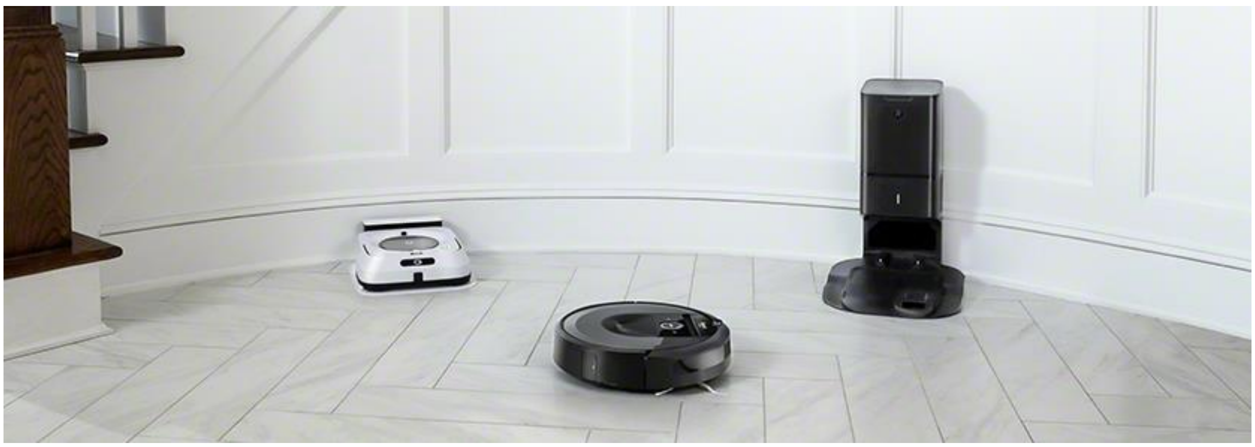
iRobot Q419 and FY19 Financial Results Conference Call
Prepared Remarks



February 6, 2020

iRobot Fourth-Quarter and Full-Year 2019 Conference Call

Operator:

Good day everyone and welcome to the iRobot fourth-quarter and full-year 2019 financial results conference call. This call is being recorded. At this time for opening remarks and introductions, I would like to turn the call over to Andrew Kramer of iRobot Investor Relations. Please go ahead.

Andrew:

Thank you operator, and good morning everybody. Joining me on today's are iRobot Chairman & CEO Colin Angle; Executive Vice President and CFO Alison Dean; and Julie Zeiler, Vice President of Finance, who has been named to succeed Alison as CFO later this spring.

Before I set the agenda for today's call, I would like to note that statements made on today's call that are not based on historical information are forward-looking statements made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995.

This conference call may contain express or implied forward-looking statements relating to the company's financial results, operations and performance for the full fiscal year 2020 and the reporting periods therein; the growth, performance, revenue impact and prospects of our business, including in the United States and internationally; our expectations regarding profitability; our expectations regarding revenue (and the components thereof), the rate of revenue growth, gross margins, non-GAAP gross margins, operating income, non-GAAP operating income, operating expenses, non-GAAP operating expenses, operating margin, non-GAAP operating margin, sales & marketing expenses, research and development expenses, general and administrative expenses, restructuring charges, stock compensation expenses, depreciation and amortization expenses, capital spending, inventory, DII, other income, tax rate, non-GAAP tax rate, earnings and loss per share, non-

