

# iRobot Corporation Investor Presentation

May 2021



# Forward Looking Statements

- Certain statements made in this presentation that are not based on historical information are forward-looking statements which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.
- These statements are neither promises nor guarantees, but are subject to a variety of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those contemplated in these forward-looking statements.
- Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. iRobot Corporation undertakes no obligation to update or revise the information contained in this presentation, whether as a result of new information, future events or circumstances or otherwise.
- For additional disclosure regarding these and other risks faced by iRobot Corporation, see the disclosure contained in our public filings with the Securities and Exchange Commission.



# Non-GAAP Financial Metrics

## Regulation G Disclosure

This presentation contains references to the non-GAAP financial measures as defined by SEC Regulation G, including non-GAAP gross profit and non-GAAP gross profit margin, non-GAAP operating expenses, non-GAAP operating income and non-GAAP operating income margin, non-GAAP income tax expense, non-GAAP net income (earnings) and non-GAAP net income (earnings) per share. These non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP and reconciliations from these results should be carefully evaluated.

Non-GAAP gross profit removes expenses related to the amortization of acquired intangible assets and stock-based compensation while non-GAAP gross profit margin is calculated as non-GAAP gross profit divided by revenue for the applicable period. Non-GAAP operating expenses excludes the amortization of acquired intangible assets, stock-based compensation, net merger, acquisition and divestiture (income) expense, and net IP litigation expense. Non-GAAP operating income removes the aforementioned non-GAAP operating expenses while non-GAAP operating income margin is calculated as non-GAAP operating income divided by revenue for the applicable period. Non-GAAP income tax expense reflects the tax effect of the non-GAAP adjustments, calculated using the appropriate statutory tax rate for each adjustment. Non-GAAP net income includes the aforementioned items related to non-GAAP income from operations, and also removes gain or loss on strategic investments. Non-GAAP net income (earnings) per share is calculated by dividing non-GAAP net income (earnings) by the number of diluted shares used in per share calculations for the applicable period. Definitions of each item and why they are used in calculating non-GAAP financial measures is detailed in the appendix of this presentation.

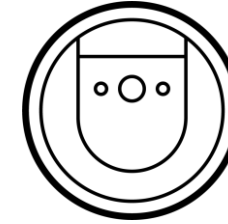
We use non-GAAP measures to internally evaluate and analyze financial results. We believe these non-GAAP financial measures provide investors with useful supplemental information about the financial performance of our business, enable comparison of financial results between periods where certain items may vary independent of business performance, and enable comparison of our financial results with other public companies, many of which present similar non-GAAP financial measures. The reconciliation of these non-GAAP metrics to the comparable GAAP metrics are set forth in the accompanying tables in the appendix of this presentation and are available on our website at <https://investor.irobot.com/>.



# Investment Highlights

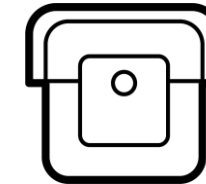
## Category creator, innovator and leader in Robotic Floor Care & AI

- Strong revenue growth with continued runway
- Cutting-edge robotic AI and home understanding
- Consistent innovation, category leadership and portfolio expansion



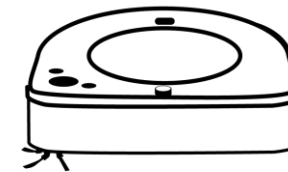
## Accelerating strategic initiatives aimed at

- Differentiating the cleaning experience
- Building direct relationships with ~11m connected, engaged owners
- Nurturing lifetime value of customer relationships



## Resilience and growth despite challenging market conditions

- Delivered strong 2020 financial results that exceeded our original targets
- Excellent start to 2021: increased top-line outlook while reaffirming profitability targets despite supply chain challenges
- Focused on sustaining solid top-line growth into 2022 and converting that expansion into 2022 profit margins and EPS that exceed 2020 levels
- Strong financial foundation to fund continued growth



NASDAQ:  
**IRBT**

Market Cap:  
**\$2.7B\***

Headquarters in  
**Bedford, MA**

\* Based on stock price as 5/17/21

# Category Creator, Innovator & Leader

**Global category leader** well positioned for future expansion

**Broadened portfolio over the past two years**  
with innovative new products

**Consistent innovation across the portfolio**  
to widen competitive moat

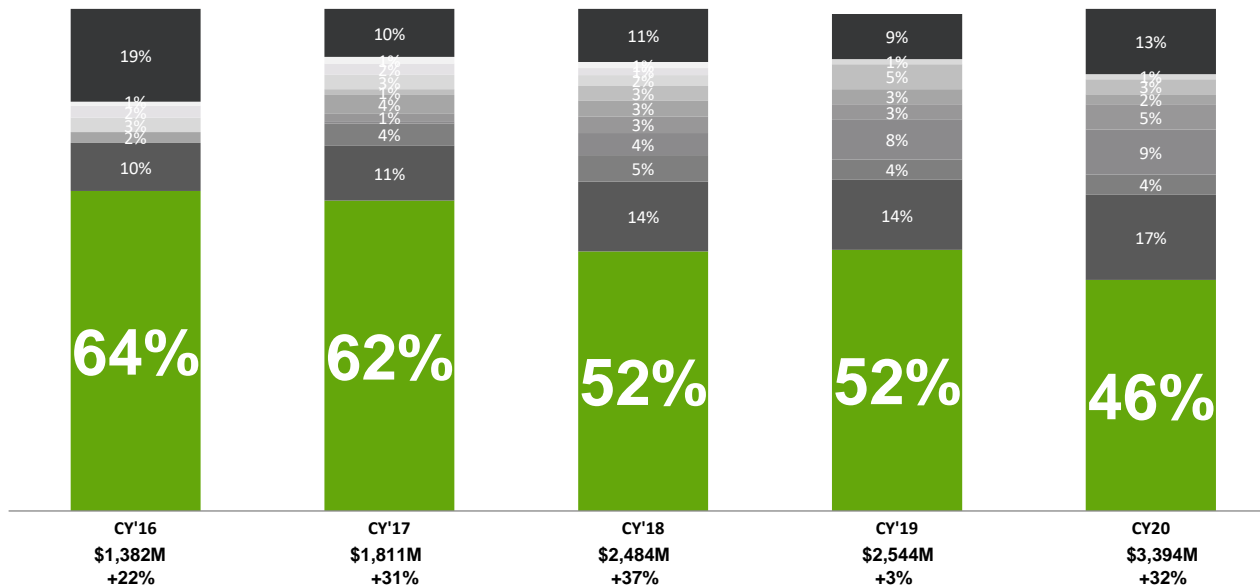
**\$1.4B+**  
in 2020 sales

**15M+**  
connected  
robots

**~11M**  
Connected  
Customers

**35M+**  
units sold

Global \$ Segment Share (RVC+, +\$200)



- Others
- Dyson
- Samsung
- Panasonic
- Cecotec
- Neato
- Shark
- Roborock
- Mi
- Ecovacs
- iRobot

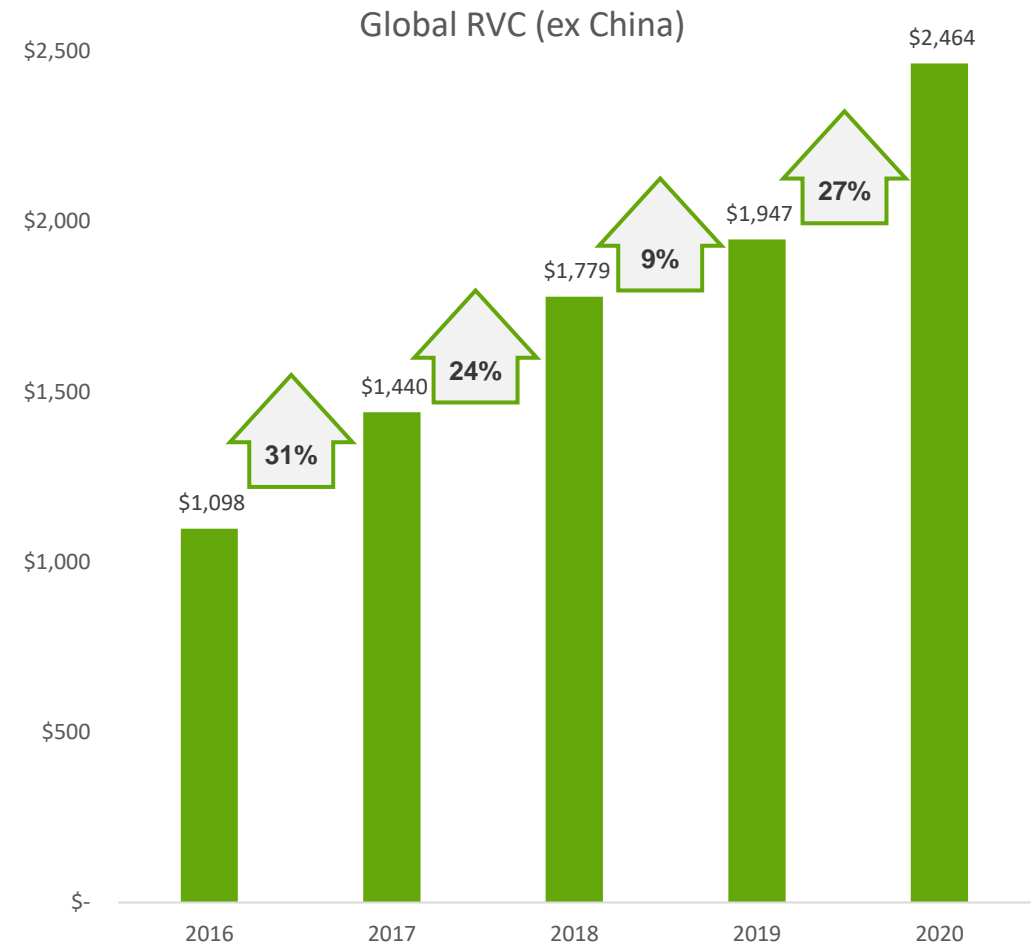
\*Source: Global market size for Vacuum Cleaners >\$200 (Third-Party Market Data and iRobot internal estimates).



