



iROBOT CORPORATION

Introduction to iRobot Corp.

March 2022



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/>.



THE CONSUMER ROBOT COMPANY

iRobot is the global home robot leader.

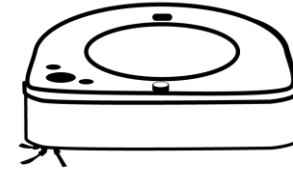
**We bring over 30 years
of AI & advanced
robotics experience**

which enable us to build the world's
most thoughtful robots and develop
intelligent home innovations that
make life better.

Investment Highlights

Category creator, innovator & leader

- Cutting-edge AI and robotics
- Robotic vacuum cleaner category offers a long, broad runway for growth
- Software intelligence differentiates robotic products and supports product diversification

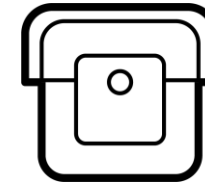


Expansive, growing customer base underpins go-to-market transformation

- Extensive retail network continues to bring new customers into our franchise
- Building direct relationships with 14m connected customers
- Substantial opportunity to nurture lifetime value augmented by product diversification

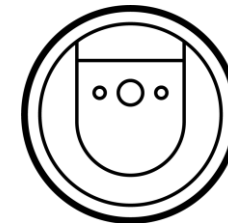
Navigating challenging supply chain environment

- FY21 revenue impacted by semiconductor chip constraints while higher supply chain and tariff costs further diminished FY21 profitability
- Anticipate that ongoing Initiatives will improve access to semiconductor chips and support increased 2H22 volumes



Well-positioned to accelerate revenue and EPS growth over the long-term

- Participating in global, growth-oriented categories
- FY22 outlook for solid revenue growth and EPS expansion
- Anticipate that 2H22 performance will serve as a springboard to achieve long-term financial targets and drive substantial value creation



NASDAQ:
IRBT

Market Cap:
\$1.8B*

Headquarters:
Bedford, MA

Category Creator, Innovator & Leader

Global category leader well positioned for future expansion

Broadened portfolio over the past two years
with innovative new products

Significant investment in software innovation elevates
cleaning experience and extends differentiation

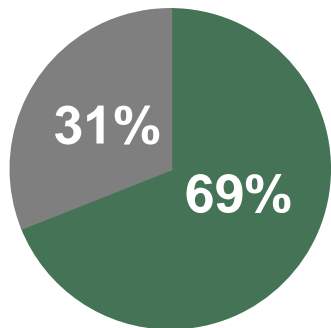
\$1.6B
in 2021 sales

19M+
Connected robots

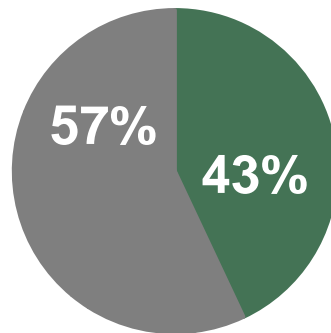
14M
Connected customers

40M+
units sold

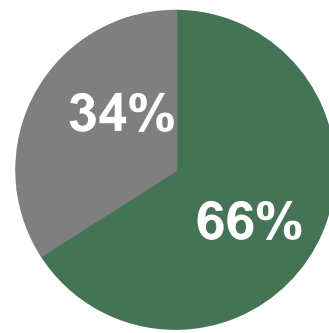
2021 Segment Share



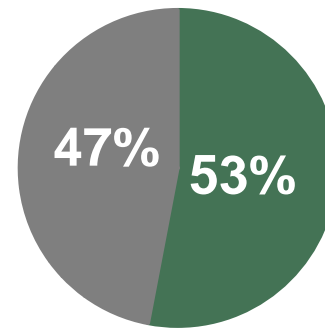
North America
2021 Size: \$985M
Category Growth: +1%



EMEA
2021 Size: \$1,390M
Category Growth: +13%



Japan
2021 Size: \$250M
Category Growth: +8%

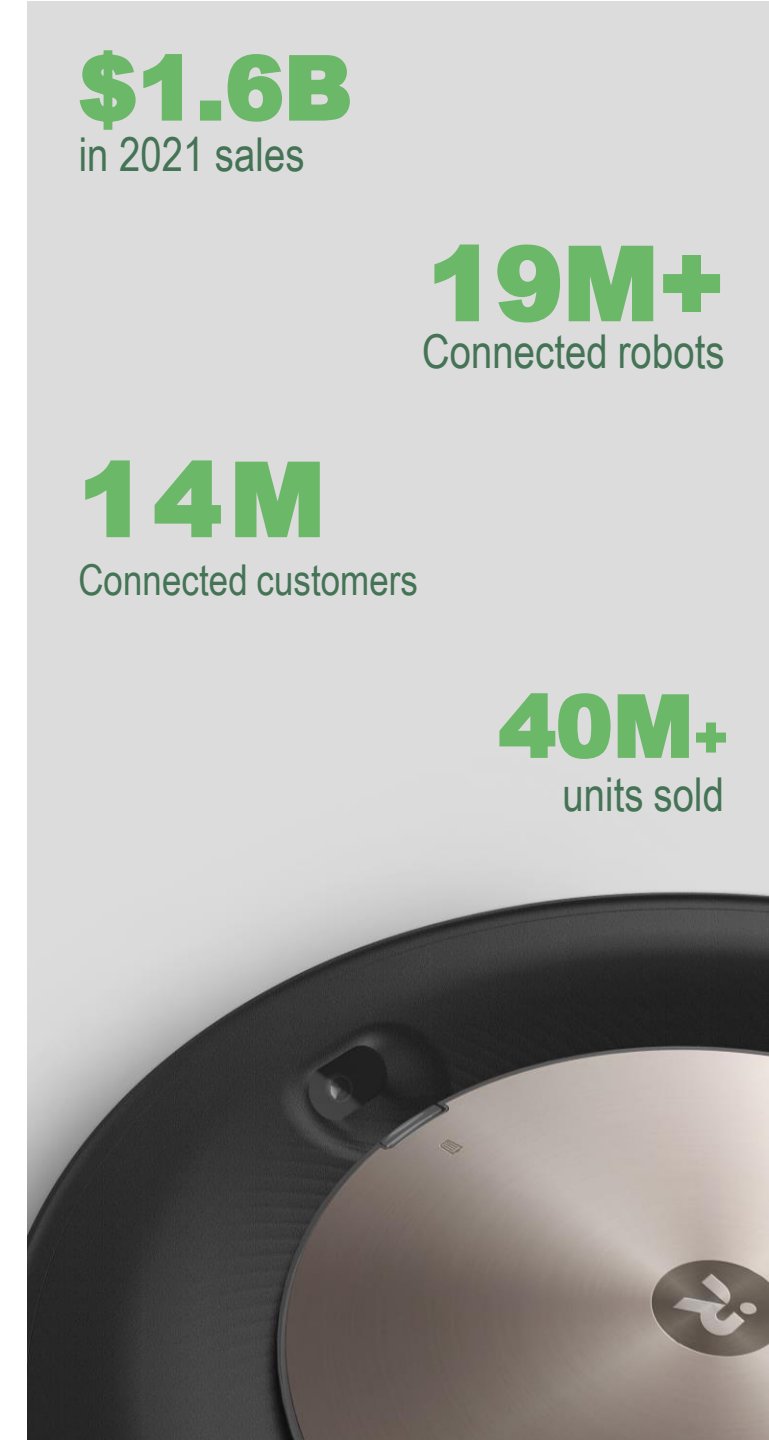


Global (excl China)
2021 Size: \$2,790M
Category Growth: +7%

Supply constraints impacted our ability to hold share in all key regions

* Source: 2021 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.

 iRobot  Others



A Vibrant Growing Category with a Long, Broad Runway

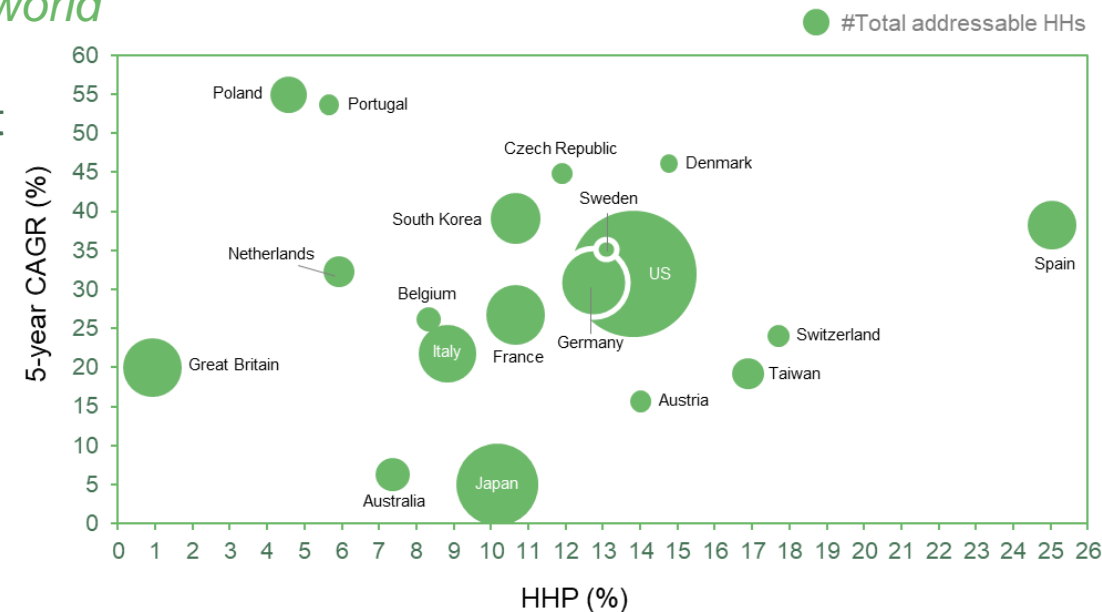
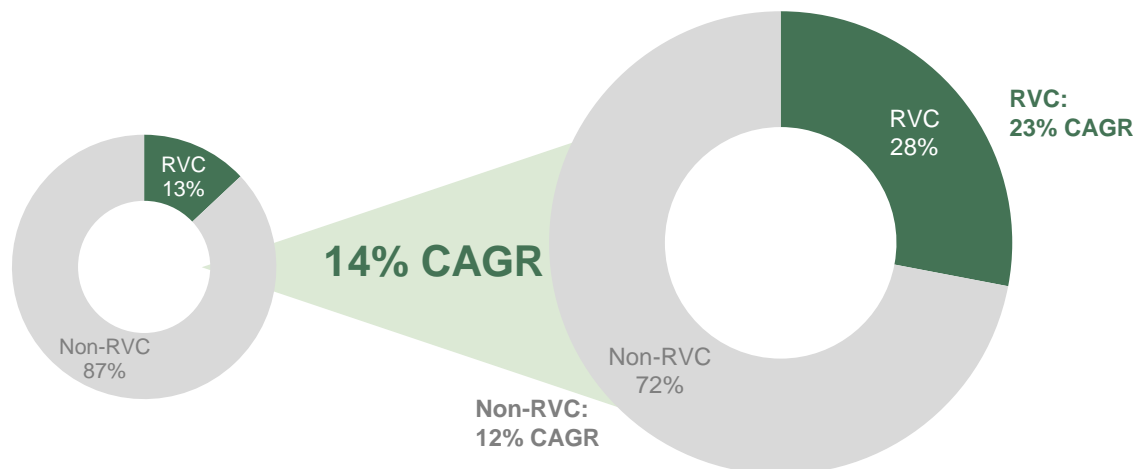
RVCs continue to gain traction with consumers around the world

