iRobot Corporation
Investor Presentation
June 2020

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
- Consistent innovation, category leadership and portfolio expansion
- Cutting-edge robotic AI and home understanding

Accelerating strategic initiatives aimed at

- Differentiating the cleaning experience
- Building direct relationships with 5+m connected, engaged owners
- Nurturing lifetime value of customer relationships

Taking actions to navigate challenging market conditions

- Recalibrating spending
- Investing to scale our direct-to-consumer sales channel
- Well-positioned to drive sustainable, profitable growth

NASDAQ:
IRBT

Market Cap:
$2.1B*

Headquarters in
Bedford, MA,

* Based on stock price as 6/1/20

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

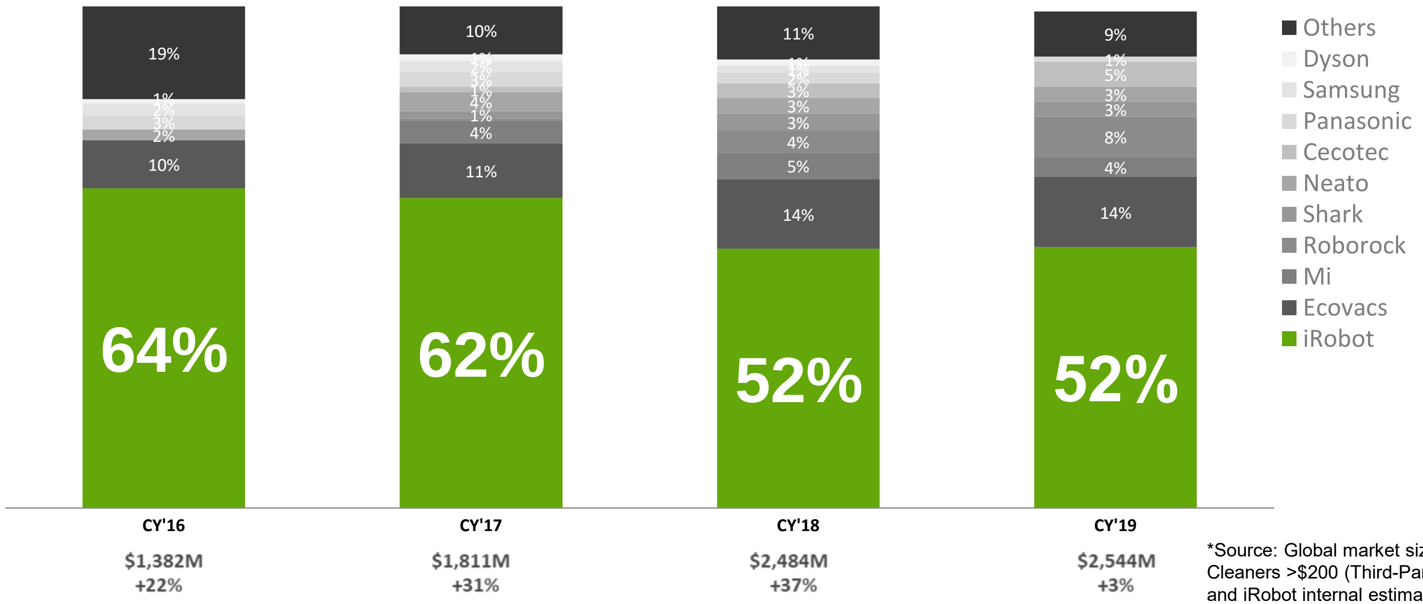
$1B+
in 2019 sales

9M+
connected robots

5M+
opted-in consumers

30M+
units sold

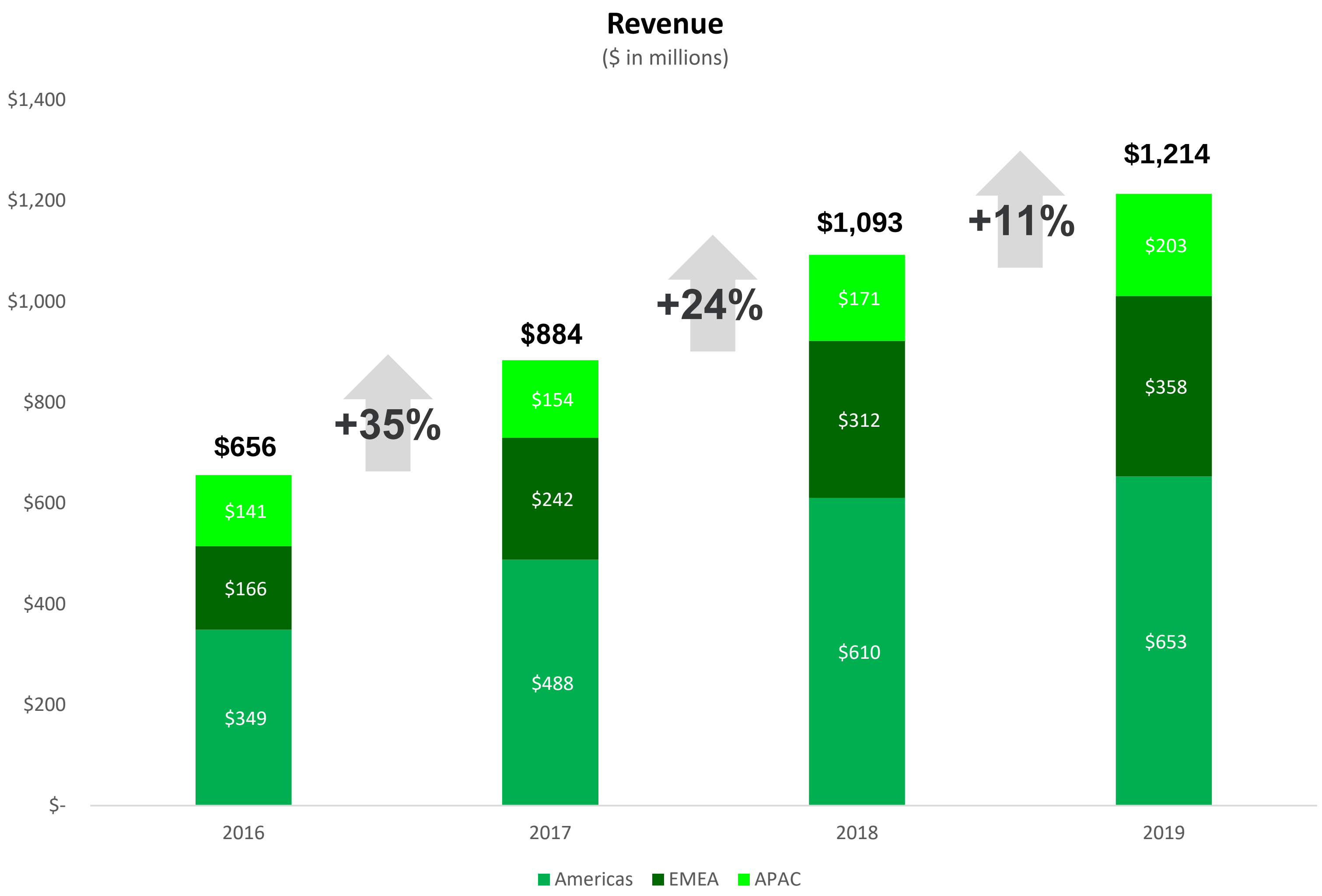
Global $ Segment Share (RVC+, +$200)

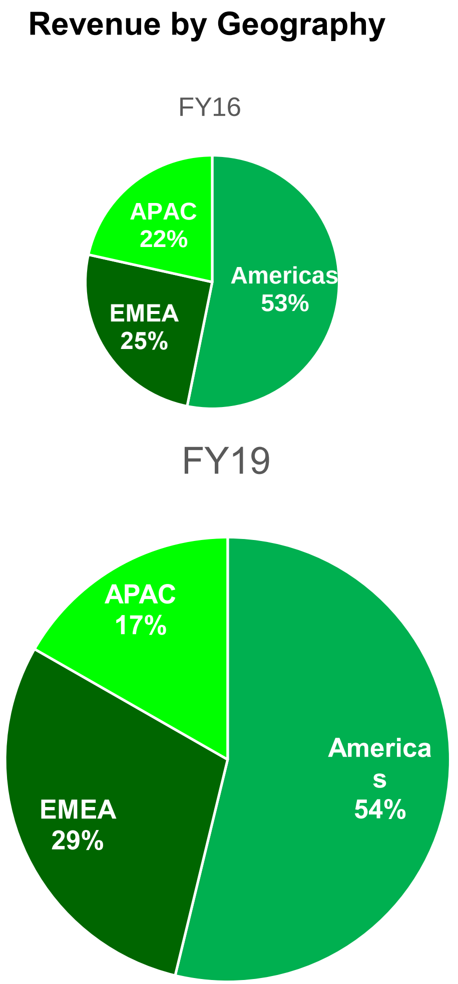


*Source: Global market size for Vacuum Cleaners >$200 (Third-Party Market Data and iRobot internal estimates).