# A Leader in a Resurgent Market

RVCs transition from early adopter stage into the early majority in the U.S.

- RVC consumer sentiment shifts from curious but skeptical to increasingly impatient
- A competitive market with newer entrants who are investing for growth, further increasing consumer awareness
- Pandemic accelerates adoption by shining a light on RVC value proposition
  - Hectic, fluid schedules leaves people less time for burdensome, time-consuming tasks
- Optimism that post-pandemic demand will remain healthy
  - Work from home evolves to workplace flexibility
  - Pet adoption surges
  - RVCs become an increasingly popular gift



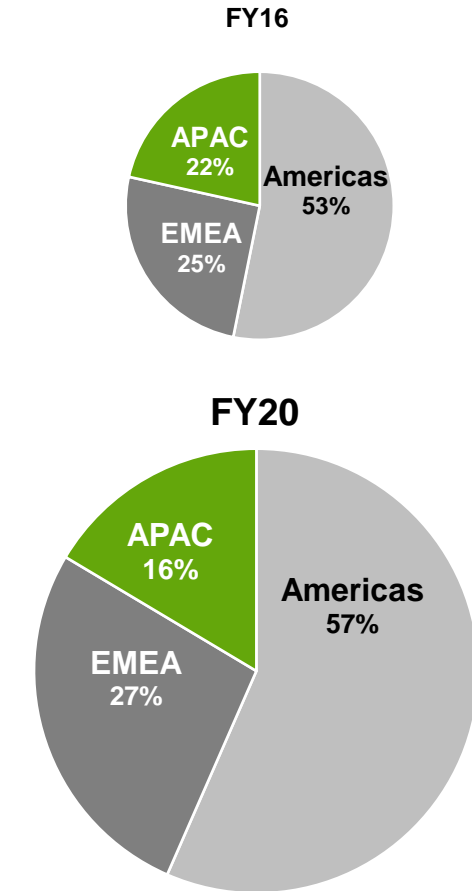
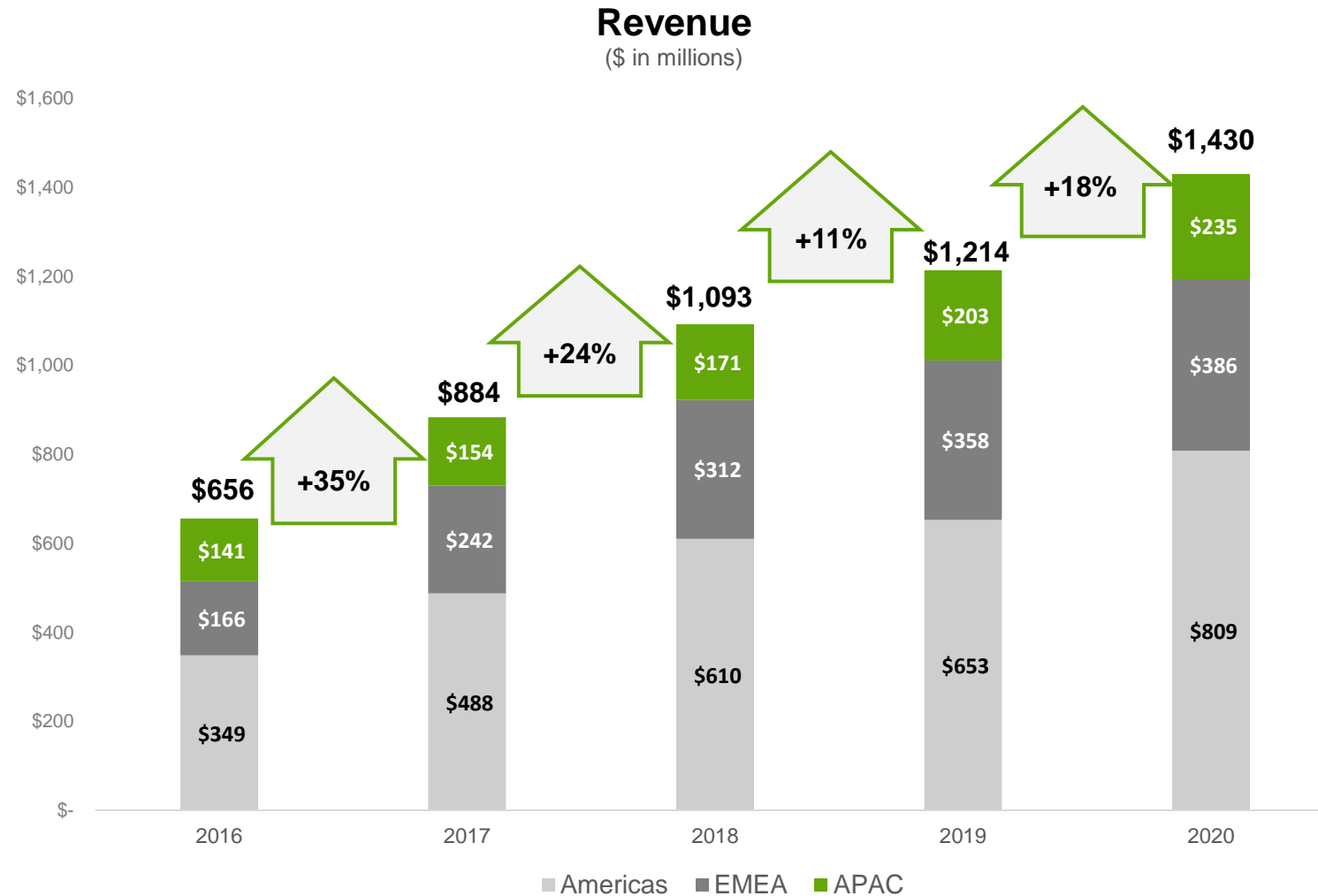
Global market size excluding China for Vacuum Cleaners >\$200  
(Third-Party Market Data and iRobot internal estimates).

May 2021



# An Expanding Global Franchise

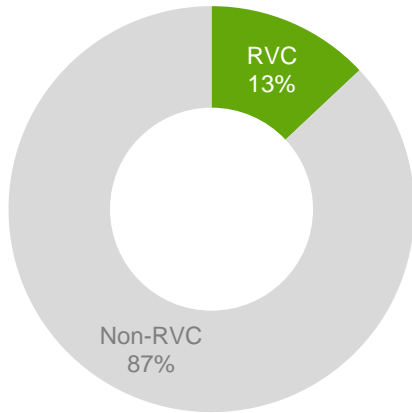
Double-digit revenue growth since 2014 anticipated to continue into 2020 **Revenue by Geography**