- RVC consumer sentiment shifts from curious to impatient
- Newer entrants help further increasing consumer awareness
- Pandemic accelerates adoption by shining a light on RVC value proposition
- People have less time for burdensome, time-consuming tasks like vacuuming and mopping

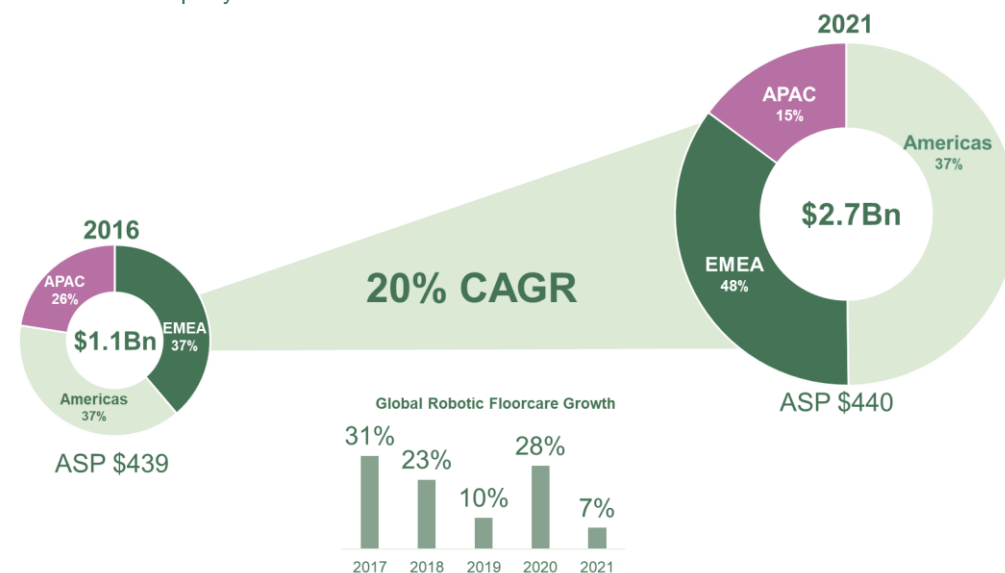
Vacuum Cleaner Category

2012: ~\$5B Market

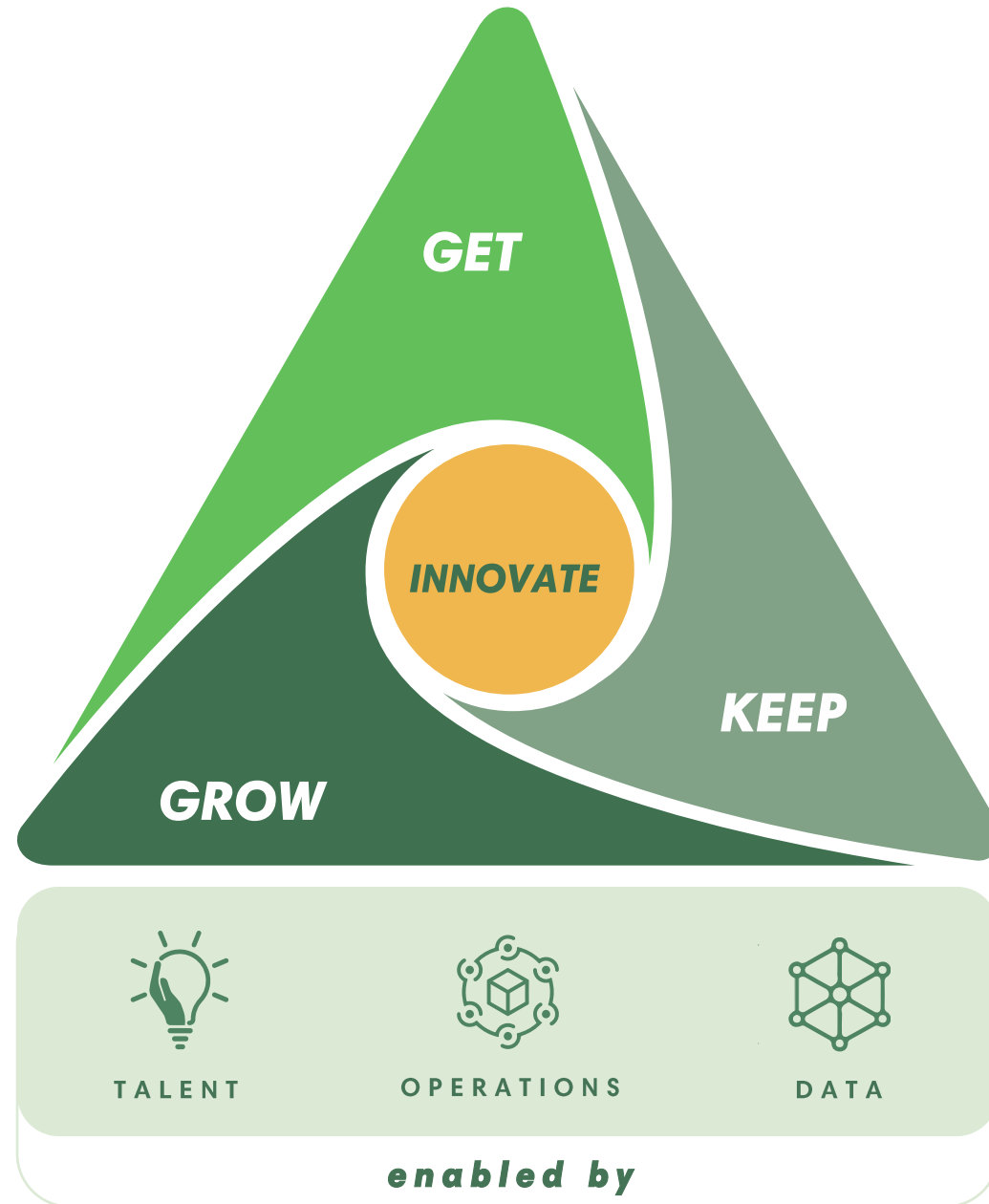
2021: ~\$16B Market



Source: Third-party market data and iRobot



Our Strategy



The logo for Robot Transformations is contained within a dark green arrow pointing to the right. The word "Robot" is written in a bold, green, sans-serif font with a registered trademark symbol. Below it, the word "Transformations" is written in a bold, white, sans-serif font.

Robot[®]
Transformations

SOFTWARE

**GO TO
MARKET**



Robot[®]
Transformations



SOFTWARE



Ai

Robot
Genius™
3.0



Superior intelligence and understanding of the environment enables superior performance, ease of use, and reliability.

A top-down view of a dark grey iRobot Genius robot vacuum on a light-colored wooden floor. The robot is positioned in the center of the frame. To its left is a wooden coffee table with a succulent in a white pot, a stack of books, and a brown notebook. To its right is a white coffee table with a laptop, a glass of beer, and a notebook. A blue armchair is partially visible on the right. A white charging dock is on the floor to the left of the robot. The text 'iRobot Genius' is overlaid in the top right corner.

iRobot
Genius™

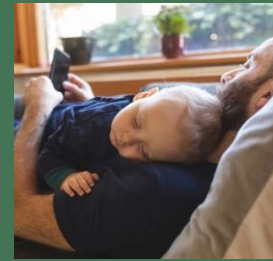
iRobot will differentiate based on superior software intelligence delivered on high-performance, beautifully designed hardware