An Expanding Global Franchise

Double-digit revenue growth since 2014

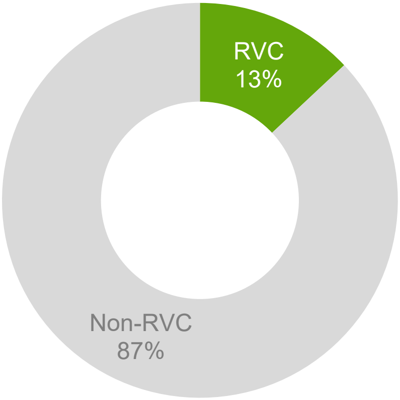




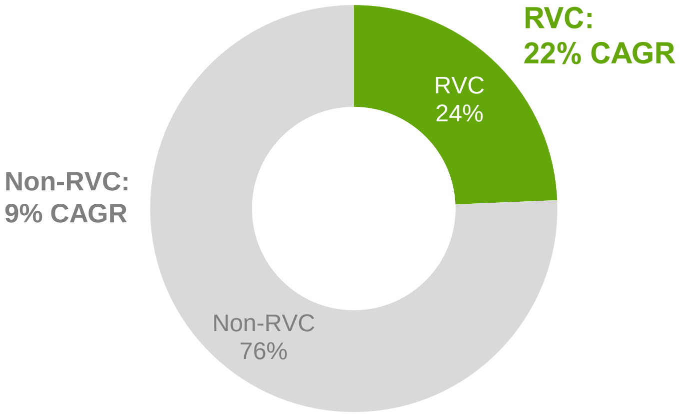
Continued Runway to Support Expansion

RVCs Gaining Momentum with Consumers but Household Penetration Remains Low

2012: ~$5B Market

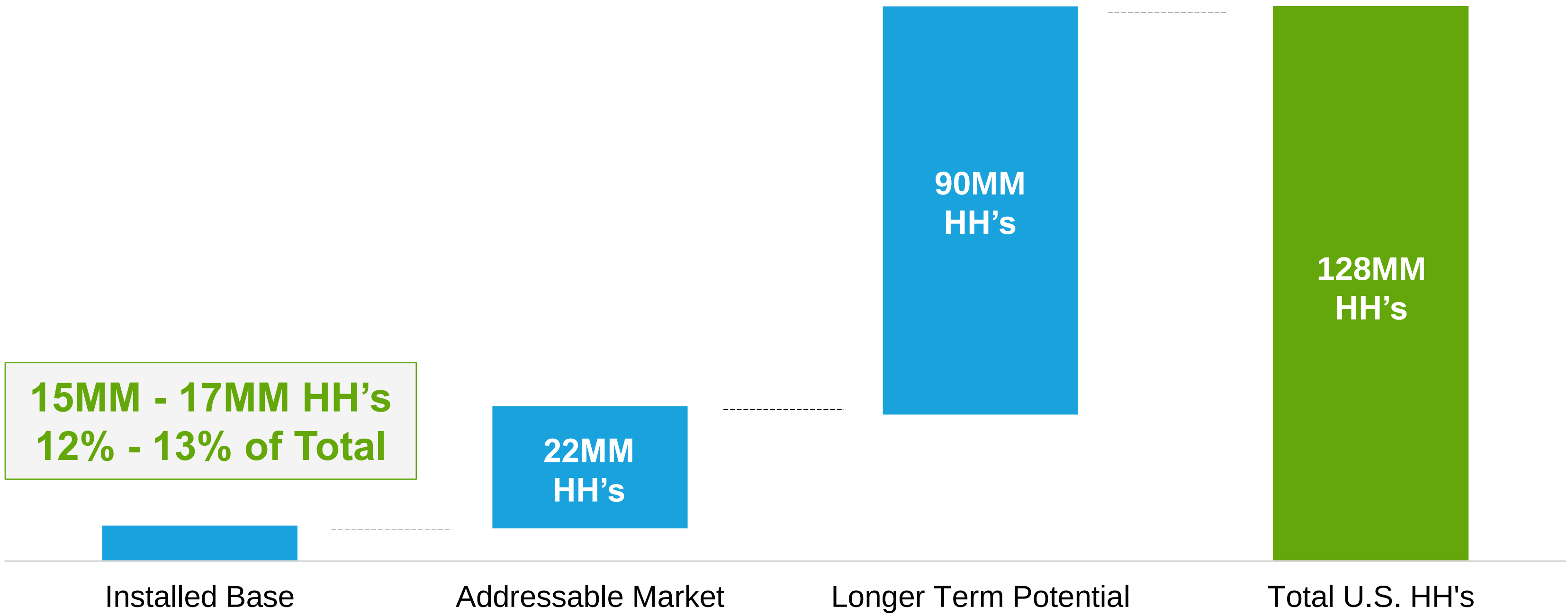


2019: $11B Market
11.5% CAGR



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

Immediate addressable market
~1.5X current installed base



Source: iRobot estimate at the end of 2019

Category Leadership Fortified Through Innovation

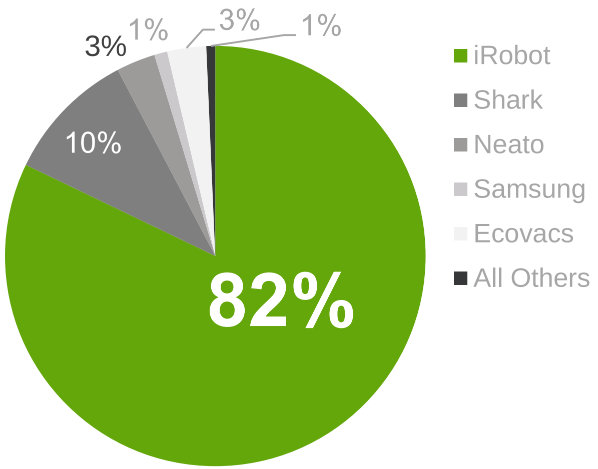
2019 Regional Retail Share

North America

2019 Size: $764M

Growth: -1%

IRBT position: Held share

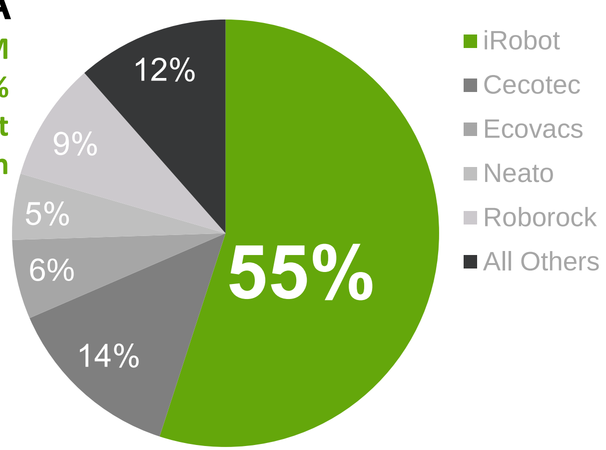


EMEA

2019 Size: $869M

Growth: +20%

IRBT position: Modest share erosion

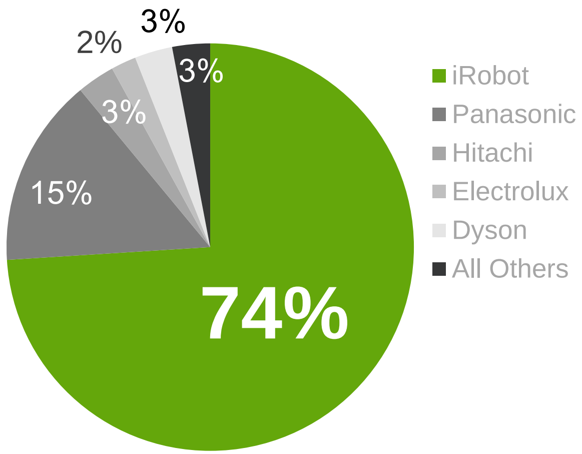


Japan

2019 Size: $219M