GAAP earnings and loss per share, tariff expenses, cash and cash flow; the seasonality and predictability of our business; the RVC category generally; our expectations regarding currency exchange rates; our expectations regarding the impact on us, our expectations for, an our plans relating to, tariffs on goods imported into the United States from China, as well as our efforts to pursue an exemption from those tariffs and the potential impact thereof; our expectations regarding our ability to penetrate further the robotic vacuum cleaner and wet floor care markets; the impact of our continued investments in R&D, technology and innovation; the impact of our efforts to manage costs; domestic and international demand for robotic vacuum cleaners (RVC) and our RVC products; competition and the impact thereof; demand for and revenue growth opportunities associated with our Braava family of floor mopping robots; new product features; customer engagement with digital communications; our expectations regarding our 2020 strategic priorities; our ability to improve financial performance in 2021 and beyond, our intent and timing expectations regarding the introduction and delivery of new products (such as Terra lawn mowing and Roomba robots), applications and product capabilities and functionality, and the timing and impact thereof; our intent to diversify our supply chain and manufacturing capabilities, and the timing of our manufacturing diversification efforts and impacts thereof; our market share and opportunity; and business conditions**.**

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 the forward-looking statements. In particular, the risks and uncertainties include those contained in our public filings with the Securities and Exchange Commission. Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. iRobot undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or circumstances or otherwise.

During this conference call, we may also disclose non-GAAP financial measures as defined by SEC Regulation G, including Adjusted EBITDA, 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, and non-GAAP earnings per share. Our definitions of these non-GAAP financial measures, and reconciliations of each of these non-GAAP financial measures to the most directly comparable GAAP measure along with a reconciliation between our non-GAAP and GAAP guidance, are provided in the financial tables at the end of the fourth-quarter and full-year 2019 results press release that we issued last evening, which is available on our website: https://investor.irobot.com/news-releases.

Related to our financial disclosures, we have continued to take steps to expand our financial reporting to provide additional transparency into iRobot's underlying operating performance and potential. That process began a year ago when we started to provide non-GAAP financial metrics and we have augmented those disclosures in today's press release by providing the specific quarterly Section 301 tariff costs. In addition, we have expanded our outlook to include both GAAP and non-GAAP metrics, and reconciliations of these metrics for full-year 2020 and the first quarter of 2020 are available at the end of these prepared remarks.

Given the impact of non-cash items like stock-based compensation and one-time exceptional items such as litigation costs have on our GAAP performance, Alison's review of our 2020 outlook will focus primarily on our non-GAAP outlook. Related to our non-GAAP reporting, although we are now providing the specific dollar value of Section 301 tariff costs, we do not plan to adjust our non-GAAP gross and operating profit margins for this item. To facilitate this transition in our reporting conventions, the last eight quarters of GAAP to non-GAAP reconciliations included in today's press release can be downloaded as an excel file directly from our IR website. Finally, since we have exclusively relied on GAAP reporting conventions throughout 2019, comments by both Colin and Alison about our fourth-quarter and full-year 2019 results will focus on our GAAP performance.

As a reminder, a live audio broadcast of this conference call is also available on the Investor Relations page of our website and an archived version of the broadcast will be available on the same Web page following the call. In addition, a replay of the telephone conference call will be available for one week through February 13, and can be accessed by dialing 404-537-3406, passcode 1873658.

In terms of the agenda for today's call, Colin will briefly review the company's performance and achievements for the fourth quarter and full fiscal year 2019, review our top strategic priorities, discuss our outlook for 2020 and address the CFO transition announcement that we also issued yesterday. Alison will detail our financial results for the fourth quarter and full year 2019, and share some further color on 2020. Colin will wrap up our prepared remarks with some final observations about 2020. Then we'll open the call for questions.

At this point, I'll turn the call over to Colin Angle.

Colin:

Good morning and thank you for joining us.

We closed 2019 on a positive note with fourth-quarter revenue, operating income and EPS that exceeded our October targets. Fourth-quarter revenue of $427 million grew 11% due to a strong showing in the U.S. and a solid performance in EMEA. The combination of higher revenue and disciplined spending resulted in better-than-expected operating profit margin and EPS. For full year 2019, we reported revenue growth of 11% to over $1.2 billion, operating profit margin of 7% and EPS of $2.97. It's worth noting that our operating profit margin would have been 3 percentage points higher and EPS would have benefited by $1.32 before taxes had we not paid nearly $38 million in Section 301 tariffs in 2019.