House Rules



Do Not Disturb



Quiet Drive



Careful Drive



Preferences Not Programming



Voice Announcements



Clean While I'm Away



Seasonal Recommendations

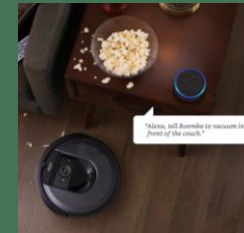
— POWERED BY —
**Robot
Genius™**



Collaborative Intelligence



Moment Cleaning



Precision Clean Zones



Keep Out Zones



Home Knowledge



Room Labeling



Map Sharing

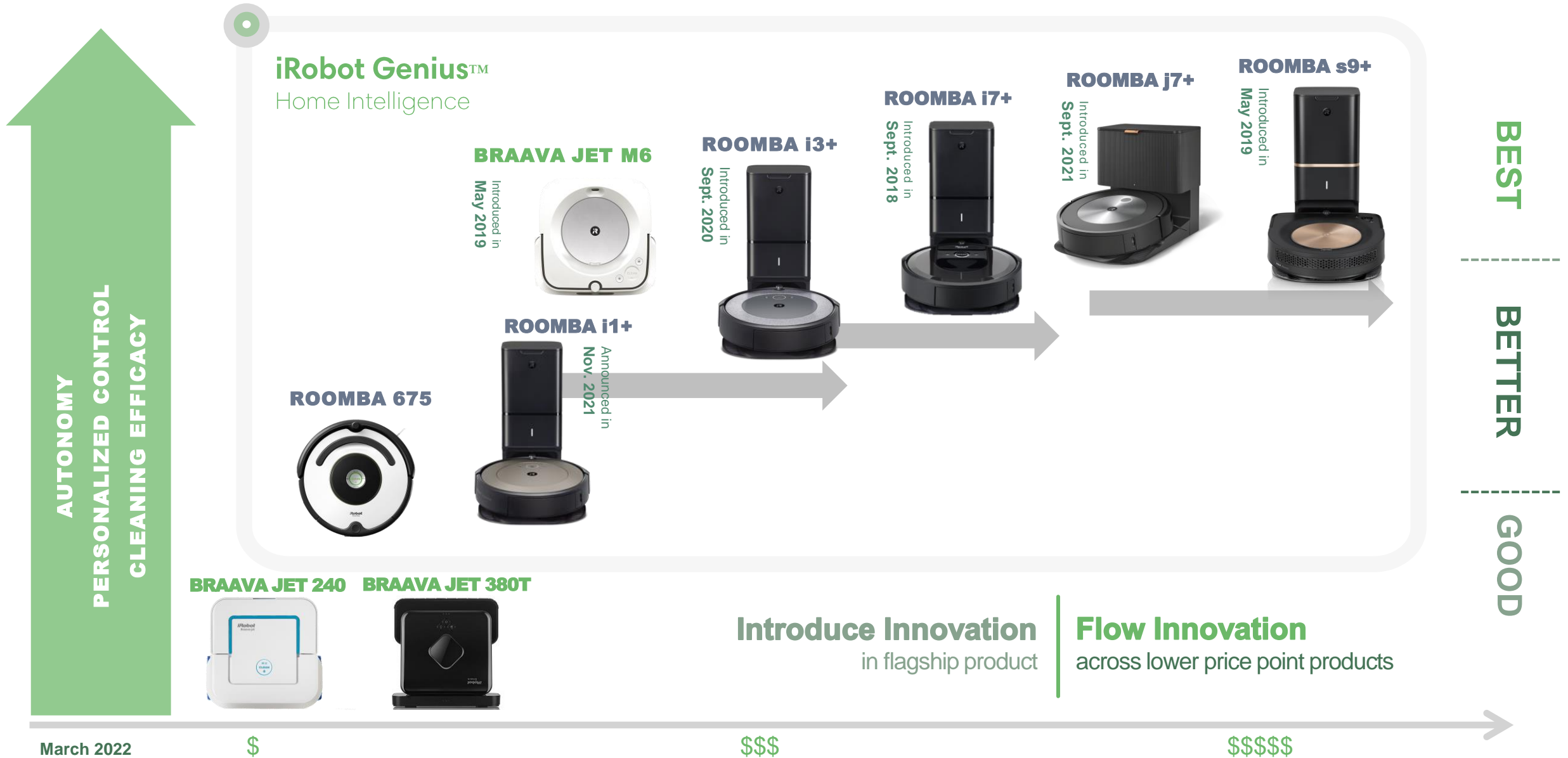


Continuous Updates



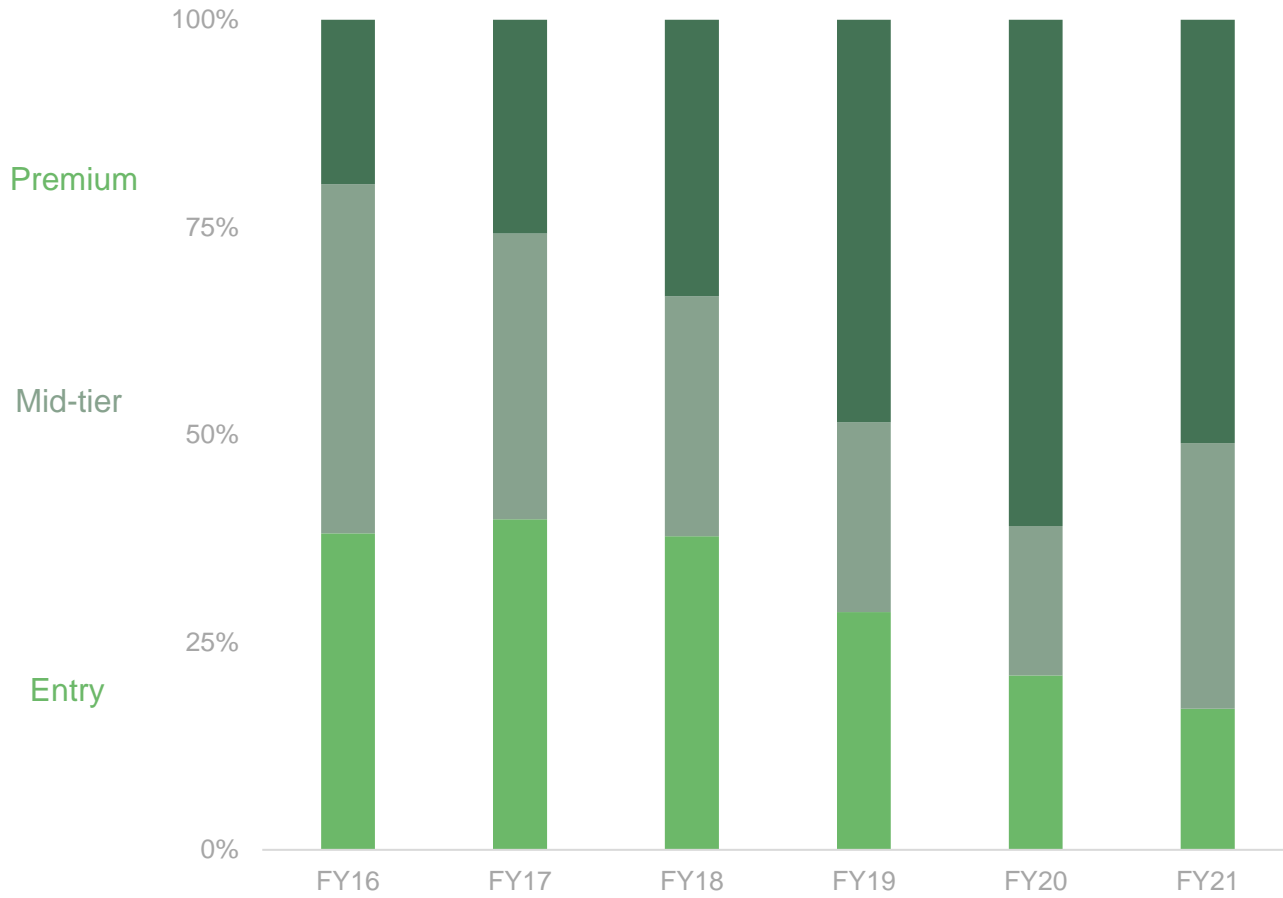
Estimated Cleaning Times

Robust Product Portfolio Spans Range of Price Points



Innovation Drives Shift to Mid-Tier and Premium Robots

Product Revenue Mix
(% of robot revenue)



RVCs \$200+ (based on MSRP)
 Premium defined as \$500+
 Mid-tier defined as \$300-\$500
 Entry defined as \$200-\$300

■ Entry ■ Mid-tier ■ Premium

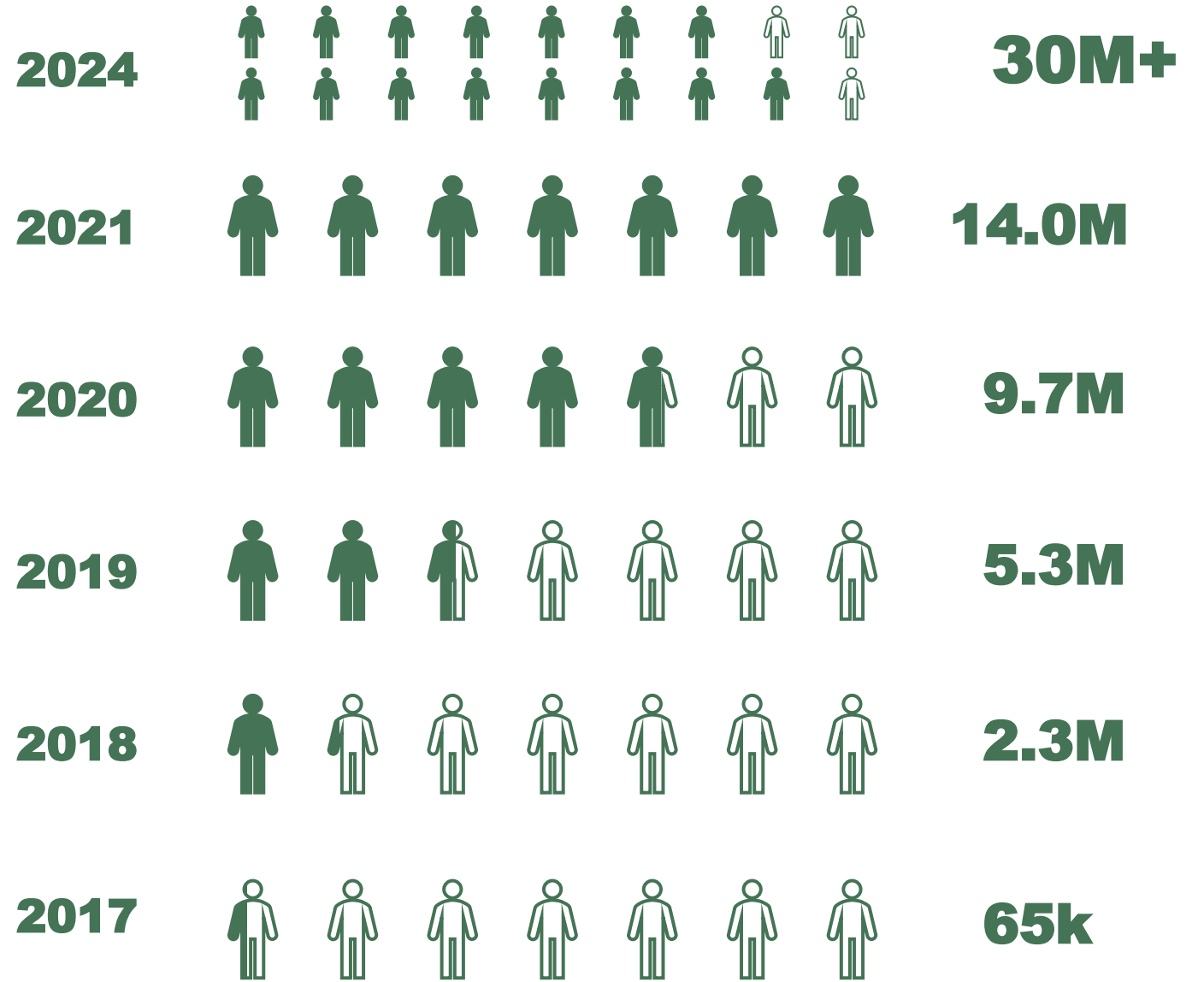




iRobot[®]
Transformations

**GO TO
MARKET**

An Expansive, Growing & Global Base of Connected Customers



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

TRANSACTIONAL



Acquire new customers & increase volume at point-of-sale

Short term

Minimal

Mass marketing and promotion

Objective

Length of Relationship

Customer Contact

Marketing Type

RELATIONSHIP



Improve customer retention & build customer loyalty

Long term

Frequent

Personalized marketing

The Lifetime Value of an iRobot Connected Customer

Attractive multi-year economics



GET
Customer A
Non-connected

	Initial Purchase
Revenue*	\$250
Gross Margin	Mid-30%
Working Media Intensity	Moderate