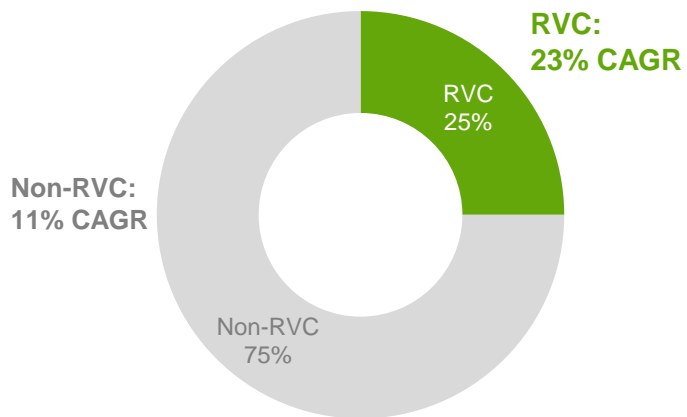
# Continued Runway to Support Expansion

RVCs Gaining Momentum with Consumers but Household Penetration Remains Low

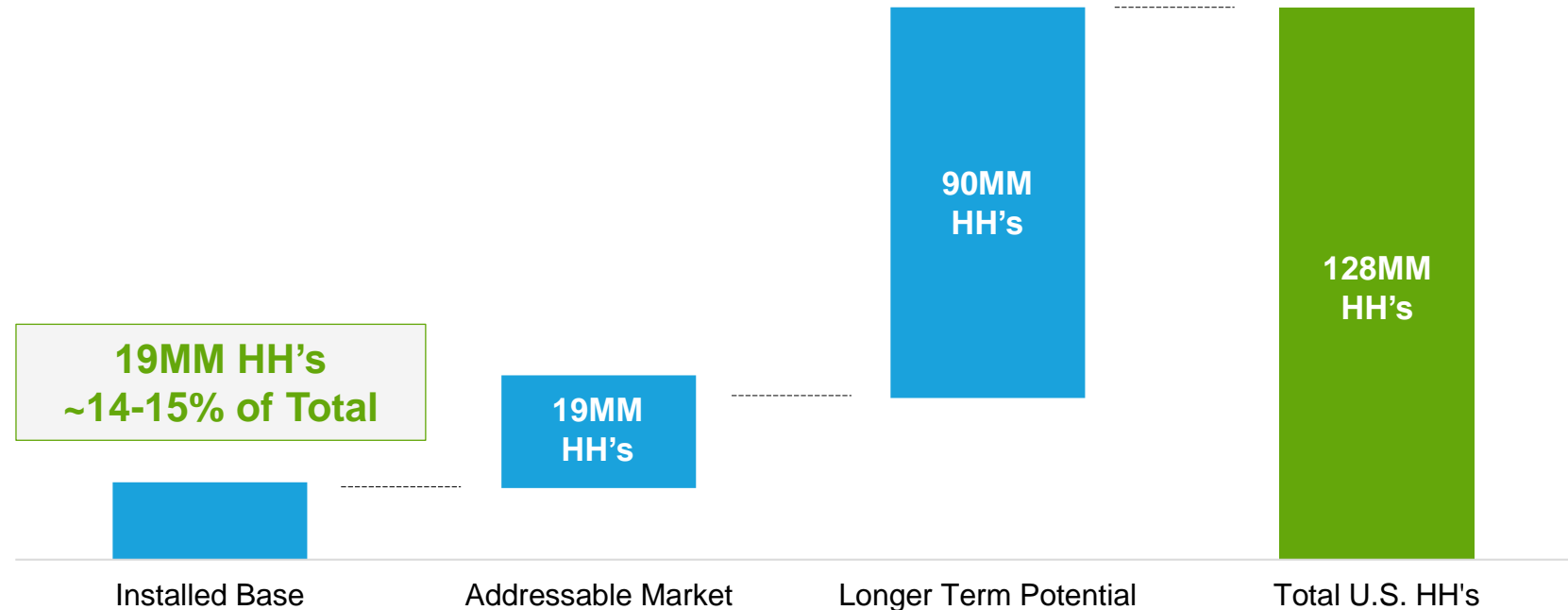
2012: ~\$5B Market



2020: \$14B Market  
13% CAGR



Immediate addressable market  
**~1X current installed base**



\*Source: Global market size for Vacuum Cleaners >\$200 (Third-Party Market Data and iRobot internal estimates).

Source: iRobot estimate of U.S. market at the end of 2020





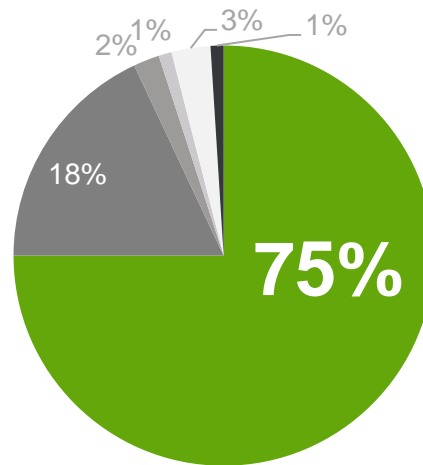
# Category Leadership Fortified Through Innovation

## 2020 Regional Retail Share



### North America

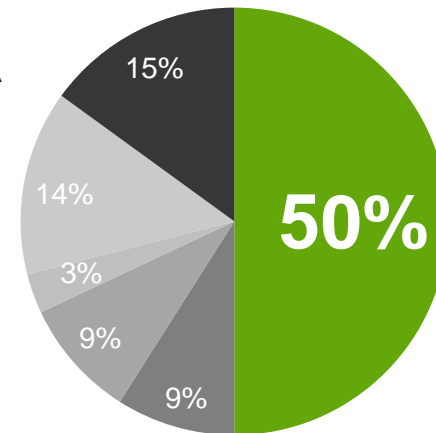
2020 Size: \$963M  
Growth: +23%  
IRBT position:  
Conceded share



- iRobot
- Shark
- Neato
- Samsung
- Ecovacs
- All Others

### EMEA

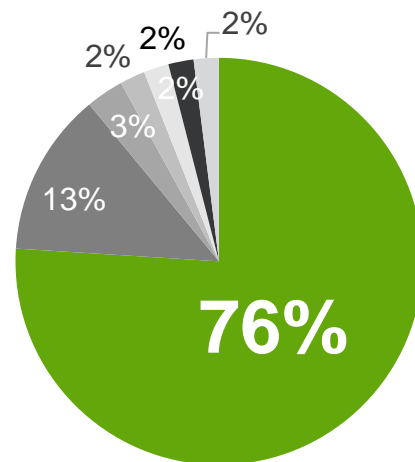
2020 Size: \$1,157M  
Growth: +34%  
IRBT position:  
Conceded share



- iRobot
- Cecotec
- Ecovacs
- Neato
- Roborock
- All Others

### Japan

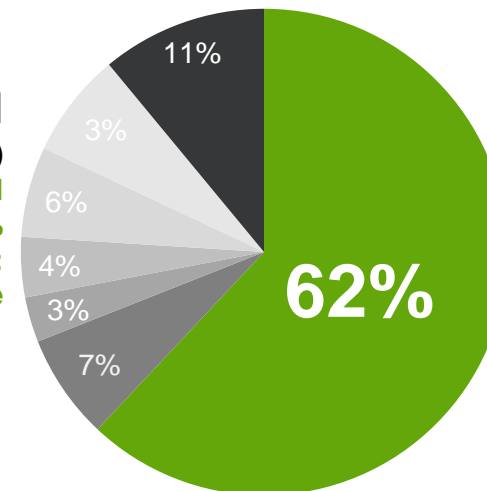
2020 Size: \$250M  
Growth: +14%  
IRBT position:  
Gained share



- iRobot
- Panasonic
- Hitachi
- Electrolux
- Dyson
- Roborock
- Ecovacs

### Global (excl China)

2020 Size: \$2,465M  
Growth: +27%  
IRBT position:  
Conceded share



- iRobot
- Shark
- Neato
- Cecotec
- Ecovacs
- Roborock
- All Others

\* Source: 2020 market size for Vacuum Cleaners >\$200 (Third-Party Market Data and iRobot internal estimates). Growth from prior year reflects normalization of 52-week calendar year, updates to certain data sources and other changes.



*Consistent innovation, category leadership and portfolio expansion*

# Roomba i3+

with **Clean Base™**

**Automatic Dirt Disposal (i3+ only)**,  
holds up to 60 days of dirt and debris

**AeroForce 3-stage cleaning system** with 10x suction power  
and Dirt Detect™ Technology and  
**Systematic navigation with charge & resume**



**Alexa & Google Home compatible**  
and the **iRobot Home App** with  
personalized recommendation

# State-of-the-Art Robot AI and Home Understanding

Powering Differentiated Digital Features and Experiences

## Our Home Understanding captures the context of the home

- Physical layout through Smart Maps
- Home activity insights through smart home device integrations

## Our Robot AI intelligently controls the robot's actions

- Adapts to a given user's home & activities
- Combination of home understanding, advanced computer vision and machine learning

## AI innovation helps drive differentiated user experience

- Continuous improvement of our product's performance
- Unlocks expansive range of user benefits (greater control over the “when, where and how”)

## Fits seamlessly into the owner's lifestyle

- Directed Commands & Responsive Behavior:
- Customizable Settings: “clean here but not here” through Clean Zones & Keep Out Zones

