse-engineer, decompile, or disassemble any software or firmware disclosed or provided to it under this Agreement and shall not remove, overprint or deface any notice of confidentiality, copyright, trademark, logo, legend or other notices of ownership or confidentiality from any originals or copies of Proprietary Information it obtains from the Disclosing Party.

4 Remedies. Receiving Party acknowledges that a breach by it of any of the terms of this Agreement would cause irreparable harm to the Disclosing Party for which Disclosing Party could not be adequately compensated by money damages. Accordingly, Receiving Party agrees that, in addition to all other remedies available to Disclosing Party in an action at law, in the event of any breach or threatened breach by the Receiving Party of the terms of this Agreement, the Disclosing Party shall, without the necessity of proving actual damages or posting any bond or other security, be entitled to temporary and permanent injunctive relief, including, but not limited to, specific performance of the terms of this Agreement.

5 Notice of Independent Knowledge or Breach. The Receiving Party agrees to notify the Disclosing Party promptly in writing if (a) upon disclosure of Proprietary Information by the Disclosing Party, the Receiving Party has prior knowledge of the same; or (b) subsequent to disclosure of any Proprietary Information by the Disclosing Party, information is disclosed to the Receiving Party in a manner described in Section 1.2 or (c) the Receiving Party becomes aware of any breach of this Agreement with respect to the Proprietary Information of the Disclosing Party in the Receiving Party's possession.

6 Termination.

6.1 Notice and Effect of Termination. This Agreement shall remain in effect until it is terminated by either party with thirty (30) days prior written notice. The terms and conditions of this Agreement shall survive any such termination with respect to Proprietary Information that is disclosed prior to the effective date of such termination for a period of [*] from the date of termination.

6.2 Return of Proprietary Information. Upon the earlier of (a) the termination of this Agreement, (b) Disclosing Party's written request or (c) such time as the Receiving Party no longer requires the Proprietary Information for the Permitted Purpose, Receiving Party agrees to promptly return to Disclosing Party or destroy all Proprietary Information and any Tangible Embodiments that are in the possession of Receiving Party and to certify the return or destruction of all such Proprietary Information and embodiments.

7 Warranty. Disclosing Party warrants that it has the right to make the disclosures under this Agreement. NO OTHER WARRANTY IS MADE BY EITHER PARTY UNDER THIS AGREEMENT. ANY INFORMATION EXCHANGED UNDER THIS AGREEMENT IS PROVIDED "AS IS."

8 United States Government Regulations. The parties shall adhere to any applicable U.S. and foreign export control laws and regulations and shall not export or reexport any technical data or products received or the direct product of such technical data except in compliance with the applicable export control laws and regulations of the U.S. and any applicable foreign country.

9 Miscellaneous. This Agreement does not create any joint venture, pooling arrangement, agency or partnership relationship between the parties hereto, nor does it create any obligation or commitment on the part of either party to submit a proposal from or perform any contract or services with the other party. Nothing herein shall be construed as providing for the sharing of profits or losses arising out of the parties efforts. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts governing such agreements, without regard to conflicts-of-law principles. The sole and exclusive jurisdiction and venue for any litigation arising out of this Agreement shall be an appropriate federal or state court located in the Commonwealth of Massachusetts, and the parties agree not to raise, and waive, any objections or defenses based upon venue or forum non conveniens. This Agreement contains the complete and exclusive agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings whether written or oral, express or implied. If any provision of this Agreement is held invalid, illegal or unenforceable by a court of competent jurisdiction, such shall not affect any other provision of this Agreement, which shall remain in full force and effect. No amendment or alteration of the terms of this Agreement shall be effective unless made in writing and executed by both parties hereto. A failure or delay in exercising any right in respect to this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right will not be presumed to preclude any subsequent or further exercise of that right or the exercise of any other right. Any modification or waiver of any provision of this Agreement shall not be effective unless made in writing. Any such waiver shall be effective only in the specific instance and for the purpose given.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed below by their duly authorized signatories.