Single purchase primarily at retail
Highly transactional
Minimal visibility into future purchases
Proven economics at scale



GET, KEEP, GROW
Customer B
Connected Customer

	Initial Purchase	Multi-Year DTC Purchases	Total
Revenue*	\$250	\$375+	\$625+
Gross Margin	Mid-30%	Low to Mid-40%	Low to Mid-40%
Working Media Intensity	Moderate	Low	--

Initial purchase primarily at retail
Relationship driven with personalized customer benefits
Customer purchases other products directly from iRobot
More attractive economics for iRobot



SUBSCRIPTION
Customer C
(Future)



Lowers the barrier for customer acquisition

White glove care & turnkey convenience 



Multiple opportunities to expand the relationship

Superior multi-year economics for iRobot 

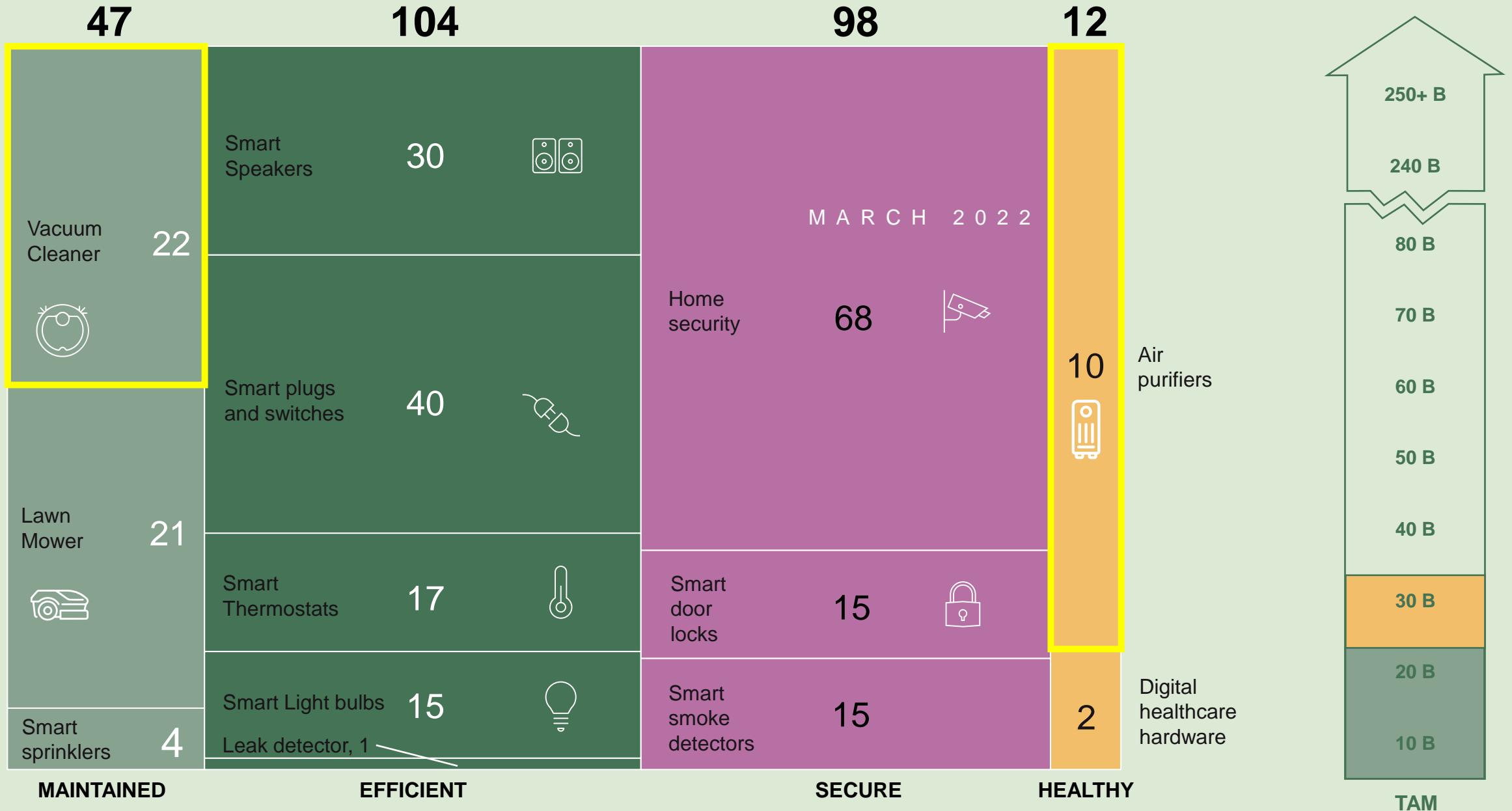
* Reflects average iRobot revenue from a retail transaction. Economic impact determined using range of scenarios for DTC purchases of robots and accessories.

Addressing Customer Needs Beyond the RVC

Complementary products add value to help make homes cleaner and healthier



Product Diversification: Our Market Opportunity, \$B



Expansion & Diversification – Why Air Purification?



iRobot's 14m Connected Customers

Expansion & Diversification – Why Air Purification?

~80% Found Air
Purification &
Monitoring
Somewhat or Very
Appealing



iRobot's 14m Connected Customers

Expansion & Diversification – Why Aeris?



Differentiated and highly regarded products

Significant opportunity to leverage our retail relationships, marketing expertise and expansive global connected customer base

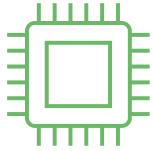
Expect air to be a \$150m+ annual revenue product category over the next several years