**200+**

Patents related to

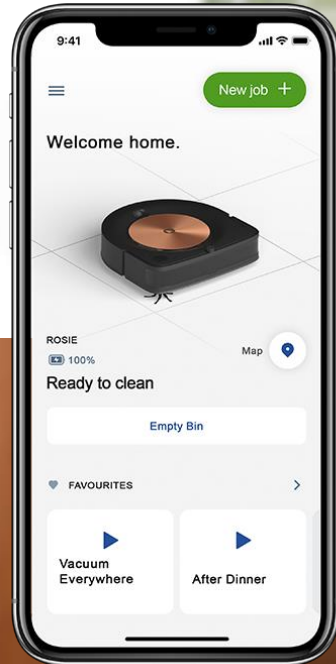
**Robot AI &  
Home Understanding**

**STRONG PARTNERS**



# State-of-the-Art Robot AI and Home Understanding

iRobot Genius™ Home Intelligence



greater control of where, when  
& how their robots clean

A level of personalization and control for unique

homes  
schedules  
cleaning preferences  
smart home integrations

# Robust Product Portfolio Spans Range of Price Points



**AUTONOMY  
PERSONALIZED CONTROL  
CLEANING EFFICACY**



**BEST**

**BETTER**

**GOOD**

**BRAAVA JET 240**



\$

**BRAAVA JET 380T**



\$\$\$

**Introduce Innovation**  
in flagship product

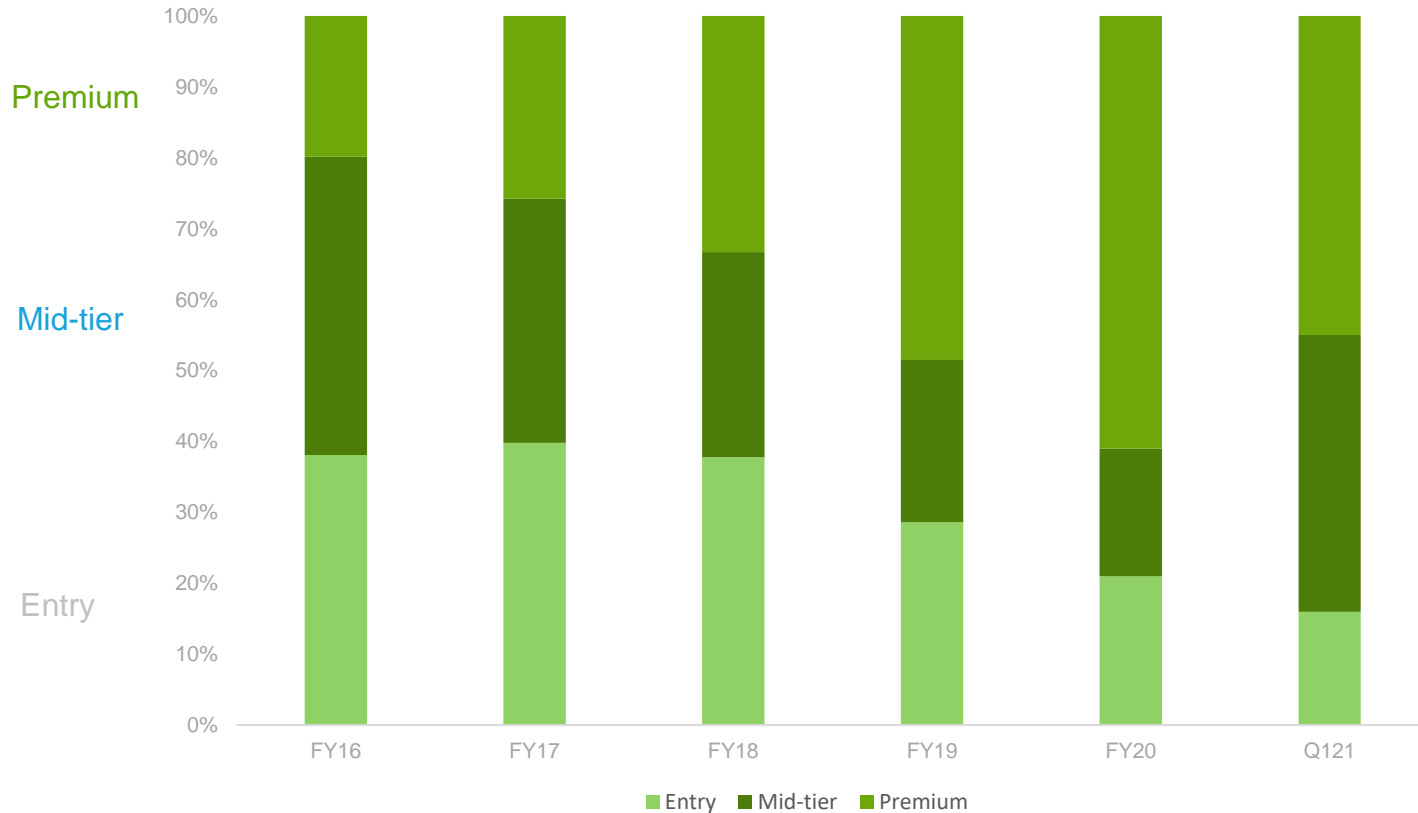
**Flow Innovation**  
across lower price point products

\$\$\$\$\$



# Innovation Drives Shift to Mid-Tier and Premium Robots

Product Revenue Mix



ROOMBA s9+



ROOMBA i7+



BRAAVA JET M6



Roomba i7 & s9 and Braava m6 continue to Gain Recognition as **GAME-CHANGING ROBOTS**



The Best Robot Mops for 2020



The iRobot Roomba s9+ and Braava m6 are the robots you should trust to clean your house well



50 Products That'll Dramatically Improve Your Life at Home



**Launch of i3 Series and other pricing changes help reinvigorate growth of mid-tier robots**

RVCs \$200+ (based on MSRP)

Premium defined as \$500+

Mid-tier defined as \$300-\$500

Entry defined as \$200-\$300



# Fortifying and Expanding Our Segment Leadership ...

1

2

3



DIFFERENTIATE  
THROUGH  
EXPERIENCE

BUILD A  
RELATIONSHIP

NURTURE  
VALUE

**Differentiate Roomba  
Through Thoughtful  
Intelligence and  
Personalized Control**

**~11m engaged, connected  
customers who want to  
hear from us**

**Accelerate replacement  
cycle, cross-sell, upsell  
and add new services that  
can increase existing  
customer revenue and  
build higher margin,  
recurring streams**

# 1

## DIFFERENTIATE THROUGH EXPERIENCE



***“A focus on elevating the cleaning experience through digital capabilities that enable users to customize how, when and where our robots clean.”***





# Software & AI are the Catalysts To Winning

**EXTENDS ACROSS  
ENTIRE PORTFOLIO**



**INTELLIGENT  
SOFTWARE**

on top of physical product



**SPEED TO MARKET**

Average product  
release cycle is

**2-3 YEARS**

Average software  
release cycle is

**3 MONTHS\***

\* Current

**DEFENDABLE**

**35M+**  
Robots  
Sold

**15M+**  
Connected  
Robots



**USER  
CENTRICITY**

**~11M**  
Connected  
Customers

**1500+**  
Patents



# personalization

for unique

homes

schedules

cleaning preferences

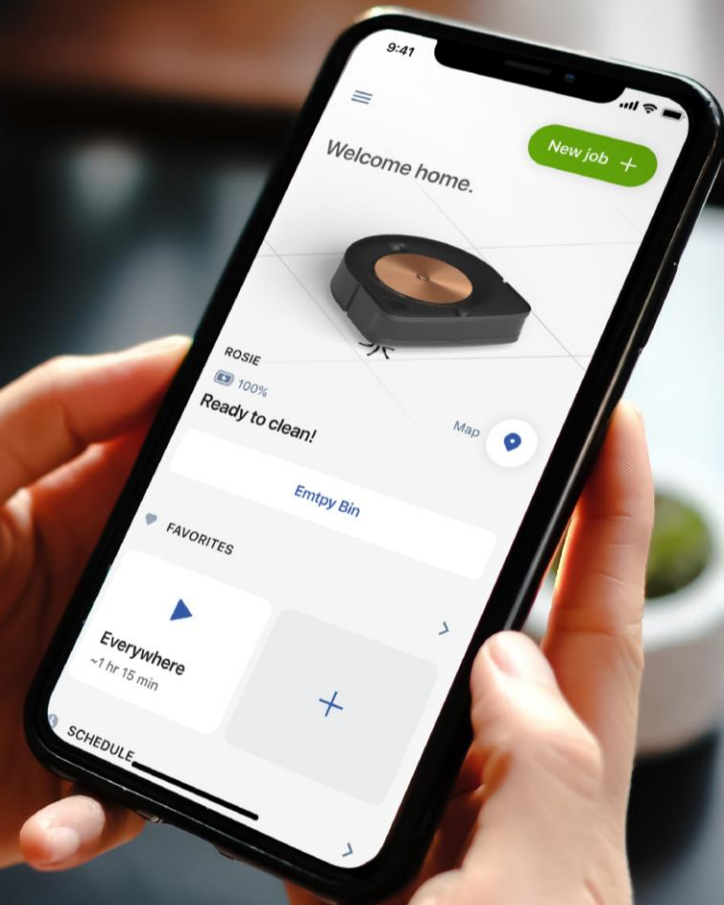
smart home integrations



*“Roomba can adapt itself to your life rather than the other way around.”*



# enabled by the new iRobot Home App



# 2

## BUILD A RELATIONSHIP

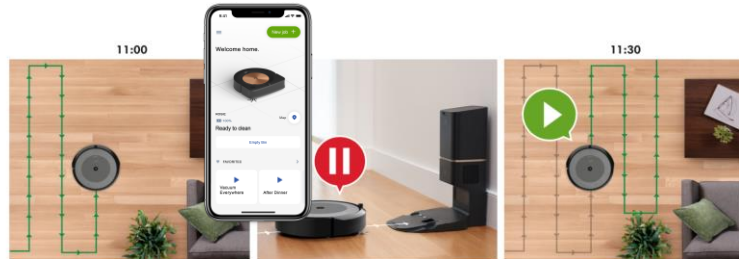


***“We can uniquely identify both our customers’ true needs, and what parts of the experience enabled by our robots they value the most.”***

# Driving Personalization of the Experience

Roomba works around your schedule and your life

Resumes and finishes the job from where it was paused.



Roomba is paused at 3pm on Sunday because unexpected guests are arriving

Roomba heads back to its charging station to wait until it is told to clean again

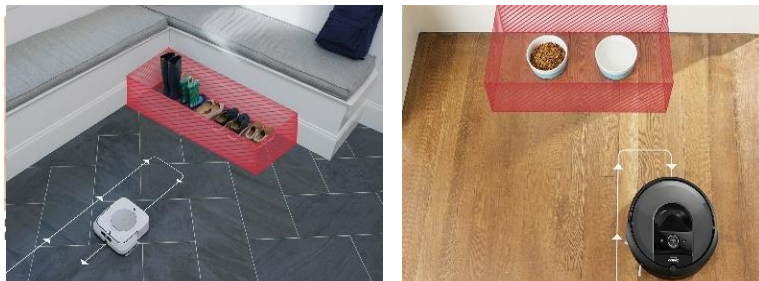
When Roomba is told to resume cleaning later on Sunday, it heads back to exactly where it was last paused, so it can complete the job

## Unique Partnerships

## Smart Home Integrations

Roomba learns your routine and makes suggestions that fit your life

Data science driving richer personalization



## Personalization

You can tell Roomba to go to specific spots to clean up messes right away:

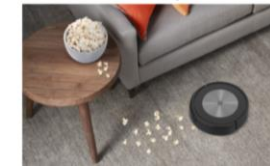
Under the Kitchen Table



By the Fireplace



In Front of The Family Room Sofa



By the Dog's Bed



## Home Understanding

Roomba knows the layout of your house, so it can avoid certain rooms and areas at your command