JABIL, INC.

By: /s/ Arthur W. Hook (Counter Party)

Name: Arthur W. Hook

Title: Director of Sales

Date: June 23rd, 2009

Address for notices to Counter Party:

Jabil, Inc.

Attn: Legal Dept.

10560 Rev. Martin Luther King Jr. Street North

St. Petersburg, FL 33716

IROBOT CORPORATION

By: /s/ Oscar Zamorano

Name: Oscar Zamorano

Title VP Operations & Supply Chain

Date June 23rd, 2009

Address for notices to iROBOT CORPORATION:

iRobot Corporation

Attn: Legal Department

8 Crosby Drive

Bedford, MA 01730

**SCHEDULE 5
TO MANUFACTURING SERVICES AGREEMENT
BETWEEN JABIL AND COMPANY
COMPANY MARKS**

IROBOT
ROOMBA
SCOOBA
VIRTUAL VISITING
LOOJ
VERRO
PACKBOT
SUGV
SEAGLIDER
VIRTUAL WALL

**SCHEDULE 6
TO MANUFACTURING SERVICES AGREEMENT
BETWEEN JABIL AND COMPANY
COMPANY QUARTER END**

Q1-10							Q3-10						
JANUARY							JULY						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
3	4	5	6	7	8	9	4	5	6	7	8	9	10
10	11	12	13	14	15	16	11	12	13	14	15	16	17
17	18	19	20	21	22	23	18	19	20	21	22	23	24
24	25	26	27	28	29	30	25	26	27	28	29	30	31
FEBRUARY							AUGUST						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
31	1	2	3	4	5	6	1	2	3	4	5	6	7
7	8	9	10	11	12	13	8	9	10	11	12	13	14
14	15	16	17	18	19	20	15	16	17	18	19	20	21
21	22	23	24	25	26	27	22	23	24	25	26	27	28
MARCH							SEPTEMBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
28	1	2	3	4	5	6	29	30	31	1	2	3	4
7	8	9	10	11	12	13	5	6	7	8	9	10	11
14	15	16	17	18	19	20	12	13	14	15	16	17	18
21	22	23	24	25	26	27	19	20	21	22	23	24	25
28	29	30	31	1	2	3	26	27	28	29	30	1	2

CONFIDENTIAL

Q2-10							Q4-10						
APRIL							OCTOBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
4	5	6	7	8	9	10	3	4	5	6	7	8	9
11	12	13	14	15	16	17	10	11	12	13	14	15	16
18	19	20	21	22	23	24	17	18	19	20	21	22	23
25	26	27	28	29	30	1	24	25	26	27	28	29	30
MAY							NOVEMBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
2	3	4	5	6	7	8	31	1	2	3	4	5	6
9	10	11	12	13	14	15	7	8	9	10	11	12	13
16	17	18	19	20	21	22	14	15	16	17	18	19	20
23	24	25	26	27	28	29	21	22	23	24	25	26	27
JUNE							DECEMBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
30	31	1	2	3	4	5	28	29	30	1	2	3	4
6	7	8	9	10	11	12	5	6	7	8	9	10	11
13	14	15	16	17	18	19	12	13	14	15	16	17	18
20	21	22	23	24	25	26	19	20	21	22	23	24	25
27	28	29	30	1	2	3	26	27	28	29	30	31	1

Jan	3-Jan-2010	30-Jan-2010
Feb	31-Jan-2010	27-Feb-2010
Mar	28-Feb-2010	3-Apr-2010
Apr	4-Apr-2010	1-May-2010
May	2-May-2010	29-May-2010
Jun	30-May-2010	3-Jul-2010
Jul	4-Jul-2010	31-Jul-2010
Aug	1-Aug-2010	28-Aug-2010
Sep	29-Aug-2010	2-Oct-2010
Oct	3-Oct-2010	30-Oct-2010
Nov	31-Oct-2010	27-Nov-2010
Dec	28-Nov-2010	1-Jan-2011

iRobot®

Amendment # 1 to Manufacturing Services Agreement Between: iRobot Corporation and Jabil Circuit, Inc.