Potential for gross margin improvement

aeris 



Navigate Current Macro Supply Chain Challenges



**Semiconductor Chip
Shortage**



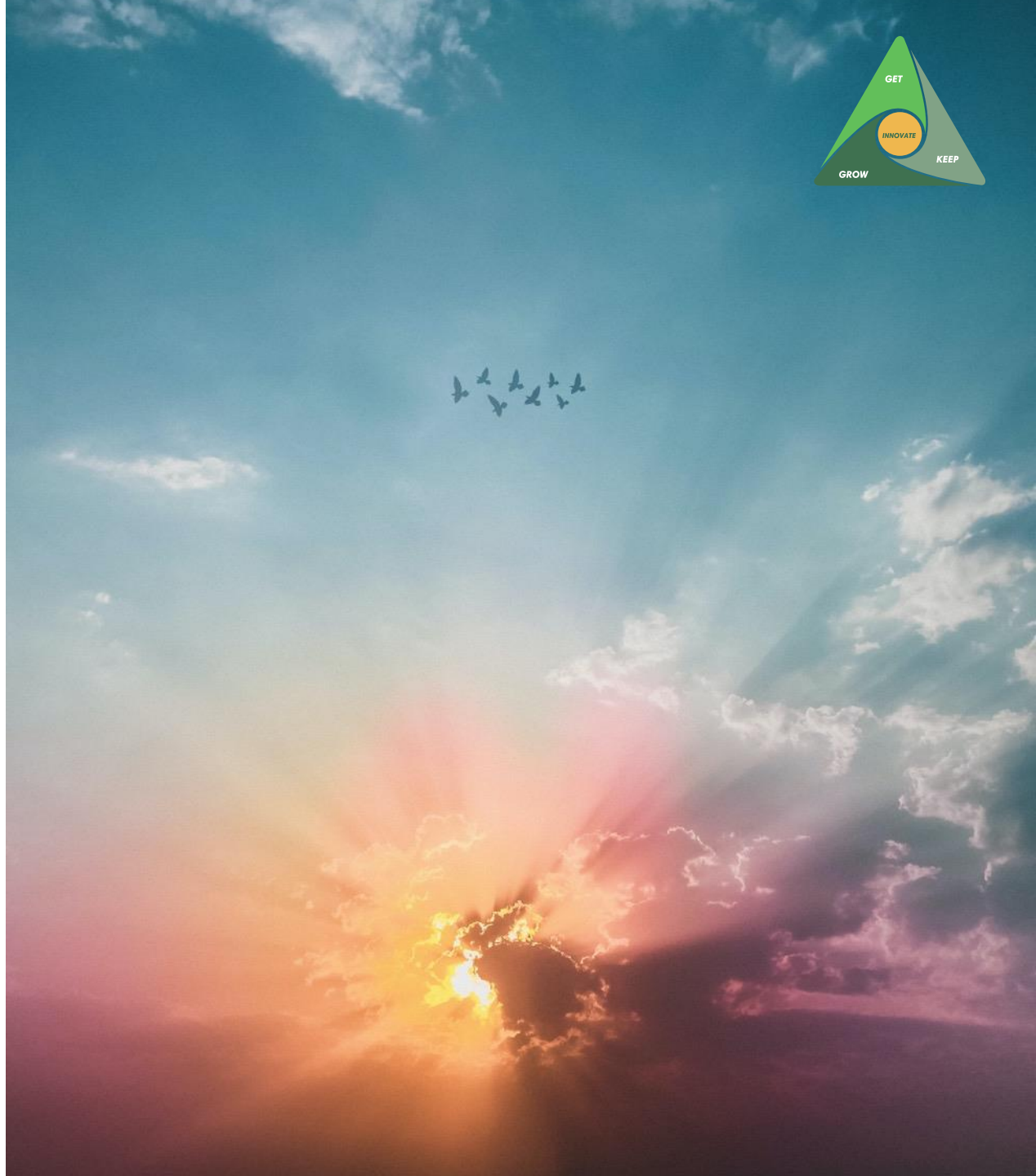
**Rising Raw
Material Costs**



**Increased Oceanic
Transport Costs**



**Higher Air
Freight Costs**



Key Supply Chain Initiatives



Address current supply chain challenges



Support growth



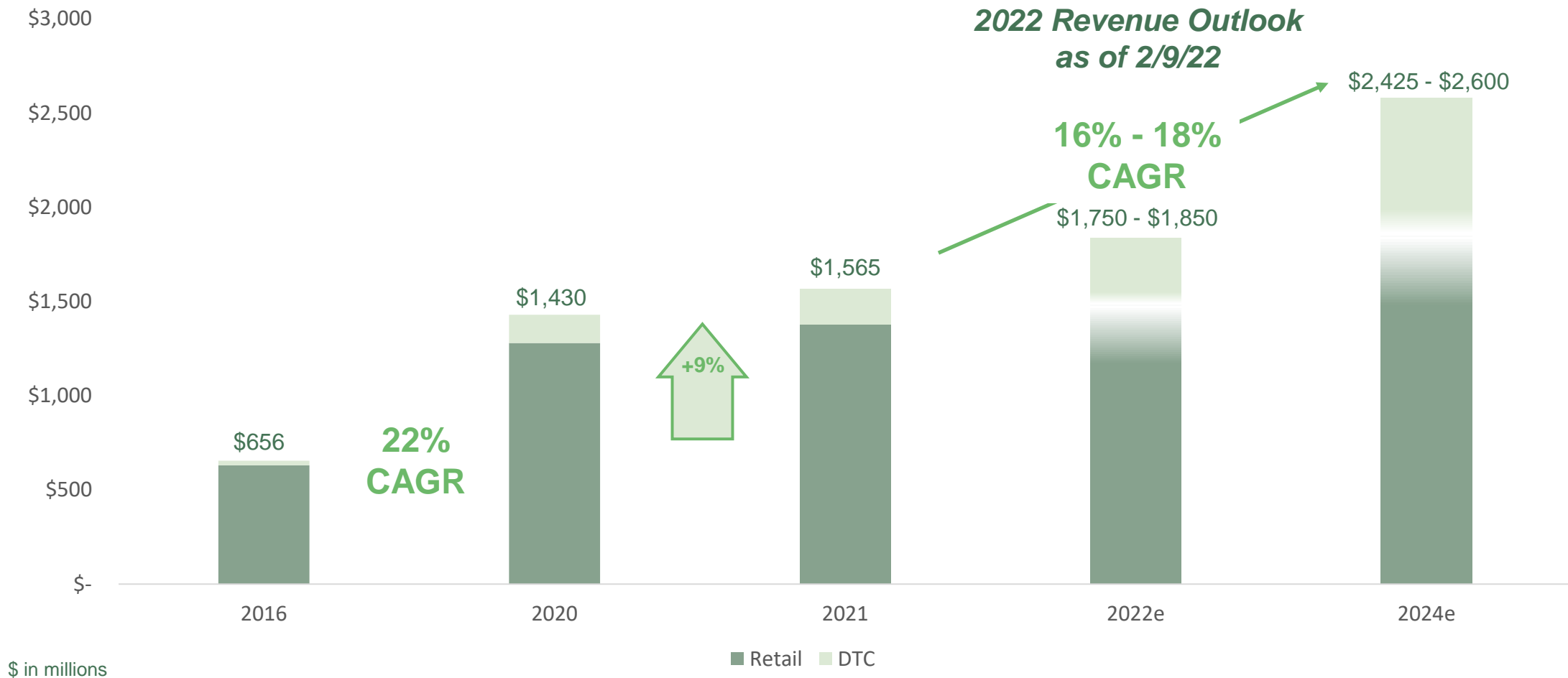
Risk mitigation & productivity optimization

Our Revenue Growth Prospects Are Bright

- 1** Household Penetration Remains Low
Category growth will remain very healthy
- 2** We continue to fuel our innovation engine
Our value proposition will continue to resonate
- 3** Our retail partnerships remain strong
We will continue to win new customers
- 4** We are building strong, enduring relationships with our customers
More customers spending more money with us directly
- 5** We are investing to diversify our product portfolio
Further increases existing customer revenue and brings new customers to iRobot

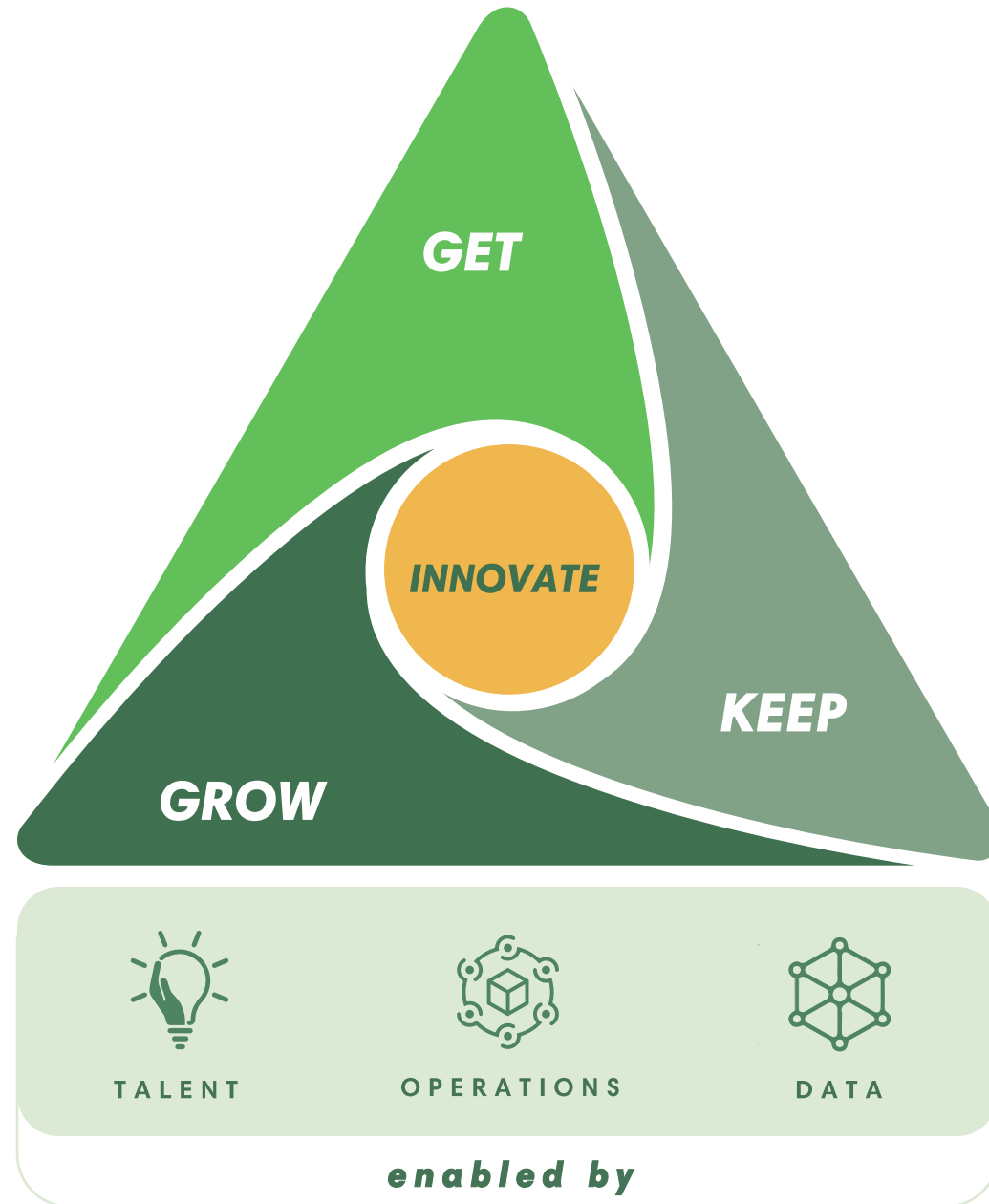
Revenue

Anticipate accelerating top-line growth in 2H22 that continues into 2023 and 2024



Retail will still generate the majority of revenue; DTC anticipated to grow to >25% of total revenue

Our Strategy





Continued Innovation

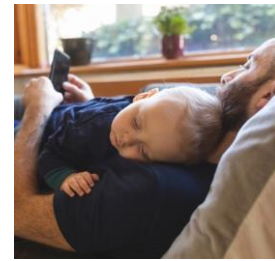
Building on the past and creating the future



New Floor
Cleaning Robots



Genius 2.0



Genius 3.0



Genius Updates



New Adjacent
Products



Adding New Connected Customers

Key Initiatives & Milestones



Omnichannel Retail

Drives substantial majority of new connected customers



Innovation

Software underpins a compelling value proposition across a range of price points that enable us to keep expanding our connected customer base

iRobot Select

Expands our ability to win first-time buyers, particularly entry level and value-conscious consumers

30m+ Connected Customers by 2024
~60% of total revenue will come from new customers by 2024



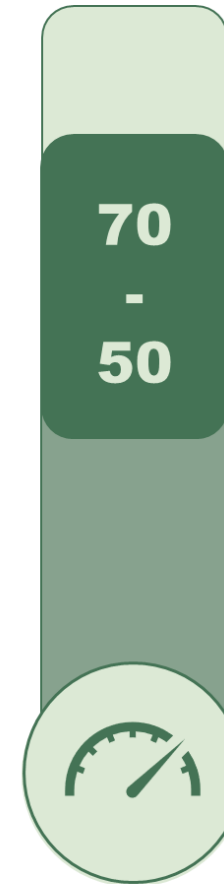
Happy Customers Will Spend More Directly with Us

Key Initiatives & Milestones

- New Genius features & functionality increase engagement and utilization
- New CRM capabilities amplifies engagement
- Customer care further elevates the iRobot experience



Utilization*



Net Promoter Score**



Customer Satisfaction***

* Utilization tracks the percentage of robots used by their owners at least once the following quarter.