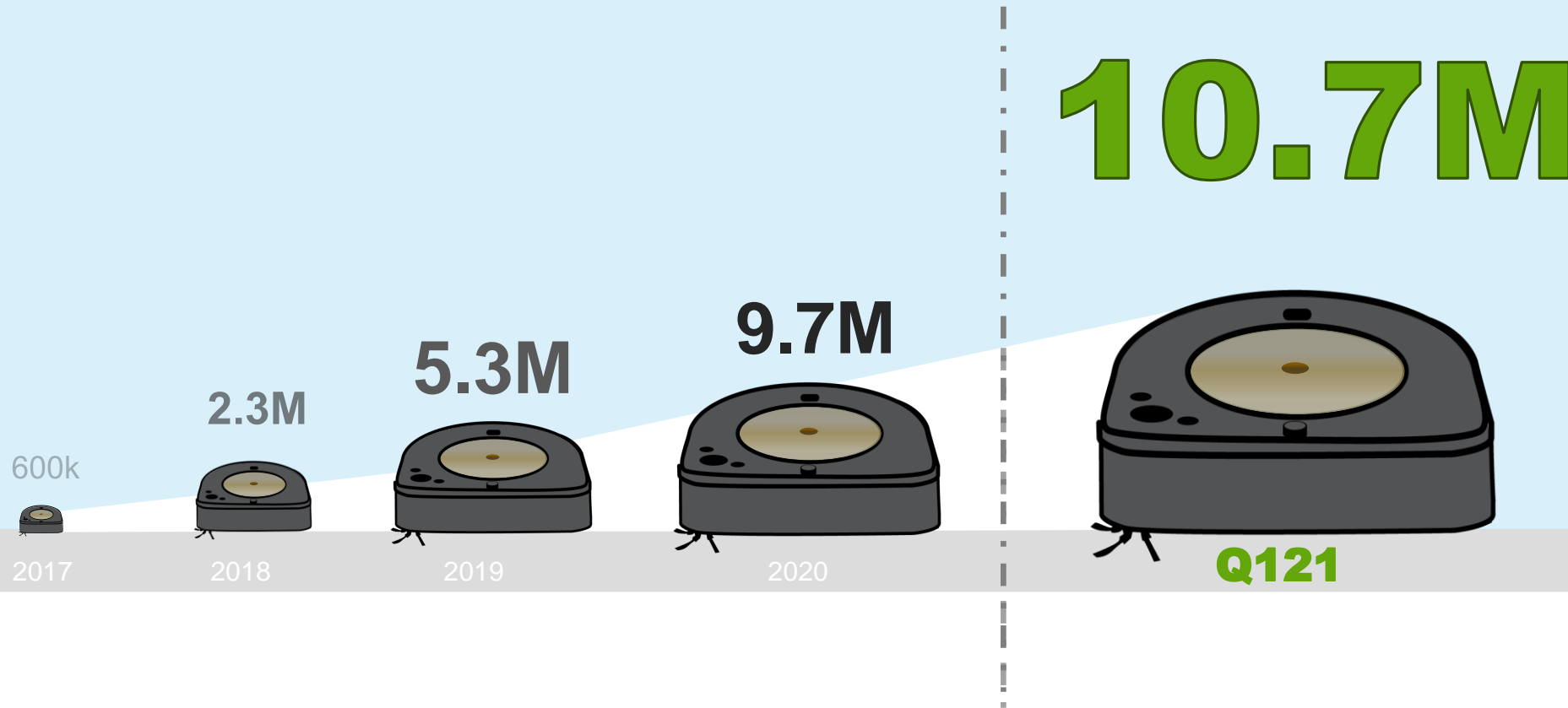


The deeper we integrate into your life, the more loyalty we earn



# Strong Growth of Engaged, Connected Customer Base\*

Continual OTA updates help drive growth of owners who opt-in to receive digital communications



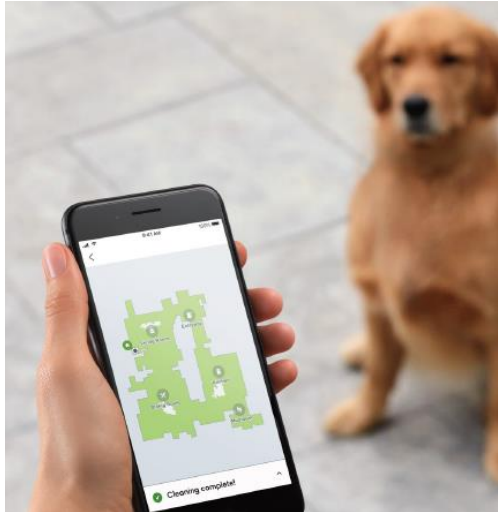
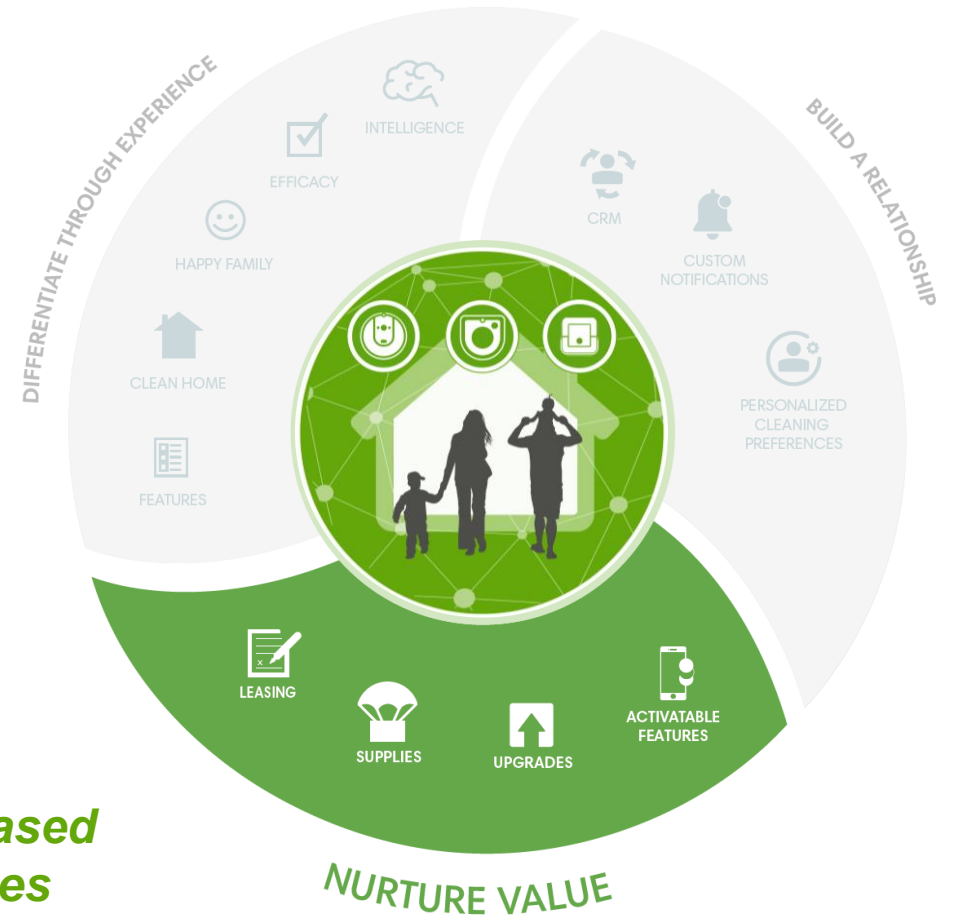
As Roomba becomes increasingly integrated into the owner's life, it solidifies iRobot's relationship with the owner

\*Connected customers defined as individuals who have registered to receive digital communications (in-app messaging, email or both).



# 3

## NURTURE VALUE



***“With increased loyalty comes increased opportunity.”***

# Well-Position to Succeed



**Build  
Installed  
Base**



**Experiential  
Differentiation**

**Home  
Map**

**Smart Home  
Integrations**

**Exclusive  
Partnerships**

## **Able to grow our connected installed base at scale**

- Retail remains important, offering efficient customer acquisition at scale
- Compelling strategy for sustained differentiation

## **Able to engage customer with our outreach**

- WiFi-connectivity across the portfolio
- High connection rate
- Continued growth of owners who opt-in to our communications