During 2019, we executed well on all major elements of our strategy while navigating challenging market conditions in the U.S. and intense price competition in EMEA. As a result, we maintained our Roomba leadership, took important steps to broaden our product portfolio, and advanced our efforts to build out our Smart Home ecosystem. We were also pleased with our progress to grow our connected user base and diversify our supply chain. Although high tariffs in the U.S. and aggressive price competition are expected to persist, we are confident that by executing on our strategic priorities, we will emerge from 2020 well positioned to drive accelerated revenue growth, improve our operating profit margin and generate stronger operating cash flow in 2021 and beyond.

Q419 and FY19 Highlights

Let's take a closer look at our performance and accomplishments in 2019:

- *Geographic Growth:* In terms of our geographic revenue performance, we grew our business in each major region. International revenue grew 15% in 2019 due to outstanding performance in Japan and solid expansion in EMEA. In the U.S., revenue grew 8%, driven in part by excellent Q4 growth of 15%.

- *Innovation:* 2019 was a year of unprecedented innovation, highlighted by the introduction of the Roomba s9/s9+ and the Braava jet m6. Sales of these new products, combined with the 2019 international launch of the Roomba i7 Series, drove our top-line growth in 2019 and represented 17% of total 2019 revenue. We also introduced new, differentiated digital features for these platforms that enable customers to tailor how, when and where our robots clean.

- *RVC Category Leadership:* Roomba has been the de facto RVC category[1] leader since its introduction 18 years ago. Geographically, we held our U.S. segment share despite aggressive competition. In Japan, we gained meaningful share thanks to solid go-to-market execution while our share in EMEA declined as expected given growth at the low end of the category.

- *Product Diversification:* We also made tangible progress to diversify beyond vacuuming. Our family of Braava robot mops represents a second growth engine. The initial sell-in success of the Braava jet m6 helped drive total Braava revenue growth of 28% last year and surpass our target for $100 million in annual revenue. We expect to continue driving solid Braava growth in 2020. We also conducted beta trials of our Terra t7 robot mower in both Germany and the U.S.

- *Smart Home Progress:* We took additional steps to build our position within the Smart Home by leveraging the home understanding of our robots. We recently announced a partnership with IFTTT that is aimed at making it easier for users to benefit from the integration of our robots with other connected Smart Home devices. Examples of this will include enabling Roomba users to schedule vacuuming to begin once the home security system is activated, or automatically turning off the lights once Roomba's mission is completed. Looking ahead, there's much more to come in this area.

[1] iRobot defines category (also referred to as segment) as robot vacuum cleaners priced at or above $200.

- *User Engagement:* Having sold over 9 million connected robots over the past few years, we've made meaningful progress to transform our user base into a true community. By the end of 2019, more than 4 million Roomba and Braava owners had opted-in to our digital communications, which represents nearly 200% growth over 2018. We converted this engagement into higher in-app and irobot.com sales last year and anticipate continued growth on this front in 2020.

- *Manufacturing Diversification:* Diversifying our manufacturing supply chain was another 2019 priority. In addition to balancing production across multiple contract manufacturers in China, we also commenced Roomba production in Malaysia in late 2019, ahead of schedule.

- *Cost Control:* As 2019 unfolded and U.S. category growth slowed more than originally anticipated, we proactively managed our cost structure to reduce spending, partially offsetting the impact of lower revenue and gross margin.