Growth: +11%

IRBT position: Meaningful Share gain

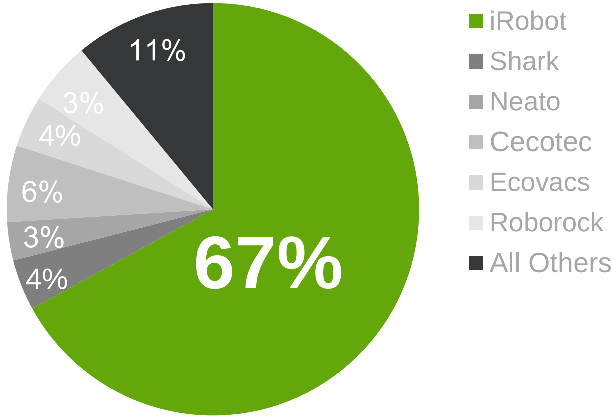


Global (excl China)

2019 Size: $1,936M

Growth: +9%

IRBT position: Slight share erosion



* Source: 2019 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.

Robust Product Portfolio Spans Range of Price Points

BEST

Roomba s9 / s9+

$899 $1,099
with Clean Base™
Automatic Dirt Disposal
Imprint™ Smart Mapping
vSLAM Advanced Navigation
Recharge & Resume
40x the air power*

Introduced in May 2019

Roomba i7 / i7+

$599 $799
with Clean Base™
Automatic Dirt Disposal
Imprint™ Smart Mapping
vSLAM Advanced Navigation
Recharge & Resume
10x the air power*

Introduced in September 2018

Roomba 900

$499
vSLAM Advanced Navigation
Recharge & Resume
Coverage maps
5x the air power*

Braava jet m6

$499
vSLAM Advanced Navigation
Imprint™ Smart Mapping
Multi-room, large space coverage
Home Base unit for recharging