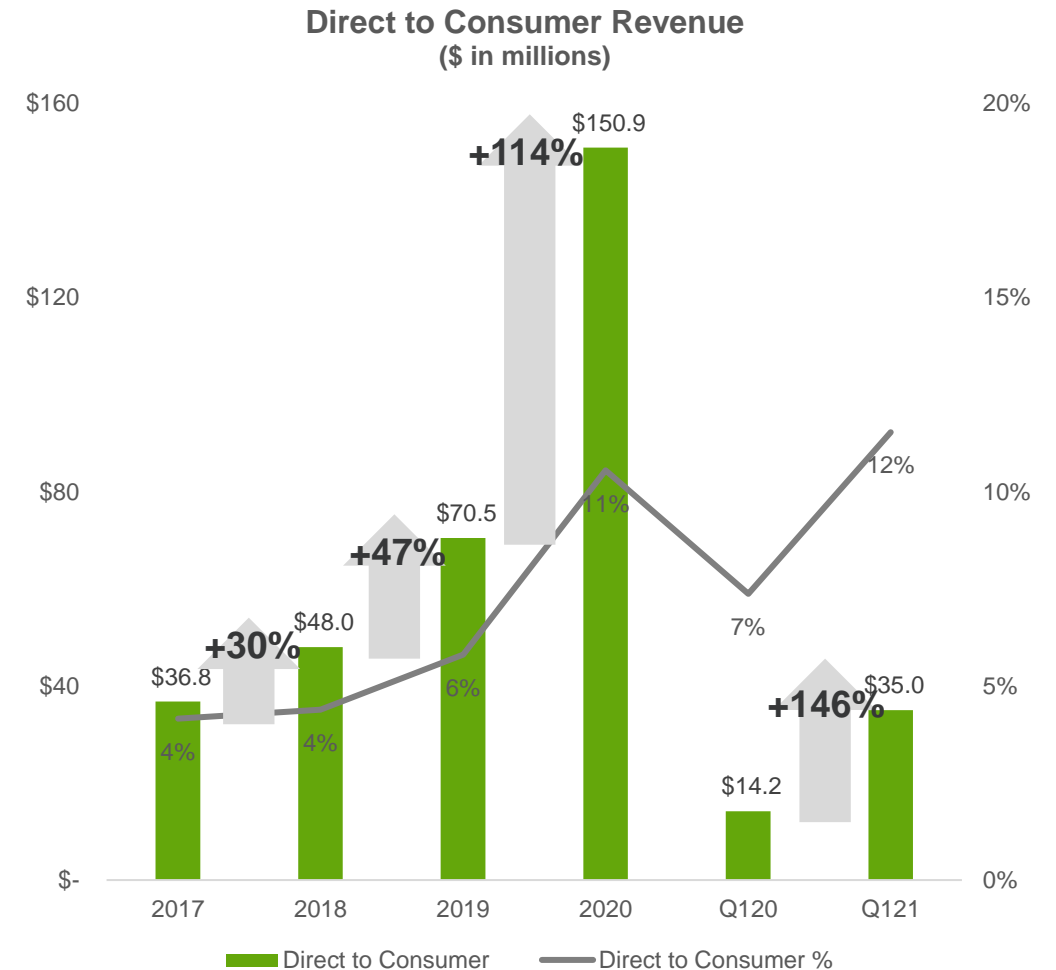
## **Able to build strong long-term loyalty/stickiness**

- Strong brand preference, high NPS
- Product experience is rapidly becoming more sticky
- Commitment to data privacy



# Potential to Scale Direct-to-Consumer Sales Channel

- **Increase transactional velocity** for product replacements, upgrades, cross-selling and adjacent product sales
- **Leverage robust usage data** to drive accessory sales
- Commercialize new services that increase purchase flexibility, add value and **create new recurring revenue streams**
  - Care as a Service
  - Extended Warranty Plans
  - Robotic Cleaning as a Service
- Target: Grow DTC revenue to **15%** of 2021 revenue and **20%+** by 2023



# Nurture Value

## Recent Progress

### Accessory sales accelerating



Pragmatic opportunity to increase existing revenue

- Bags, rollers, filters, batteries
- Mopping pads, mopping solution

### iRobot Select pilot is progressing



Unique robot-as-a-service membership program

- Optimizing value proposition
- Preparing to scale service
- Very favorable feedback

### Now offering Extended Warranties



Protect and Protect+ Extended Warranties available for all robots

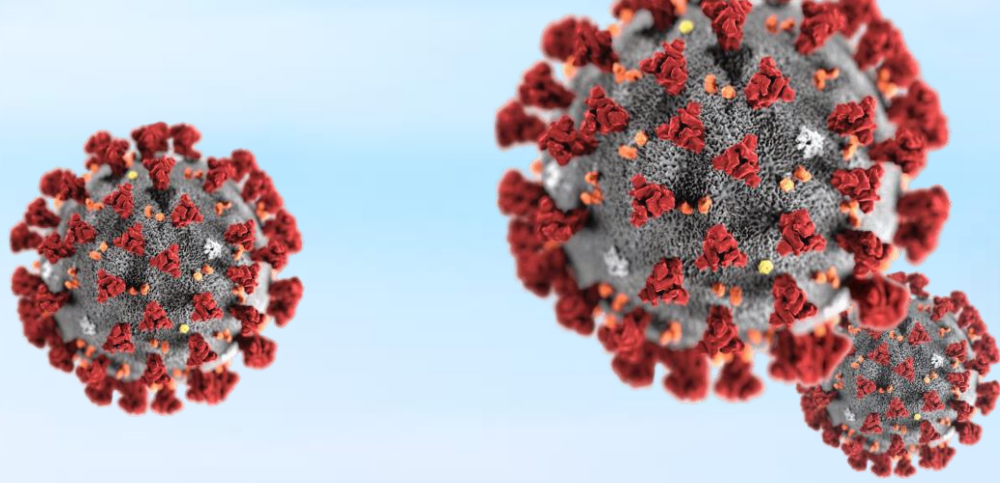
- Pleased with attachment rates

### Introduced H1 Handvac



A premium handheld vacuum for cleaning beyond the floor

- Customers can now buy Roomba and a complementary vacuum directly from us



# COVID-19 PANDEMIC

## RESILIENCE & GROWTH WHILE NAVIGATING CHALLENGING MARKET CONDITIONS

**COMPETITION**

**TARIFFS**



# Q121 Results

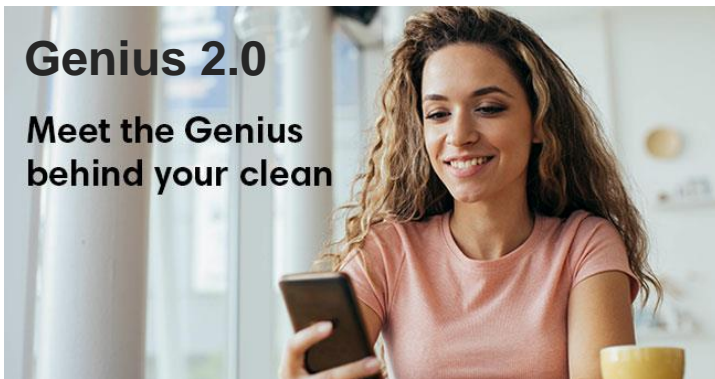
- Q121 revenue of **\$303m grew 58%** from Q120
  - 40% U.S. growth and 70% international growth
  - e-Commerce revenue grew over 90% (~56% of total revenue) with DTC revenue +142%
  - Premium robot revenue grew 55%
- **Better-than-expected profitability** resulting from strong revenue growth with Q121 non-GAAP operating income of \$15m (5%) and non-GAAP EPS of \$0.41
- Ended Q121 with retail channel inventory in a **healthy position**
- Generated cash flow from operations of \$28.7 and ended Q121 with cash and investments totaling **\$500.8 million**, up \$17m from Q420 and **no debt**



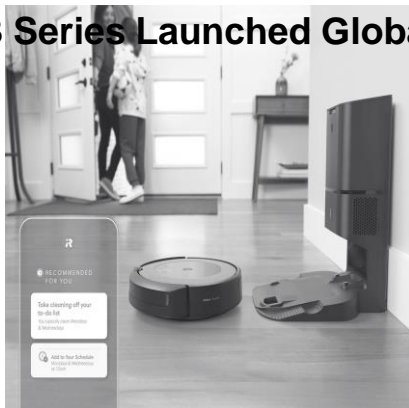
# Recent Achievements and Progress

## Advancing iRobot's Strategy

### Differentiate through Experience



### i3 Series Launched Globally



### Build a Relationship



### Utilization & Engagement



### Nurture Relationships



**Introduced H1 Handvac**

**Extended Warranties**



**Advancing New Services**



# 2021 Outlook

Updated as of 5/3/21



- **Increased Full-Year 2021 Revenue Expectation**

- Now anticipate 2021 revenue growth ranging from **17% to 20%** (**\$1.67b to \$1.71b**) versus original target of 14%-17% growth (\$1.635b to \$1.675b)
- Anchored by solid category momentum, a compelling value proposition, a fast-growing and rapidly maturing DTC channel, excellent retailer relationships and healthy channel inventory positions