PARTIES

(1) **iRobot Corporation**, a Delaware corporation with its principal place of business at 8 Crosby Drive, Bedford, Massachusetts, 01730, USA (“iRobot”).

(2) **Jabil Circuit, Inc.**, a Delaware corporation, having offices at 10560 Dr. M.L. King Jr. Street North St. Petersburg, Florida 33716 (“Jabil”)

WHEREAS, the Parties executed the Manufacturing Services Agreement dated 18th March 2010 (the Agreement”).

WHEREAS, pursuant to clause 25.3 of the Agreement, the Parties wish to amend the Agreement;

For good and valuable consideration, Effective as of _____, the following amendment is hereby agreed:

Clause 25.20 will be added to the Agreement:

Child/Forced Prison Labor Laws. Jabil, by signing this agreement, represents and warrants that it will comply and use commercially reasonable efforts to ensure that its subcontractors/suppliers will comply with all applicable local government regulations regarding minimum wage, living conditions, overtime, working conditions, child labor laws and the applicable labor and environmental laws. Jabil further represents and warrants that it does not use any form of forced prison labor and/or child labor under the age of 15 or the minimum age required by local government, whichever is older and shall use commercially reasonable efforts to ensure that its subcontractors/suppliers do not use any form of forced prison labor and/or child labor under the age of 15 or the minimum age required by local government, whichever is older.

If any conflict or inconsistency occurs between this Amendment and the Agreement, the provisions of this Amendment shall prevail. The remainder of the Agreement shall remain in full force and effect, unamended.

iRobot Corporation

Signature: /s/ Oscar Zamorano
Print Name: Oscar Zamorano
Title: SVP Operations
Date: 4/13/2015

Jabil Circuit, Inc.

Signature: /s/ Brent Tompkins
Print Name: Brent Tompkins
Title: Sr. Business Unit Director
Date: April 10, 2015



Amendment # 2 to Manufacturing Services Agreement

Between: iRobot Corporation and Jabil Circuit, Inc.

PARTIES

- (1) **iRobot Corporation**, a Delaware corporation with its principal place of business at 8 Crosby Drive, Bedford, Massachusetts, 01730, USA (“iRobot”).

- (2) **Guangzhou iRobot Robot Technology Consulting Company Limited**, a wholly owned subsidiary of iRobot Corporation with its principal place of business at Center Plaza, No.161 Linhe Xi Road, Tianhe District, Guangzhou Unit 05/13F, Tower A (“iRobot Guangzhou”).

- (3) **Jabil Circuit, Inc.**, a Delaware corporation having its place of business at 10560 Dr. M.L. Jing Jr. Street, North St. Petersburg, Florida 33716 (hereinafter referred to as “Jabil”) (collectively the “Parties”).

WHEREAS, the Parties executed the Manufacturing Services Agreement dated March 18, 2010 as amended by Amendment No.I to the Manufacturing Services Agreement dated April 13, 2015 (the “Agreement”).

WHEREAS, pursuant to clause 25.3 of the Agreement, the Parties wish to amend the Agreement;

For good and valuable consideration, Effective as of **August 2, 2016**, the following amendment(s) are hereby agreed:

All references to “iRobot” in Sections 3, 4.4, 4.6, 5, 7, 11, and 12 will also include iRobot Guangzhou. For avoidance of doubt, iRobot Guangzhou shall have the right and ability to purchase Product from Jabil, issue Purchase Orders for Product under this Agreement, and enforce all related rights as if it were iRobot.