2020 Market Conditions & Strategic Priorities:

Moving into 2020, we expect competition will remain intense in our largest geographic markets with no change to the current 25% tariff on List 3 goods that impacts Roomba and all other RVCs imported from China into the U.S. These factors will continue to weigh on our profitability and EPS in 2020. Nevertheless, we believe that executing on our plans for 2020 will set the stage for better performance in 2021 and beyond. Our top priorities in 2020 include the following:

- First, we plan to continue taking the steps necessary to negate the impact of tariffs without compromising our category leadership. Entry-level Roomba robots made in Malaysia are now being shipped into the U.S. and we plan to begin producing a second Roomba product in Malaysia in the second half of 2020. All totaled, we anticipate that Malaysia volume will represent up to a third of our total U.S. units sold in 2020. We plan to accelerate and expand Malaysia production to cover most of our RVC portfolio by the end of 2021. We also continue to seek a List 3 exemption, which would help defray the costs associated with ramping Malaysia and remain more cost competitive during this transition. Given these activities, we believe that we can generate tens of millions of dollars in improvements to our gross profit beginning in 2021. In the interim, we are focused on preventing tariffs and their impact on near-term profitability from impairing our ability to defend our category leadership, and we've continued to adjust our pricing and promotional activities accordingly.

- Second, we are committed to continue advancing innovation, amplifying our differentiation and diversifying our product portfolio. With current RVC market penetration of around 12% in the U.S. and well below that level in major international markets, we are investing to capitalize on the substantial growth runway that remains in front of Roomba. Ongoing investment in software-centric functionality that takes further advantage of our advanced AI and machine learning capabilities will enable Roomba and Braava to improve their performance and fit seamlessly into the lives of their owners. Our Smart Home plans are aimed at complementing these activities. Consistent with our comments last quarter, we plan to introduce one new Roomba model in 2020. In addition, we expect to make further progress commercializing Terra. During 2020, we plan to begin limited online sales of Terra, which is an important step toward a larger-scale commercial launch in conjunction with the 2021 mowing season.

- Third, having cultivated a vibrant, growing global user community, we are now focused on building a stronger direct-to-consumer sales pipeline and establishing new recurring revenue streams. Last year, we tested several new sales models, including a limited but successful subscription-like leasing trial in Japan that appealed to consumers more interested in our premium robots. We believe that offering greater flexibility to consumers for purchasing higher priced, higher margin robots and marketing directly to our user community will help us grow our core and premium RVC segment share, cross-sell complementary products and accessories into our installed base, and further improve profitability.

- Finally, we will remain diligent in managing our cost structure while continuing to fund the initiatives we believe will help us drive long-term value creation. While there'll be minimal uplift to overall headcount, we will continue to focus on adding software engineering and data science talent into our R&D organization.

2020 Outlook

As we move forward, we believe that consumer demand for RVCs remains healthy. However, near-term challenges in the form of high tariffs and our expectations of moderate category growth in the U.S., along with aggressive price competition, are expected to impact our performance in 2020 and make it a year of transition for us. Nevertheless, we are focused on executing against our 2020 strategic priorities in ways that will fuel near-term revenue growth, preserve our profitability and fortify our leadership, setting us up to capitalize on a broad range of exciting longer-term opportunities.

In terms of our 2020 expectations, as outlined in our press release, we anticipate 2020 revenue growth in the range of 9% to 11% with international anticipated to grow slightly faster than the U.S. As we said on our October call, we expect that the combination of our pricing and promotional activity, and, to lesser extent, incremental tariff costs will put further pressure on our gross margin. While we plan to partially offset the anticipated gross margin degradation by limiting overall expense growth, we expect that these dynamics will, as we previously discussed, translate into lower 2020 operating income and EPS, especially in the first half of the year.

While the challenges we face in 2020 are significant, I am confident that the team at iRobot is more than ready to rise to the occasion in order to make 2020 another successful year. To that end, as we move through 2020, we expect that some of the transitory issues impacting our performance will dissipate as we ramp production in

Malaysia, and continue to drive innovation and execution across the organization while carefully managing spending levels. We believe that our success in 2020 will enable us to exit the year with better prospects for accelerated revenue growth, improved profitability and robust cash flow from operations.

CFO Transition

Finally, last night we also issued a press release announcing a CFO transition with current VP of Finance Julie Zeiler becoming CFO in early May. Working as part of our senior leadership team, Alison has played an instrumental role in the company's success as a senior finance leader throughout her 15 years at iRobot, including the past seven as our CFO. During her tenure here, she has become a trusted partner and I am very appreciative of her many contributions, including her commitment to support a seamless transition over the next few months. We respect her decision to take some much-deserved time off before pursuing new ambitions outside of iRobot.