Introduced in May 2019

BETTER

Roomba e5

$375
3-Stage Cleaning System
Dual Multi-Surface Rubber Brushes
5x the air power

Introduced in September 2018

Braava jet 380t

$299
Ideal for larger spaces
iAdapt 2.0 Navigation
Turbo charge cradle

GOOD

Roomba 675

$299
3-Stage Cleaning System
Dual Multi-Surface Rubber Brushes

Braava jet 240

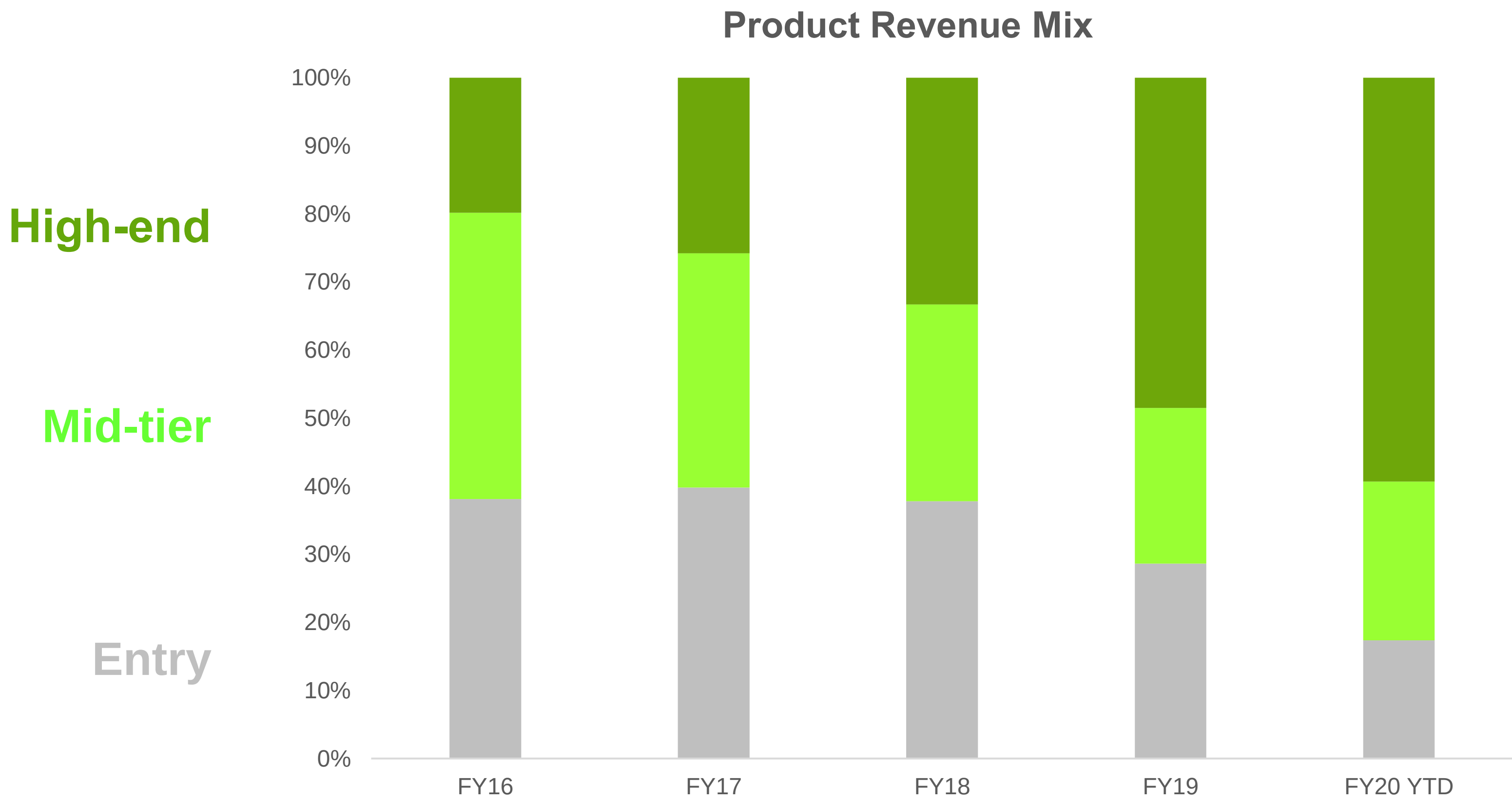
$199
Precision jet spray
iAdapt 2.0 Navigation
Optimized for smaller spaces

Introduce innovation in flagship product

Flow innovation across lower price point products

** Compared to Roomba 600 series*

Mix Shifts Toward Higher-End Products



<u>**RVCs $200+ (based on MSRP)**</u>

High-end defined as $500+

Mid-tier defined as $300-$500

Entry defined as $200-$300

s9/s9+ | i7/i7+ | Braava jet m6

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

CES Innovation Awards 2020 Honoree

TIME Best Inventions 2018

PC The Best Robot Mops for 2020

Real Homes iRobot Roomba S9+ review

T3 Awards 2019

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

iF Design Award 2020 Discipline: Product

Popular Mechanics 2020 Home Awards

HouseBeautiful 50 Products That'll Dramatically Improve Your Life at Home

Good Housekeeping Best Overall Robot Vacuum

Forbes Best Health Innovations For The Home 2019

Best Robot Mop EVER Built!