Signed by a duly authorised director or officer for and on behalf of iRobot Corporation

Print full name: Oscar Zamorano
Position: SVP Operations & Supply Chain

Signature:
/s/ Oscar Zamorano

Signed by a duly authorised director or officer for and on behalf of Jabil Circuit, Inc

Print full name: Mark Chin
Position: Business Director

Signature:
/s/ Mark Chin

Signed by a duly authorised director or officer for and on behalf of Guangzhou iRobot Robot Technology Consulting Company Limited

Print full name: Li Yuan Nan
Position: General Manager

Signature:
/s/ Li Yuan Nan



Amendment # 3 to Manufacturing Services Agreement

Between: iRobot Corporation and Jabil Circuit, Inc.

PARTIES

- (1) **iRobot Corporation**, a Delaware corporation with its principal place of business at 8 Crosby Drive, Bedford, Massachusetts, 01730, USA (“iRobot”).
- (2) **Jabil Circuit, Inc.**, a Delaware corporation having its place of business at 10560 Dr. M.L. Jing Jr. Street, North St. Petersburg, Florida 33716 (hereinafter referred to as “Jabil”) (collectively the “Parties”).

WHEREAS, the Parties executed the Manufacturing Services Agreement dated March 18, 2010 as amended by Amendment No. 1 to the Manufacturing Services Agreement dated April 13, 2015, and the Amendment No. 2 to the Manufacturing Services Agreement dated August 1, 2016 (the “Agreement”).

WHEREAS, pursuant to clause 25.3 of the Agreement, the Parties wish to amend the Agreement;

For good and valuable consideration, Effective as of **February 10, 2017**, the following amendment(s) are hereby agreed:

iRobot as the holding company of Guangzhou iRobot Robot Technology Consulting Company Limited hereby unconditionally and irrevocably guarantees the due and punctual performance and observance by Guangzhou iRobot Robot Technology Consulting Company Limited of all of its obligations under the Agreement, and shall assume all liabilities of Guangzhou iRobot Robot Technology Consulting Company Limited arising from and/or in connection with the Agreement (“Guarantee”).

This Guarantee shall be held by iRobot as a continuing security notwithstanding any intermediate payment or settlement or satisfaction of the whole or any part of any sum or sums of money due or owing as aforesaid or otherwise.

WHEREAS, pursuant to clause 9.2 of the Agreement, the Parties wish to amend the Agreement for any Products transacted in RMB only with the addition of clause 9.2a as the following:

Base on the exchange rate used in the first quote, if the fluctuation threshold between the fixed exchange rate and the published exchange rate exceeds +/-3%, re-quote will be needed on the last working day of every month. *Published exchange rate: shall

be used as the reference to measure the difference against the fixed exchange rate. Suggest to use the "Middle Rate" as a measuring reference for both parties. Reference link:

(<http://www.boc.cn/sourcedb/whpj/enindex.html>)

Signed by a duly authorised director or officer for and on behalf of iRobot Corporation

Print full name: Oscar Zamorano
Position: SVP Operations & Supply Chain

Signature:
/s/ Oscar Zamorano

Signed by a duly authorised director or officer for and on behalf of Jabil Circuit, Inc

Print full name: Mark Chin
Position: Business Director

Signature:
/s/ Mark Chin



**Amendment #4 to the Manufacturing Services Agreement
Between: iRobot Corporation and Jabil Circuit, Inc.**

PARTIES:

- (1) **iRobot Corporation**, a Delaware corporation with its principal place on business at 8 Crosby Drive, Bedford, Massachusetts, 01730, USA ("iRobot")
- (2) **Jabil Inc.**, a Delaware corporation having its place of business at 10560 Dr. M.L. King Jr. Street, North St, Petersburg, Florida 33716 (hereinafter referred to as "Jabil")(together the "Parties")

WHEREAS, the Parties executed the Manufacturing Services Agreement dated March 18, 2010 as amended by Amendment No. 1 dated April 13, 2015 and as amended by Amendment No. 2 dated August 2, 2016 and as amended by Amendment No. 3 dated February 10, 2017 (the "Agreement").