** Net Promoter Score measures the loyalty of customers to a company with scores ranging from -100 to +100

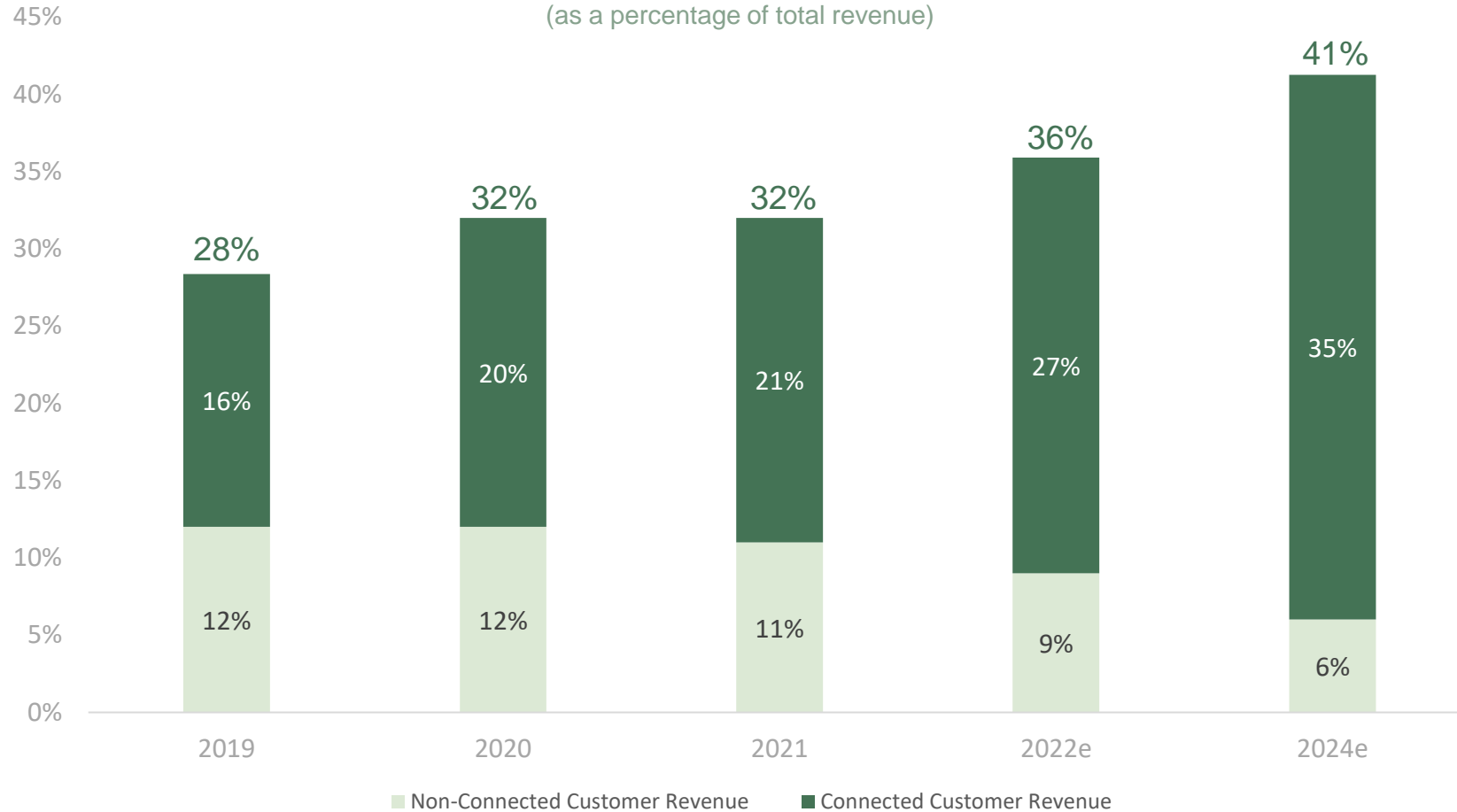
*** Based on American Customer Satisfaction Index for Household Appliances. 2021 Average Satisfaction Score for Household Appliances in 2021 was 78. iRobot CSAT score as of July 2021.



Existing Customer Revenue

Includes robots, accessories, adjacent products and services

Existing Customer Revenue
(as a percentage of total revenue)



UP-SELL
Replacement Robot



CROSS-SELL
Supplemental Robot



CROSS-SELL
Adjacencies/
Services

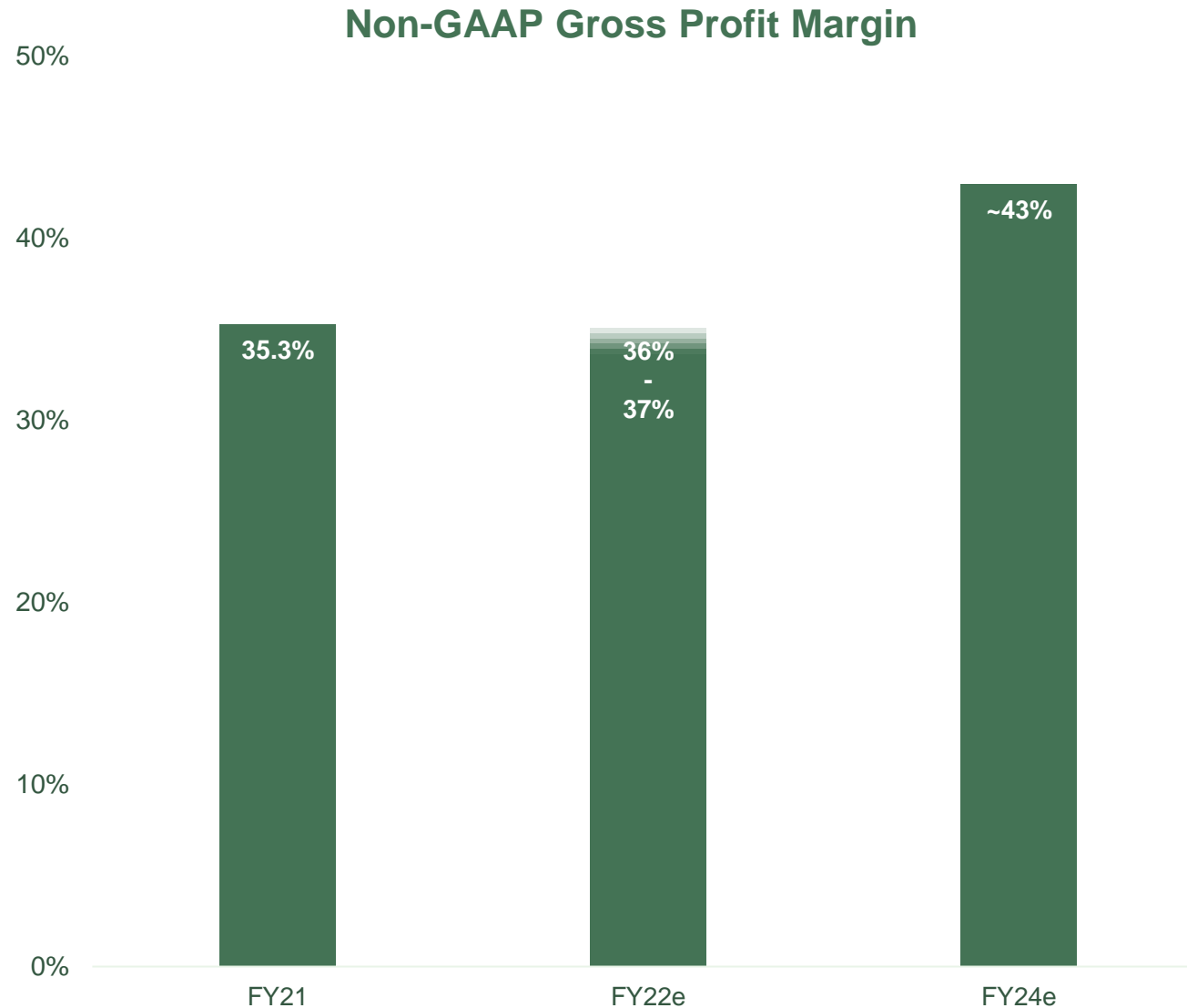


UP-SELL
Accessories

iRobot connected customer revenue is an estimate based on timing of customer connectivity to Home App rather than actual sale date.
iRobot non-connected customer revenue is an estimate based on annual survey data for replacement or upgrade purchase activity from existing customer less connected customer revenue.

Non-GAAP Gross Margin

Meaningful improvement as cost headwinds subside (FY22 outlook as of 2/9/22)