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

amazon alexa

Works with IFTTT

Google Assistant

THOUGHT LEADERSHIP

Fortifying and Expanding Our Segment Leadership …

1

DIFFERENTIATE THROUGH EXPERIENCE

Differentiate Roomba through Thoughtful Intelligence and Personalized Control

2

BUILD A RELATIONSHIP

5m+ engaged, connected customers who want to hear from us

3

NURTURE VALUE

Cross-sell, upsell and add new purchasing options and new services that can build higher margin, recurring revenue 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

30M+ Robots Sold

9M+ Connected Robots

USER CENTRICITY

5M+ Engaged Owners

1500+ Patents

Integration into the Consumer's Lifestyle

be **thoughtful**

I know the robot will be respectful in my home & responsive to my needs

I need **control**

I can easily manage the robot in a way that's convenient for me

be **reliable**

I know the robot will consistently complete whatever job I ask it to do

I need **support**

I understand what I can do & how it will improve my experience

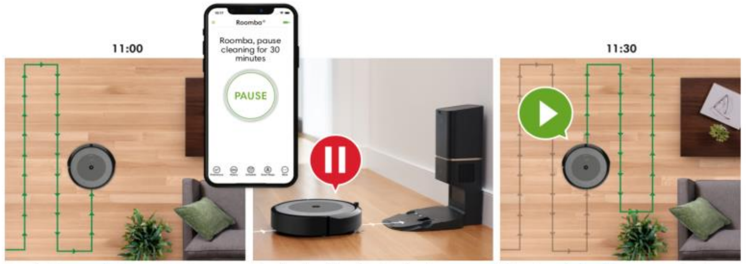
2 BUILD A RELATIONSHIP

"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

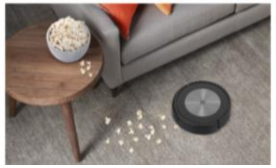
When Roomba is told to resume cleaning later on Sunday, it heads back to exactly where it was last paused, so it can complete the job

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

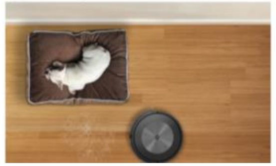
Under the Kitchen Table

By the Fireplace

In Front of The Family Room Sofa



By the Dog's Bed



Unique Partnerships

Smart Home Integrations

Home Understanding

Personalization

Roomba learns your routine and makes suggestions that fit your life

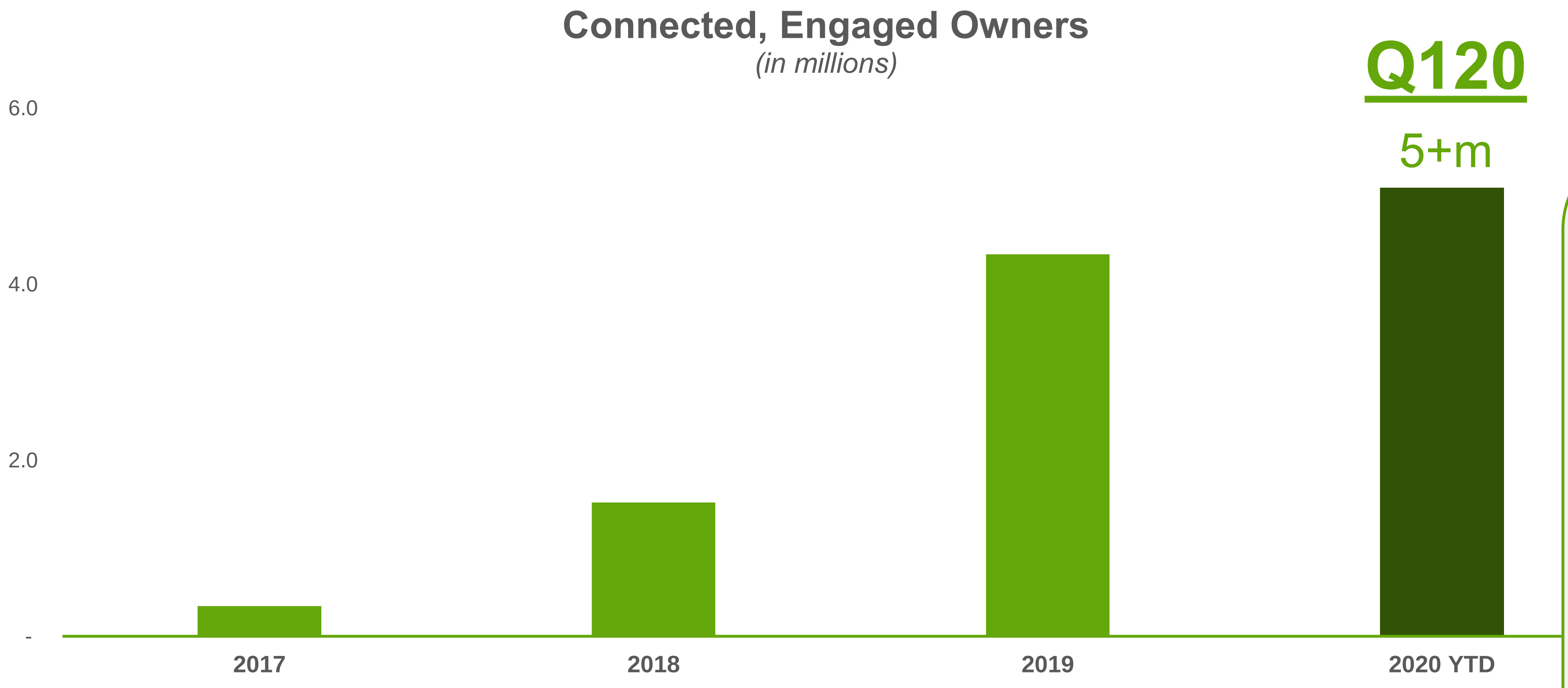
Data science driving richer personalization