Alison will be leaving our finance organization in very capable hands. In her three years at iRobot overseeing our financial planning and analysis and treasury functions, Julie Zeiler has worked closely with our senior leadership team, helping us further scale the business and I am confident that she is the right finance leader to help propel our company forward.

At this point, I'll turn the call over to Alison and return after her remarks to offer some additional closing thoughts. Alison …

Alison:

Thank you for the kind words Colin. Leaving iRobot will not be easy. The past 15 years at the company have been a wonderfully fulfilling experience in large part because of the great people I've worked with. Julie and I have worked closely over the past three years, and I believe that she has the requisite skills, experience, and business acumen to lead our finance organization and help guide iRobot into its next phase of growth. And while I am looking forward to spending extended, quality time with my family before I figure out what may come next professionally, it is incredibly important to me that we complete a successful transition of responsibilities, and I am confident that will occur. With that said, I'd like to proceed with the business at hand and review our recent results.

As Andy mentioned earlier, my review of our fourth quarter and the full year 2019 financial results will be done on a GAAP basis since we used that convention during the past year and all comparisons will be against the comparable periods of 2018 unless otherwise noted.

Our fourth-quarter results exceeded our October plans for revenue, operating income and EPS. Quarterly revenue increased 11% to $427 million due to a strong holiday season in the U.S., which grew 15%. International growth of 6% was driven by an 9% increase in EMEA while revenue in Japan declined slightly as expected.

As we expected, gross margin for the fourth quarter dropped 9 percentage points to 40%. The decline primarily reflected the impact of pricing changes and tariff costs of nearly $22 million, partially offset by ongoing progress to cost-optimize production.

Q4 operating expenses decreased by 2% to $153 million, representing 36% of revenue versus 41% last year. The decline in spending reflects ongoing fiscal discipline across the organization, as well as lower incentive compensation expenses. Operating income for Q4 was $17 million and our operating margin was 4%. Other income of more than $8 million reflected a gain associated with the sale of one of our investments.

Our Q4 2019 effective tax rate was 20.0%, including approximately $3 million of discrete benefits. Our Q4 tax rate before discrete items was 30.3% driven primarily by the establishment of a valuation allowance on certain tax credits. EPS was $0.70 for the quarter, which included less than one penny of a net discrete tax expense related to the impact of stock-based compensation shortfall. Last year's Q4 EPS of $0.88 included a benefit of $0.04 related to stock compensation windfalls.

From a full-year perspective, 2019 revenue grew 11% to just over $1.2 billion. Geographically, we generated 50% of our revenue in the U.S., which grew by 8%. Outside of the U.S., international revenue grew by 15% with Japan having an excellent year at 21% growth while EMEA increased by 15%.

2019 gross margin of 45% declined by 6 percentage points as expected. The decrease was split relatively evenly between pricing changes and tariffs of nearly $38 million. Operating expenses grew by just 2% to $457 million due primarily to lower short-term and long-term incentive compensation expenses as well as the steps we took to curb discretionary spending. Operating income in 2019 was $87 million and our operating margin was 7% versus 10% in 2018, as prudent cost management helped mitigate the impact of lower gross margins.

Our full year 2019 effective tax rate was 13.7%, including $8.4 million of discrete benefits. The decline in our 2019 tax rate of 5 percentage points was primarily driven by the impact of discrete items. 2019 EPS was $2.97 for the year versus $3.07 in 2018. Both 2018 and 2019 EPS included a 23-cent discrete tax benefit related to the impact of stock-based compensation windfall.