WHEREAS, for good and valuable consideration, the Parties hereby acknowledge and agree effective as on **March 1, 2018**, that pursuant to section 25.3 of the Agreement, the Parties wish to amend the Agreement as follows:

Parties: The name of **iRobot Corporation** is hereby changed to iRobot Corporation and its wholly-owned subsidiaries or affiliates ("iRobot"). iRobot is a Delaware corporation having its principal office at 8 Crosby Drive Bedford MA USA.

The name of **Jabil Circuit, Inc.**, a Delaware corporation having its place of business at 10560 Dr. M.L. King Jr. Street, North St, Petersburg, Florida 33716 (hereinafter referred to as "Jabil") has been changed to Jabil Inc.

Replace Section 7 Delivery, Risk of Loss and Payment Terms as follows:

7 Delivery, Risk of Loss and Payment Terms. For purposes of this Agreement terms of sale for Product shipments shall be:

For export shipments title and risk of loss for Product will pass to iRobot (or to iRobot's designee invoiced by Jabil) FCA Port of Origin (Incoterms 2010). For any shipments where Jabil acts as an agent in completing the Shipper's Export Declaration and managing iRobot's exports on behalf of iRobot, where iRobot is the exporter of record (Principal Party in Interest - PPI), iRobot hereby grants Jabil a limited Power of Attorney to act on its behalf in managing its exports.

For domestic (mainland China) shipments, ownership of Product, delivery cost, and risk of loss rests with Jabil until delivery at iRobot's distributor's assigned warehouse. Delivery for domestic shipments is DAP-iRobot distributor assigned warehouses (Incoterms 2010). Said iRobot distributor assigned warehouse will be outlined on each individual P.O. issued. Once Product is delivered to iRobot's distributor's assigned warehouse, ownership of Product, delivery cost, and risk of loss all transfer to iRobot or iRobot's distributor.

For clarity, sections 7.1 - 7.4 remain as written

Replace Section 11.2 Purchase Orders as follows:

11.2 Purchase Orders. iRobot, and now as defined to include its wholly-owned subsidiaries or affiliates, will issue orders for Products hereunder using its standard form of purchase order ("**Purchase Order**"). Each Purchase Order will identify the applicable Product by SKU, quantity, mutually agreed price, currency, delivery terms, and other customary terms. The currency may be US dollars, Chinese RMB or Euros. Such Purchase Orders will be issued by iRobot at least eight (8) weeks prior to the requested delivery date set forth in each Purchase Order.

If any conflict or inconsistency occurs between this Amendment and the Agreement, the provisions of this Amendment shall prevail. The remainder of the Agreement shall remain in full force and effect, unamended.

The Parties have indicated the agreement to and acceptance of the amendments by executing below.

Signed by a duly authorised director or officer for and on behalf of iRobot Corporation

Print full name:

Position:

Date:

Signature: /s/ Oscar Zamarano

Signed by a duly authorised director or officer for and on behalf of Jabil Circuit, Inc

Print full name:

Position:

Date:

Signature:



AMENDMENT #6 TO MANUFACTURING SERVICES AGREEMENT
Coronavirus Impact Adjustments

PARTIES:

- a. iRobot Corporation and its wholly owned subsidiaries or affiliates, a Delaware corporation with its principal place of business located at 8 Crosby Drive, Bedford, Massachusetts, 01730, USA (“Company” or “iRobot”).
- a. Jabil, Inc, a Delaware corporation with its principle place of business located at 10560 Dr. M.L. King Jr. Street, North St, Petersburg, Florida 33716 (hereinafter referred to as “Supplier” or “Jabil”) (collectively the “Parties”).