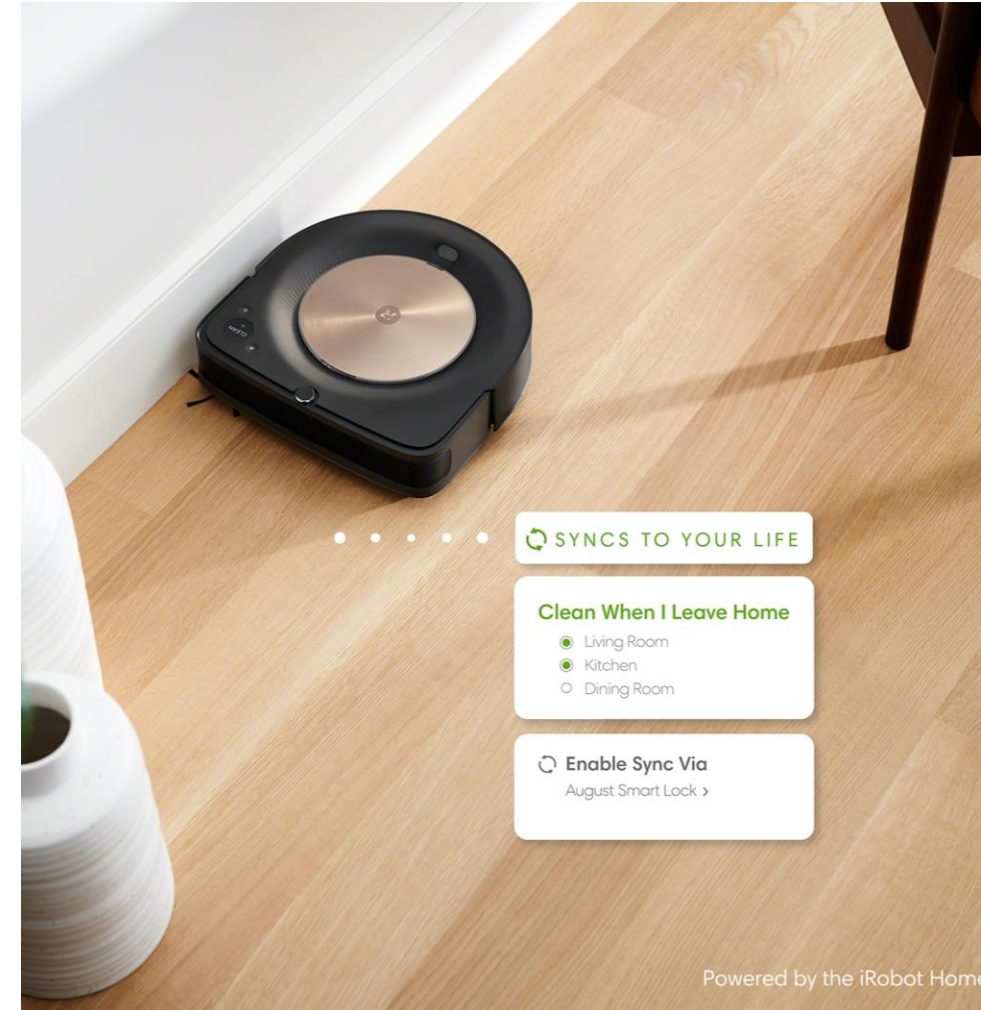
- **Reaffirmed Profitability**

- Anticipate 2020 operating profit margin to be approximately **7%** with full-year **2020 EPS ranging from \$3.00 to \$3.25**
- Gross margin pressure resulting from anticipated increases in transitory supply chain costs to be offset by recalibration of spending priorities during 2021



# A Preliminary View into 2022

- Expect that the progress we make in 2021 to execute on our plans will enable us to move into 2022 with a more defensible business that is well positioned to sustain mid to high teens top-line growth
- Gross margins headwinds of 2021 will turn into tailwinds in 2022 as we achieve scale in Malaysia, minimize our tariff exposure, continue growing higher-margin DTC sales, and increase fulfillment and supply chain efficiency
- As we calibrate our spending to drive further operating leverage, we expect to drive 2022 non-GAAP operating profit margin above 2020 levels, which would in turn yield a substantially stronger non-GAAP EPS performance



Framework for

**DRIVING  
IMPROVED  
GROSS  
MARGIN  
OVER  
TIME**



SUBSCRIPTIONS

*Direct-to-Consumer Channel*



CROSS-SELL & UPSELL



FULFILLMENT SCALE & EFFICIENCY



SCALE VOLUME IN MALAYSIA



HIGHER SOFTWARE CONTENT & COST-OPTIMIZED HARDWARE

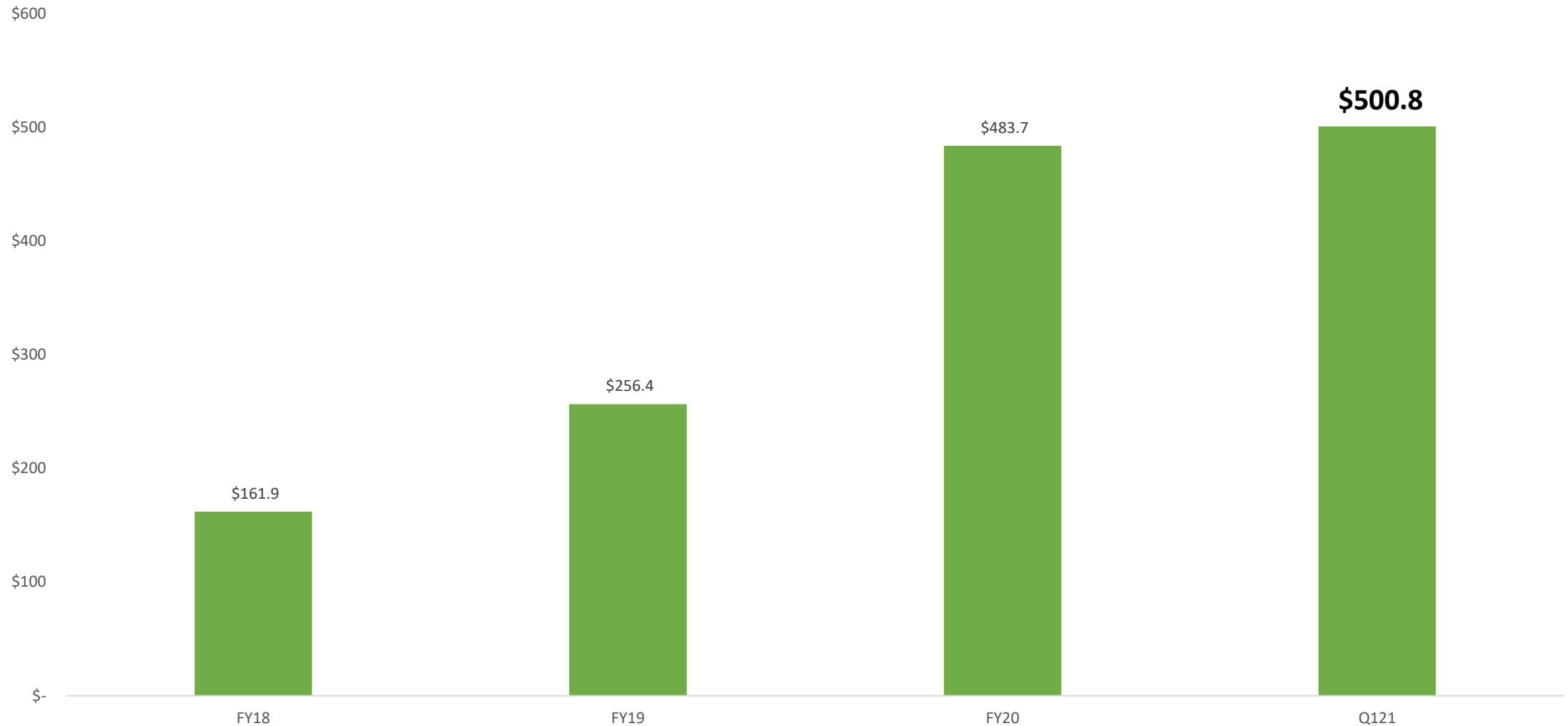


MANUFACTURING SUPPLY CHAIN EFFICIENCY



# Strong Financial Foundation

## Cash, Cash Equivalents and Short-Term Investments



\$ in millions

May 2021

33



# Summary

## Category creator, innovator and leader in Robotic Floor Care & AI

- Strong revenue growth with continued runway
- Cutting-edge robotic AI and home understanding
- Consistent innovation, category leadership and portfolio expansion

## Accelerating strategic initiatives aimed at

- Differentiating the cleaning experience
- Building direct relationships with ~11m connected, engaged owners
- Nurturing lifetime value of customer relationships

## Resilience and growth despite challenging market conditions

- Delivered strong 2020 financial results that exceeded our original targets
- Excellent start to 2021: increased top-line outlook while reaffirming profitability targets despite supply chain challenges
- Focused on sustaining solid top-line growth into 2022 and converting that expansion into 2022 profit margins and EPS that exceed 2020 levels
- Strong financial foundation to fund continued growth



Thank you!



**Any questions?**



***iRobot***

# APPENDIX



# Non-GAAP Financial Measures

Our non-GAAP financial measures reflect adjustments based on the following items.

- *Amortization of acquired intangible assets:* Amortization of acquired intangible assets consists of amortization of intangible assets including completed technology, customer relationships, and reacquired distribution rights acquired in connection with business combinations. Amortization charges for our acquisition-related intangible assets are inconsistent in size and are significantly impacted by the timing and valuation of our acquisitions. We exclude these charges from our non-GAAP measures to facilitate an evaluation of our current operating performance and comparisons to our past operating performance.
- *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. The occurrence and amount of these costs will vary depending on the timing and size of these transactions. We exclude these charges from our non-GAAP measures to facilitate an evaluation of our current operating performance and comparisons to our past operating performance.
- *Stock-Based Compensation:* Stock-based compensation is a non-cash charge relating to stock-based awards. We exclude this expense as it is a non-cash expense, and we assess our internal operations excluding this expense and believe it facilitates comparisons to the performance of other companies.
- *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. We exclude these costs from our non-GAAP measures as we do not believe these costs have a direct correlation to the operations of our business and may vary in size depending on the timing and results of such litigations and settlements.
- *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. We exclude these items from our non-GAAP measures because we do not believe they correlate to the performance of our core business and may vary in size based on market conditions and events. We believe that the exclusion of these gains or losses provides investors with a supplemental view of our operational performance.
- *Income tax adjustments:* Income tax adjustments include the tax effect of the non-GAAP adjustments, calculated using the appropriate statutory tax rate for each adjustment. We reassess the need for any valuation allowance recorded based on the non-GAAP profitability and have eliminated the effect of the valuation allowance recorded in the U.S. jurisdiction. We also exclude certain tax items that are not reflective of income tax expense incurred as a result of current period earnings. These certain tax items include, among other non-recurring tax items, impacts from the Tax Cuts and Jobs Act of 2017 and stock-based compensation windfalls/shortfalls. We believe disclosure of the income tax provision before the effect of such tax items is important to permit investors' consistent earnings comparison between periods.