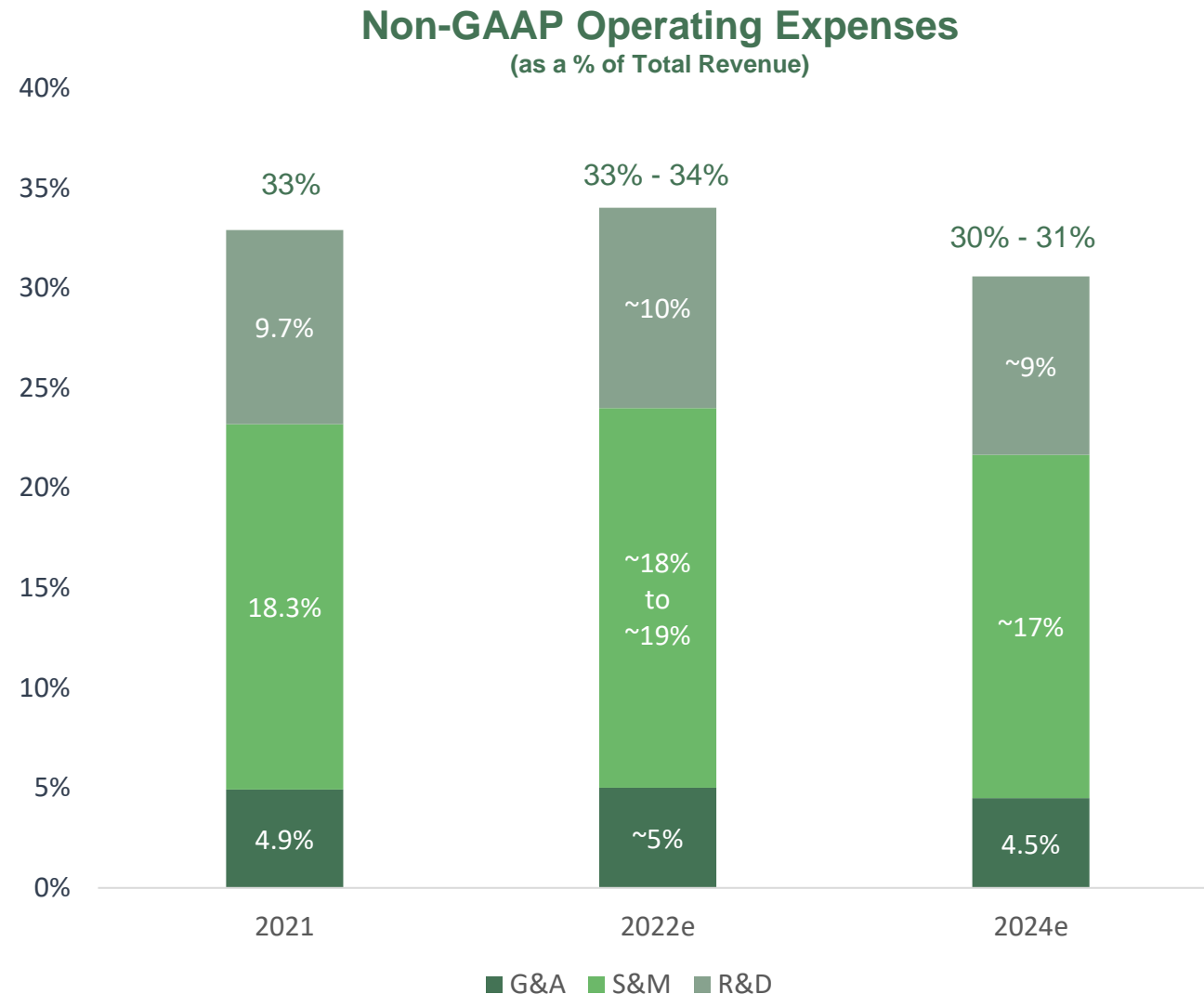
Key Contributors

- Malaysia gains scale
- Substantially lower tariff exposure
- DTC growth and optimization
- COGs efficiencies
- Operations team overhead leverage
- Component cost inflation continues into FY22 but dissipates thereafter
- Inflated transportation costs in FY22 but normalize thereafter
- Pricing and promotion

Limited gross margin improvement expected in FY22

Non-GAAP Operating Expenses

(2022 non-GAAP operating expense outlook as of 2/9/22)



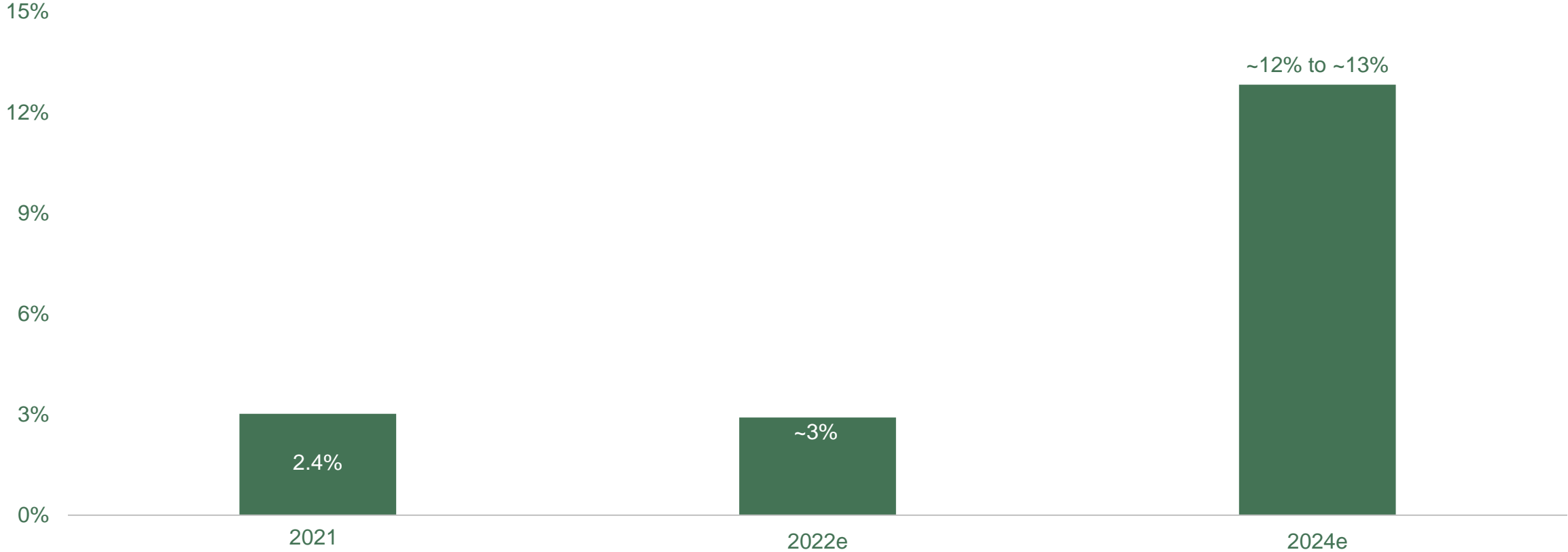
Key Contributors

- R&D benefits from “Platform-based” hardware and software development while leveraging engineering resources in lower-cost geographies
- Working media leverage as existing connected customer revenue growth benefits from CRM efficiencies
- Scalable commercial foundation to support entry into new adjacencies
- Most administrative functions and workplace trends sized for growth

Pragmatic spending in FY22 to minimize impact of cost headwinds

Non-GAAP Operating Income Margin

(2022 non-GAAP operating income outlook as of 2/9/22)

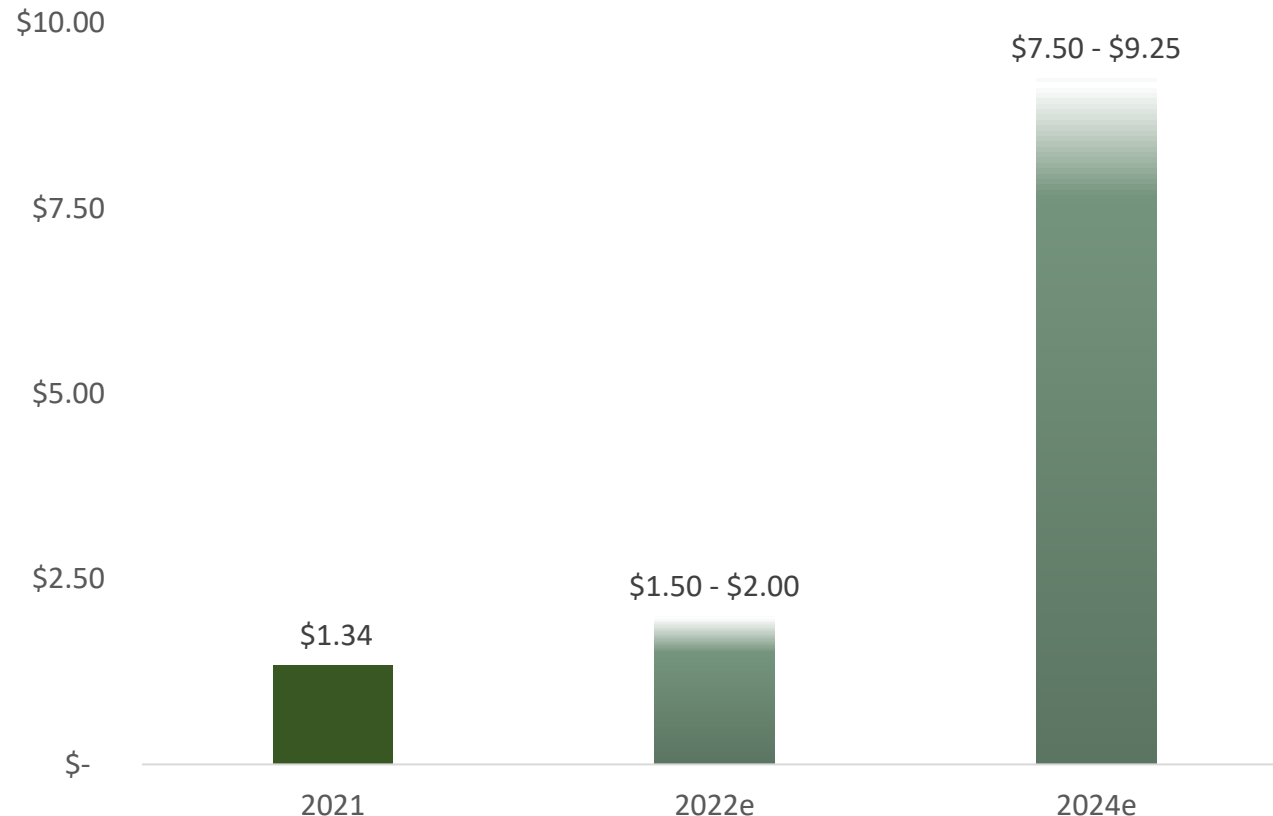


Reflects only the impact of actual FY21 and estimated FY22 cost headwinds on actual FY21 and estimated FY22 non-GAAP operating income margin. See slide 32 for additional detail on FY21 and FY22 cost headwinds.

Steady improvement in gross margins combined with operating leverage yields meaningful improvement in OI margin

Non-GAAP Diluted EPS

Non-GAAP Diluted EPS



Key Contributors

- Minimal other expense annually
 - Interest income offset by hedging fees
- Tax rate increases from 4% in 2022 up to 20% – 21% in 2024
- FY22 shares outstanding of ~28m expected to rise to 29m+ in 2024

Significant 2H22 EPS expansion expected with revenue acceleration

Long-Term Financial Model (2024)

Non-GAAP

\$2.4B to \$2.6B



REVENUE

*16% – 18%
CAGR*

~43%



GROSS PROFIT
MARGIN

*Cost headwinds persist
through FY22 with
improvement in FY23*

~12% to ~13%



OPERATING
PROFIT
MARGIN

*Consistent
leverage*

\$7.50 to \$9.25



EPS*

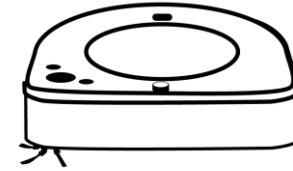
*Substantial
acceleration*

* Based on 29m+ diluted shares outstanding.