RECITALS:

WHEREAS, the Parties executed the Manufacturing Services Agreement dated March 18, 2010 as amended by Amendment #1 dated April 13, 2015, Amendment #2 dated August 2, 2016, Amendment #3 dated February 10, 2017, Amendment #4 dated March 1, 2018, Amendment #5 dated July 30, 2019 and Addendum #1 dated August 14, 2019 and Addendum #2 executed on October 23, 2019 (the “Agreement.”);

WHEREAS, the impact of the coronavirus pandemic has caused certain business disruptions for both Parties that require amending certain terms of the Agreement;

NOW, THEREFORE, intending to be legally bound, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree effective as of _May 1, 2020, that pursuant to Section 25.3 of the Agreement, the Parties amend the Agreement as follows:

1. Paragraphs 2 and 3 of Addendum #1 shall be stricken and replaced with the following:

“Section 2. If, for any reason not attributable to Jabil (including Force Majeure event), 1,000,000 iRobot units starting from the launch of mass production in 2019 are not manufactured in Jabil Malaysia by December 31, 2021 (“Time Limit”), iRobot will reimburse Jabil \$1.30 times the difference between the number of units produced and 1,000,000 units by issuing a purchase order to Jabil by or before January 5th, 2022. In the event iRobot cannot meet the 1,000,000 volume commitment by the Time Limit due to any delay to deliver iRobot units or Jabil’s failure to perform its obligation, which are caused by Jabil, then (i) iRobot will continue to receive the mutually agreed 2021 volume-based pricing benefit as if those units were purchased in calendar year 2021; and (ii) the foregoing reimbursement obligations will be paid through the purchase of such units in calendar year 2022, provided that iRobot has placed purchased orders for delivery within the 2021 calendar year and such delivery has not occurred due to Jabil’s fault. Upon reaching 1 million units produced in Jabil Malaysia, if before December 31, 2021, iRobot shall receive an immediate cost reduction of \$1.30 per unit on the models stated in Section 1 and manufactured in Jabil Malaysia beginning with unit number 1,000,001.”

“Section 3. The volume-based pricing, as shown in the chart below [*], applies to all iRobot units purchased between May 1, 2020 and December 31, 2020. Out of the 1,000,000 iRobot units set forth in Section 2 above, iRobot will commit to purchase 700,000 units from Jabil Malaysia as a

combination of the SKUs as noted below within the calendar year of 2020, which includes the 100,000 units already manufactured through April 2020 and the 100,000 unit order that had to be manufactured in China such that iRobot's volume commitment for the remainder of 2020 from May 1, 2020 forward is 500,000 units. iRobot will pay the per unit cost for 500,000 units volume-based pricing as indicated below. Within Jabil's capacity as defined in the attached Schedule 1, should Jabil reject, delay or otherwise be unable to perform on any purchase order placed by iRobot pursuant to the Agreement and such rejection, delay or failure is due to Jabil and causes a push-out of the manufacture of any units beyond calendar year 2020, iRobot will continue to receive the volume-based pricing benefit as indicated below as if those units were purchased in calendar year 2020. However, and, except to the extent set forth above, if iRobot does not meet the 700,000 unit volume commitment for 2020, then the iRobot units purchased in 2020 shall be subject to a pricing revision agreed to by both Parties considering the difference of the volume-based pricing as indicated below and the total volume of units actually purchased by iRobot between May 1st to December 31st, 2020. iRobot and Jabil agree that there will be a pricing reconciliation where iRobot shall be responsible to pay Jabil any amount due to Jabil pursuant to the aforementioned pricing revision. iRobot will make commercially reasonable efforts to send additional volume to Jabil Malaysia to take advantage of further volume cost reductions."

2. Jabil agrees through this Amendment #6, to release iRobot from any additional costs, fees, expense or the like as it relates to any price reconciliation for prices paid per unit through April 30, 2020, for products manufactured in Malaysia.
3. If any conflict or inconsistency occurs between this Amendment and the Agreement, the provisions of this Amendment shall prevail.
4. The remainder of the Agreement shall remain in full force and effect, unamended.

IN WITNESS WHEREOF, intending to be legally bound, each of the Parties have caused their duly authorized representatives to enter into this Amendment #6 on the date first written above.

JABIL, INC	iROBOT CORPORATION
Name: /s/ Brent Tompkins	Name:/s/ Charlie Kirol
Title: VP Global Business Units	Title: EVP and CSCO
Date: August 3, 2020	Date:August 4, 2020