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

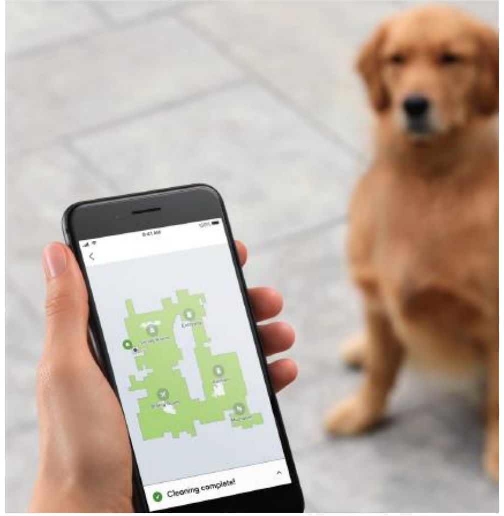
Strong Growth of Engaged, Connected Customer Base

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

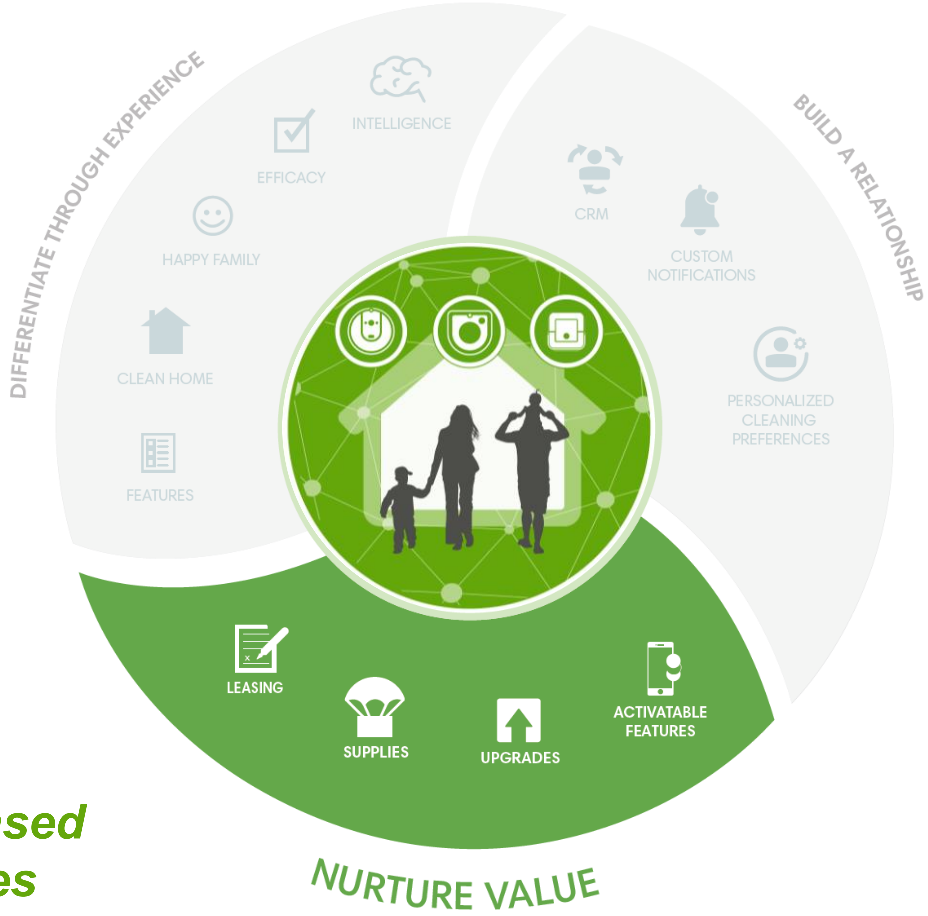


As Roomba becomes increasingly integrated into the owner's life, it solidifies iRobot's relationship with the owner

3 NURTURE VALUE



"With increased loyalty comes increased opportunity."