We ended Q4 with $256 million in cash, an increase of $165 million since the end of Q3 and a year-over-year increase of $94 million. Consistent with our plans, Q4 ending inventory was $157 million, or 56 days, compared with $165 million, or 76 days at the end of 2018. It is worth noting that our U.S. inventory value at the end of December reflects the impact of tariffs at the 25% level versus inventory levels a year ago in which only a relatively small portion of the inventory balance were affected by the 10% tariff level.

FY20 Outlook

Before I provide additional detail regarding our full-year 2020 expectations, I'd like to reiterate Andy's earlier comments that we will focus on our non-GAAP performance going forward and we've taken steps to facilitate this transition in our reporting conventions.

Fiscal Year 2020 Expectations:

Metric	GAAP	Adjustments	Non-GAAP
Revenue	$1.32 - $1.35 billion	—	$1.32 - $1.35 billion
Gross Profit	$507 - $520 million	~$3 million	$510 - $523 million
Operating Income	$15 - $35 million	~$40 million	$55 - $75 million
Earnings Per Share	$0.55 - $1.15	~$1.15	$1.70 - $2.30

** A detailed reconciliation between the company's GAAP and non-GAAP expectations is included at end of the prepared remarks.*

We currently expect full-year 2020 revenue of 1.32 to 1.35 billion dollars, which equates to year-over-year growth of approximately 9% to 11%. We are planning for a similar revenue cadence to prior years in which the majority of our revenue will be generated in the second half with roughly a 40/60 split. We expect Q1 revenue will be down from the prior year, but anticipate showing low to mid-teen growth in each of the next three quarters. To reiterate Colin's comments, we anticipate solid full-year revenue expansion in all geographic regions with international having potential for slightly faster growth than the U.S. As a reminder, our revenue expectations contemplate Yen and Euro exchange rates roughly in line with current rates, +/- 5%.

In terms of gross margin, we anticipate non-GAAP gross margin in the range of 38% to 39% versus 46% in 2019. The expected decline is largely driven by planned pricing and promotion activity including recent price reductions on certain Roomba models that went into effect last month. A smaller factor is the incremental effect of Section 301 tariffs. In total, we expect our full-year tariff expense to be in the range of $47 to $50 million, which is a negative 4 percent headwind to our profitability. Ongoing product cost-reductions with our Chinese contract manufacturers are expected to help us mitigate the higher costs resulting from our Malaysia manufacturing activities.

For the full year, we now expect non-GAAP operating expenses to total approximately 34% to 35% of revenue.[2] We will remain vigilant with discretionary spending and anticipate minimal headcount expansion, all of which will help us mitigate normalized incentive compensation and increased R&D investment to support the opportunities that Colin detailed. We now expect full-year 2020 non-GAAP operating income of approximately $55 million to $75 million with a non-GAAP operating margin between 4% and 6%.

We currently anticipate other income of approximately $3 million. In terms of our tax rate, we estimate that our non-GAAP effective tax rate will be in the range of 16% to 19%. This is an expected improvement from the 2019 non-GAAP tax rate of 19.4% due to the expected jurisdictional mix of profits combined with the effect of lower anticipated pre-tax income. Based on these plans, we currently anticipate non-GAAP EPS to range from $1.70 to $2.30. We anticipate a diluted share count of just under 29 million shares.

For some additional color on the first quarter, as I mentioned, we currently expect a revenue decline ranging from 8% to 12%. This primarily reflects the timing of anticipated orders following 2019 holiday sell-through activity. Lower revenue, combined with the anticipated decline in gross margin, is expected to result in a non-GAAP operating loss in the range of $7 to $14 million with a non-GAAP loss per share between negative 15 cents ($0.15) and negative 40 cents ($0.40). We anticipate that the vast majority of our non-GAAP operating income will be generated in the second half of the year.