Summary

Category creator, innovator & leader

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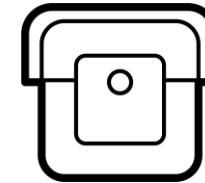


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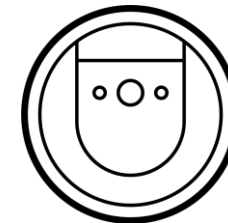
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NASDAQ:
IRBT

Market Cap:
\$1.8B*

Headquarters:
Bedford, MA



MARCH 2022

THANK YOU





MARCH 2022

APPENDIX





MARCH 2022

GAAP – NON-GAAP RECONCILIATIONS



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

FY21 and FY20 GAAP Actuals Reconciled to FY21 and FY20 Non-GAAP Actuals

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

	For the twelve months ended			For the twelve months ended	
	January 1, 2022	January 2, 2021		January 1, 2022	January 2, 2021
GAAP Revenue	\$ 1,564,987	\$ 1,430,390	GAAP Income Tax (Benefit) Expense	\$ (2,106)	\$ 40,847
GAAP Gross Profit	\$ 550,299	\$ 670,229	Tax effect of non-GAAP adjustments	(2,933)	(12,016)
Amortization of acquired intangible assets	1,223	1,920	Other tax adjustments	4,902	(635)
Stock-based compensation	1,321	1,511	Non-GAAP Income Tax (Benefit) Expense	<u>\$ (137)</u>	<u>\$ 28,196</u>
Tariff refunds	(270)	(36,486)	GAAP Net (Loss) Income	\$ 30,390	\$ 147,068
Non-GAAP Gross Profit	<u>\$ 552,573</u>	<u>\$ 637,174</u>	Amortization of acquired intangible assets	2,253	2,912
Non-GAAP Gross Margin	35.3%	44.5%	Stock-based compensation	21,694	29,975
GAAP Operating Expenses	\$ 551,399	\$ 523,907	Tariff refunds	(270)	(36,486)
Amortization of acquired intangible assets	(1,030)	(992)	Net merger, acquisition and divestiture expense (income)	2,059	(1,241)
Stock-based compensation	(20,373)	(28,464)	IP litigation expense, net	13,464	5,444
Net merger, acquisition and divestiture (expense) income	(2,059)	566	Restructuring and other	156	2,073
IP litigation expense, net	(13,464)	(5,444)	Gain on strategic investments	(30,063)	(43,817)
Restructuring and other	(156)	(2,073)	Income tax effect	(1,969)	12,651
Non-GAAP Operating Expenses	<u>\$ 514,317</u>	<u>\$ 487,500</u>	Non-GAAP Net (Loss) Income	<u>\$ 37,714</u>	<u>\$ 118,579</u>
Non-GAAP Operating Expenses as a % of Non-GAAP Revenue	32.9%	34.1%	GAAP Net (Loss) Income Per Diluted Share	\$ 1.08	\$ 5.14
GAAP Operating (Loss) Income	\$ (1,100)	\$ 146,322	Amortization of acquired intangible assets	0.08	0.10
Amortization of acquired intangible assets	2,253	2,912	Stock-based compensation	0.77	1.05
Stock-based compensation	21,694	29,975	Tariff refunds	(0.01)	(1.28)
Tariff refunds	(270)	(36,486)	Net merger, acquisition and divestiture expense (income)	0.07	(0.04)
Net merger, acquisition and divestiture expense (income)	2,059	(566)	IP litigation expense, net	0.48	0.19
IP litigation expense, net	13,464	5,444	Restructuring and other	0.01	0.07
Restructuring and other	156	2,073	Gain on strategic investments	(1.07)	(1.53)
Non-GAAP Operating (Loss) Income	<u>\$ 38,256</u>	<u>\$ 149,674</u>	Income tax effect	(0.07)	0.44
Non-GAAP Operating Margin	2.4 %	10.5 %	Non-GAAP Net (Loss) Income Per Diluted Share	<u>\$ 1.34</u>	<u>\$ 4.14</u>
			Number of shares used in diluted per share calculation	28,162	28,618

GAAP-Non-GAAP Reconciliation

FY20 and FY19 GAAP Actuals Reconciled to FY20 and FY19 Non-GAAP Actuals

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

	For the twelve months ended	
	January 2, 2021	December 28, 2019
GAAP Revenue	\$ 1,430,390	\$ 1,214,010
GAAP Gross Profit	\$ 670,229	\$ 543,927
Amortization of acquired intangible assets	1,920	11,721
Stock-based compensation	1,511	1,486
Tariff refunds	(36,486)	-
Non-GAAP Gross Profit	<u>\$ 637,174</u>	<u>\$ 557,134</u>
Non-GAAP Gross Margin	44.5%	45.9%
GAAP Operating Expenses	\$ 523,907	\$ 457,309
Amortization of acquired intangible assets	(992)	(1,051)
Stock-based compensation	(28,464)	(22,258)
Net merger, acquisition and divestiture (expense) income	566	(466)
IP litigation expense, net	(5,444)	(2,218)
Restructuring and other	(2,073)	-
Non-GAAP Operating Expenses	<u>\$ 487,500</u>	<u>\$ 431,316</u>
Non-GAAP Operating Expenses as a % of Non-GAAP Revenue	34.1%	35.5%
GAAP Operating Income	\$ 146,322	\$ 86,618
Amortization of acquired intangible assets	2,912	12,772
Stock-based compensation	29,975	23,744
Tariff refunds	(36,486)	-
Net merger, acquisition and divestiture expense (income)	(566)	466
IP litigation expense, net	5,444	2,218
Restructuring and other	2,073	-
Non-GAAP Operating Income	<u>\$ 149,674</u>	<u>\$ 125,818</u>
Non-GAAP Operating Margin	10.5%	10.4%

	For the twelve months ended	
	January 2, 2021	December 28, 2019
GAAP Income Tax Expense	\$ 40,847	\$ 13,533
Tax effect of non-GAAP adjustments	(12,016)	4,648
Other tax adjustments	(635)	6,928
Non-GAAP Income Tax Expense	<u>\$ 28,196</u>	<u>\$ 25,109</u>
GAAP Net Income	\$ 147,068	\$ 85,300
Amortization of acquired intangible assets	2,912	12,772
Stock-based compensation	29,975	23,744
Tariff refunds	(36,486)	-
Net merger, acquisition and divestiture expense (income)	(1,241)	466
IP litigation expense, net	5,444	2,218
Restructuring and other	2,073	-
Gain on strategic investments	(43,817)	(8,904)
Income tax effect	12,651	(11,576)
Non-GAAP Net Income	<u>\$ 118,579</u>	<u>\$ 104,020</u>
GAAP Net Income Per Diluted Share	\$ 5.14	\$ 2.97
Amortization of acquired intangible assets	0.10	0.44
Stock-based compensation	1.05	0.83
Tariff refunds	(1.28)	-
Net merger, acquisition and divestiture expense (income)	(0.04)	0.01
IP litigation expense, net	0.19	0.08
Restructuring and other	0.07	-
Gain on strategic investments	(1.53)	(0.31)
Income tax effect	0.44	(0.40)
Non-GAAP Net Income Per Diluted Share	<u>\$ 4.14</u>	<u>\$ 3.62</u>
Number of shares used in diluted per share calculation	28,618	28,735
Section 301 Tariff Costs		
Section 301 tariff costs	\$ -	\$ 37,862
Impact of Section 301 tariff costs to gross and operating margin (GAAP & non-GAAP)	-	(3.1)%
Impact of Section 301 tariff costs to net (loss) income per diluted share (GAAP & non-GAAP)	\$ -	\$ (1.32)

GAAP-Non-GAAP Reconciliation

2022 Outlook (Gross Profit, Operating Income and Net Income Per Share)

	FY-22
GAAP Gross Profit	\$617 - \$676 million
Amortization of acquired intangible assets	~\$3 million
Stock-based compensation	~\$2 million
Total adjustments	~\$5 million
Non-GAAP Gross Profit	\$622 - \$681 million
	FY-22
GAAP Operating Income	\$1.3 - \$17.3 million
Amortization of acquired intangible assets	~\$5 million
Stock-based compensation	~\$34.5 million
IP litigation expense, net	~\$3.2 million
Total adjustments	~\$42.7 million
Non-GAAP Operating Income	\$44 - \$60 million
	FY-22
GAAP Net (Loss) Income Per Diluted Share	(\$0.23) - \$0.27
Amortization of acquired intangible assets	~\$0.18
Stock-based compensation	~\$1.25
IP litigation expense, net	~\$0.12
Loss on strategic investments	~\$0.61
Income tax effect	~(\$0.43)
Total adjustments	~\$1.73
Non-GAAP Net Income Per Diluted Share	\$1.50 - \$2.00
Number of shares used in diluted per share calculations	~27.6 million

GAAP-Non-GAAP Reconciliation

Long-Term Financial Model for 2024 (Gross Profit and Operating Expenses)

	FY-24
Revenue	\$2.425-\$2.600 billion
GAAP Gross Profit	\$1.033 - \$1.113 billion
Amortization of acquired intangible assets	-
Stock-based compensation	~\$2 million
Tariff refunds	-
Total adjustments	~\$2 million
Non-GAAP Gross Profit	<u>\$1.035 - \$1.115 billion</u>
	FY-24
GAAP Operating Expenses	~\$804 - \$834 million
Amortization of acquired intangible assets	~\$4 million
Stock-based compensation	~\$43 million
Net merger, acquisition and divestiture expense (income)	-
IP litigation expense, net	~\$7 million
Restructuring and other	-
Non-GAAP Operating Expense	<u>\$750 - 780 million</u>

GAAP-Non-GAAP Reconciliation

Long-Term Financial Model for 2024 (Operating Income and Net Income Per Diluted Share)

	FY-24
GAAP Operating (Loss) Income	~\$229 - \$279 million
Amortization of acquired intangible assets	~\$4 million
Stock-based compensation	~\$45 million
Tariff refunds	
Net merger, acquisition and divestiture expense (income)	-
IP litigation expense, net	~\$7 million
Restructuring and other	-
Total adjustments	~\$56 million
Non-GAAP Operating Income	\$285 - \$335 million

	FY-24
GAAP Net Income Per Diluted Share	\$5.87 - \$7.60
Amortization of acquired intangible assets	~\$0.14
Stock-based compensation	~\$1.54
Net merger, acquisition and divestiture expense (income)	-
IP litigation expense, net	~\$0.24
Restructuring and other	-
Gain on strategic investments	-
Income tax effect	(\$0.29) - (\$0.27)
Total adjustments	\$1.63 - \$1.65
Non-GAAP Net Income Per Diluted Share	\$7.50 to \$9.25

Number of shares used in diluted per share calculations	~29.2 million
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