# GAAP-Non-GAAP Reconciliation

## Q121 GAAP Actuals to Q121 Non-GAAP Actuals

**iRobot Corporation**  
**Supplemental Reconciliation of GAAP Actuals to Non-GAAP Actuals**  
**(in thousands, except per share amounts)**  
**(unaudited)**

	For the three months ended			For the three months ended	
	April 3, 2021	March 28, 2020		April 3, 2021	March 28, 2020
GAAP Revenue	\$ 303,261	\$ 192,535	GAAP Net Income (Loss)	\$ 7,443	\$ (18,135)
GAAP Gross Profit	\$ 122,944	\$ 77,955	Amortization of acquired intangible assets	430	539
Amortization of acquired intangible assets	225	285	Stock-based compensation	6,782	5,191
Stock-based compensation	362	527	Net merger, acquisition and divestiture income	-	(500)
Non-GAAP Gross Profit	\$ 123,531	\$ 78,767	IP litigation expense, net	1,140	615
Non-GAAP Gross Margin	40.7%	40.9%	Restructuring and other	213	-
GAAP Operating Expenses	\$ 116,555	\$ 98,180	Gain on strategic investments	(38)	(87)
Amortization of acquired intangible assets	(205)	(254)	Income tax effect	(4,051)	3,215
Stock-based compensation	(6,420)	(4,664)	Non-GAAP Net Income (Loss)	\$ 11,919	\$ (9,162)
Net merger, acquisition and divestiture income	-	500	GAAP Net Income (Loss) Per Diluted Share	\$ 0.26	\$ (0.64)
IP litigation expense, net	(1,140)	(615)	Amortization of acquired intangible assets	0.01	0.02
Restructuring and other	(213)	-	Stock-based compensation	0.23	0.19
Non-GAAP Operating Expenses	\$ 108,577	\$ 93,147	Net merger, acquisition and divestiture income	-	(0.02)
Non-GAAP Operating Expenses as a % of Non-GAAP Revenue	35.8 %	48.4 %	IP litigation expense, net	0.04	0.02
GAAP Operating Income (Loss)	\$ 6,389	\$ (20,225)	Restructuring and other	0.01	-
Amortization of acquired intangible assets	430	539	Income tax effect	(0.14)	0.11
Stock-based compensation	6,782	5,191	Non-GAAP Net Income (Loss) Per Diluted Share	\$ 0.41	\$ (0.32)
Net merger, acquisition and divestiture income	-	(500)	Number of shares used in diluted per share calculation	29,086	28,297
IP litigation expense, net	1,140	615	Section 301 Tariff Costs		
Restructuring and other	213	-	Section 301 tariff costs	\$ 3,383	\$ 6,609
Non-GAAP Operating Income (Loss)	\$ 14,954	\$ (14,380)	Impact of Section 301 tariff costs to gross and operating margin (GAAP & non-GAAP)	(1.1)%	(3.4)%
Non-GAAP Operating Margin	4.9 %	(7.5)%	Impact of Section 301 tariff costs to net income (loss) per diluted share (GAAP & non-GAAP)	\$ (0.12)	\$ (0.23)
GAAP Income Tax Benefit	\$ (1,214)	\$ (2,109)	Supplemental Information		
Tax effect of non-GAAP adjustments	1,398	(1,831)	Days sales outstanding	20	18
Other tax adjustments	2,653	(1,384)	Days in inventory	118	118
Non-GAAP Income Tax Expense (Benefit)	\$ 2,837	\$ (5,324)			



# GAAP-Non-GAAP Reconciliation

## Q4 and Full-Year 2020 GAAP Actuals to Q4 and Full-Year 2019 Non-GAAP Actuals

**iRobot Corporation**  
**Supplemental Reconciliation of GAAP Actuals to Non-GAAP Actuals**  
(in thousands, except per share amounts)  
(unaudited)

	For the three months ended		For the twelve months ended	
	January 2, 2021	December 28, 2019	January 2, 2021	December 28, 2019
GAAP Revenue	\$ 544,827	\$ 426,778	\$ 1,430,390	\$ 1,214,010
GAAP Gross Profit	\$ 215,421	\$ 169,370	\$ 670,229	\$ 543,927
Amortization of acquired intangible assets	225	2,438	1,920	11,721
Stock-based compensation	362	366	1,511	1,486
Tariff refunds	3,531	-	(36,486)	-
Non-GAAP Gross Profit	\$ 219,539	\$ 172,174	\$ 637,174	\$ 557,134
Non-GAAP Gross Margin	40.3%	40.3%	44.5%	45.9%
GAAP Operating Expenses	\$ 200,151	\$ 152,820	\$ 523,907	\$ 457,309
Amortization of acquired intangible assets	(228)	(255)	(992)	(1,051)
Stock-based compensation	(8,709)	(4,635)	(28,464)	(22,258)
Net merger, acquisition and divestiture expense (income)	-	(138)	566	(466)
IP litigation expense, net	(2,084)	(2,582)	(5,444)	(2,218)
Restructuring and other	(10)	-	(2,073)	-
Non-GAAP Operating Expenses	\$ 189,120	\$ 145,210	\$ 487,500	\$ 431,316
Non-GAAP Operating Expenses as a % of Non-GAAP Revenue	34.7%	34.0%	34.1%	35.5%
GAAP Operating Income	\$ 15,270	\$ 16,550	\$ 146,322	\$ 86,618
Amortization of acquired intangible assets	453	2,693	2,912	12,772
Stock-based compensation	9,071	5,001	29,975	23,744
Tariff refunds	3,531	-	(36,486)	-
Net merger, acquisition and divestiture expense (income)	-	138	(566)	466
IP litigation expense, net	2,084	2,582	5,444	2,218
Restructuring and other	10	-	2,073	-
Non-GAAP Operating Income	\$ 30,419	\$ 26,964	\$ 149,674	\$ 125,818
Non-GAAP Operating Margin	5.6%	6.3%	10.5%	10.4%

	For the three months ended		For the twelve months ended	
	January 2, 2021	December 28, 2019	January 2, 2021	December 28, 2019
GAAP Income Tax Expense	\$ 1,691	\$ 5,011	\$ 40,847	\$ 13,533
Tax effect of non-GAAP adjustments	3,826	1,159	(12,016)	4,648
Other tax adjustments	253	1,267	(635)	6,928
Non-GAAP Income Tax Expense	\$ 5,770	\$ 7,437	\$ 28,196	\$ 25,109
GAAP Net Income	\$ 13,335	\$ 20,041	\$ 147,068	\$ 85,300
Amortization of acquired intangible assets	453	2,693	2,912	12,772
Stock-based compensation	9,071	5,001	29,975	23,744
Tariff refunds	3,531	-	(36,486)	-
Net merger, acquisition and divestiture expense (income)	-	138	(1,241)	466
IP litigation expense, net	2,084	2,582	5,444	2,218
Restructuring and other	10	-	2,073	-
Gain on strategic investments	(250)	(8,332)	(43,817)	(8,904)
Income tax effect	(4,079)	(2,426)	12,651	(11,576)
Non-GAAP Net Income	\$ 24,155	\$ 19,697	\$ 118,579	\$ 104,020
GAAP Net Income Per Diluted Share	\$ 0.46	\$ 0.70	\$ 5.14	\$ 2.97
Amortization of acquired intangible assets	0.02	0.09	0.10	0.44
Stock-based compensation	0.32	0.18	1.05	0.83
Tariff refunds	0.12	-	(1.28)	-
Net merger, acquisition and divestiture expense (income)	-	-	(0.04)	0.01
IP litigation expense, net	0.07	0.09	0.19	0.08
Restructuring and other	-	-	0.07	-
Gain on strategic investments	(0.01)	(0.29)	(1.53)	(0.31)
Income tax effect	(0.14)	(0.08)	0.44	(0.40)
Non-GAAP Net Income Per Diluted Share	\$ 0.84	\$ 0.69	\$ 4.14	\$ 3.62
Number of shares used in diluted per share calculation	28,763	28,563	28,618	28,735
Section 301 Tariff Costs				
Section 301 tariff costs	\$ -	\$ 21,896	\$ -	\$ 37,862
Impact of Section 301 tariff costs to gross and operating margin (GAAP & non-GAAP)	- %	(5.1)%	- %	(3.1)%
Impact of Section 301 tariff costs to net (loss) income per diluted share (GAAP & non-GAAP)	\$ -	\$ (0.77)	\$ -	\$ (1.32)
Supplemental Information				
Days sales outstanding	31	31		
Days in inventory	55	56		



# GAAP-Non-GAAP Reconciliation

## 2021 Outlook

	<b>FY-21</b>
GAAP Gross Profit	\$642 - \$672 million
Amortization of acquired intangible assets	~\$1 million
Stock-based compensation	~\$2 million
Total adjustments	~\$3 million
Non-GAAP Gross Profit	<u>\$645 - \$675 million</u>
	<b>FY-21</b>
GAAP Operating Income	\$69 - \$79 million
Amortization of acquired intangible assets	~\$1 million
Stock-based compensation	~\$32 million
IP litigation expense, net	~\$8 million
Total adjustments	~\$41 million
Non-GAAP Operating Income	<u>\$110 - \$120 million</u>
	<b>FY-21</b>
GAAP Net Income Per Diluted Share	\$1.85 - \$2.10
Amortization of acquired intangible assets	~ \$0.03
Stock-based compensation	~ \$1.10
IP litigation expense, net	~ \$0.27
Income tax effect	~ (\$0.25)
Total adjustments	~ \$1.15
Non-GAAP Net Income Per Diluted Share	<u>\$3.00 - \$3.25</u>
Number of shares used in diluted per share calculations	~ 29.2 million