In terms of other 2020 guideposts, we expect capital spending to be in the low $40 million range with overall capital intensity of approximately 3% of full-year revenue, which

[2] GAAP operating expenses are anticipated to range from $485 to $495 million, including approximately $40 million associated with the amortization of stock-based compensation costs, acquired intangible assets, net merger, acquisition and divestiture (income) expense and IP litigation expense, net.

is generally in line with the prior two years. We anticipate relatively modest cash flow from operations in 2020 given our expected fundamental performance. We expect our inventory levels to grow over the next three quarters like it did last year, peaking in Q3 before returning to normalized levels in Q4. Given the sell-through results in Q4, we have a few retailers in the U.S. and EMEA that are carrying higher entry level inventory than we'd ideally like. With the recent price changes and planned promotions, we expect that those inventories will decline substantially in Q1. It is worth noting that channel inventory levels for our premium products were in good shape at the end of 2019.

In summary, we finished 2019 on a positive note and while we face some notable challenges in 2020, particularly during the first half of the year, we expect that executing on our plan will enable us to begin building momentum moving into the second half of the year. Additionally, we are diligently working through the longer-range scenario planning that will allow us to articulate our long-term financial targets. With that said, I'll now turn the call back to Colin for his summary.

Colin:

Thanks Alison. As some of you may know, 2020 marks our 30th year in business. We've come a long way since those early years. Not only did we create an entirely new category, but we helped build it into a vibrant, multi-billion-dollar global market in which we remain the category leader. And while it may be gratifying to take a nostalgic look back, we remain very much focused on the road ahead.

The investments we are making this year are focused on mitigating our tariff exposure, extending our differentiation at lower price points, diversifying our product portfolio, and evolving our go-to-market strategies to reduce barriers to purchasing our premium robots and capitalize on our expansive connected installed base. By executing on our plans and diligently managing our costs, iRobot is laying the foundation for improved financial performance and continued category leadership over the long term.

That concludes our comments. Operator, we will take questions now.

iRobot Corporation
Supplemental Reconciliation of Fiscal Year 2020 GAAP to Non-GAAP Guidance
(unaudited)

	FY-20
GAAP Gross Profit	$507 - $520 million
Amortization of acquired intangible assets	~$2 million
Stock-based compensation	~$1 million
Total adjustments	~$3 million
Non-GAAP Gross Profit	$510 - $523 million

	FY-20
GAAP Operating Income	$15 - $35 million
Amortization of acquired intangible assets	~$2 million
Stock-based compensation	~$31 million
IP litigation expense, net	~$7 million
Total adjustments	~$40 million
Non-GAAP Operating Income	$55 - $75 million
Section 301 tariff costs	~$47 - ~$50 million
Impact of Section 301 tariff costs to gross and operating income margin	(~4%)

	FY-20
GAAP Net Income Per Diluted Share	$0.55 - $1.15
Amortization of acquired intangible assets	~$0.07
Stock-based compensation	~$1.08
IP litigation expense, net	~$0.24
Income tax effect	~($0.24)
Total adjustments	~$1.15
Non-GAAP Net Income Per Diluted Share	$1.70 - $2.30
Number of shares used in diluted per share calculations	~28.8 million

iRobot Corporation
Supplemental Reconciliation of First-Quarter 2020 GAAP to Non-GAAP Key Financial Metrics
(unaudited)

	Q1-20
GAAP Operating Income	($16) - ($23) million
Amortization of acquired intangible assets	~$0 million
Stock-based compensation	~$7 million
IP litigation expense, net	~$2 million
Total adjustments	~$9 million
Non-GAAP Operating Income	($7) - ($14) million
Section 301 tariff costs	~$6 - ~$8 million
Impact of Section 301 tariff costs to gross and operating income margin	(~3%)

	Q1-20
GAAP Net Income Per Diluted Share	($0.40) - ($0.65)
Amortization of acquired intangible assets	~$0.00
Stock-based compensation	~$0.24
IP litigation expense, net	~$0.07
Income tax effect	~($0.06)
Total adjustments	~$0.25
Non-GAAP Net Income Per Diluted Share	($0.15) - ($0.40)
Number of shares used in diluted per share calculations	~28.7 million