Well-Position to Succeed

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

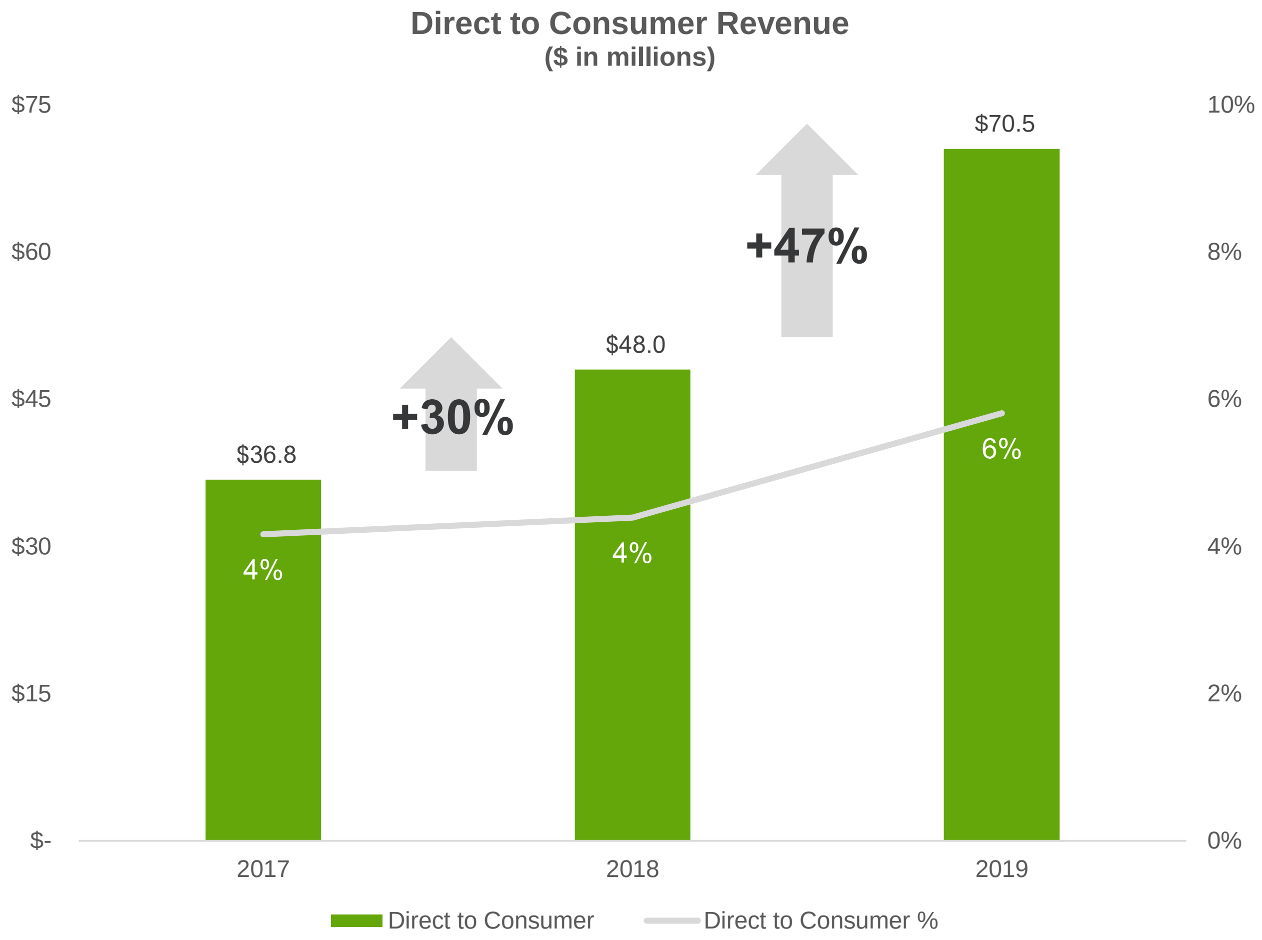
- WiFi-connectivity across the portfolio
- High connection rate
- Continued growth of owners who opt-in to our communications

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 upgrades and cross-selling
- **Leverage robust usage data** to drive accessory sales
- Pilot new offerings to increase purchase flexibility and **create new recurring revenue streams**
  - Care as a Service
  - Digital as a Service
  - Robotic Cleaning as a Service




COVID-19 PANDEMIC
NAVIGATING CHALLENGING
MARKET CONDITIONS
TARIFFS
COMPETITION

COVID-19 Interjects Unprecedented Challenges

iRobot withdrew original 2020 guidance

COVID-19 directly and indirectly impacts all aspects of our business

- Q120 revenue below original targets
- Uncertain economic environment is likely to weigh heavily on consumer spending
- Retailers striving to carefully manage inventory amid difficult operating environment
- Limited visibility into timing and magnitude of orders

$30m cost-reduction initiative to recalibrate and realign resources

- Reduced headcount 5% and pared back spending in other areas
- Shifting R&D resources to software
- Suspended Terra robot mower launch
- Accelerating direct-to-consumer initiatives
- All other product and digital roadmaps funded and on schedule

Anticipated Q220 Performance Highlighted by Substantially Stronger-than-Expected Quarterly Revenue

Tariff Exclusion & Manufacturing Diversification Update

Tariff exclusion granted on April 24, 2020

- **Removes 25% on Roomba** and other RVCs
- **Entitled to a refund on $57 million** for prior tariff payments since September 2018
  - $47 million on robots sold since 9/18
  - $10 million for products in inventory
- Exclusion will **benefit Q220 gross margin**
- Exclusion set to expire in August 2020
  - Eligible to apply for a 12-month extension
- **Ramping Malaysia manufacturing** volumes but **COVID-19 slows potential** progress

Optimism for a Stronger 2H20

Moving forward with limited visibility

- **iRobot is well positioned to benefit** as market conditions improve
  - Q220 performance better than expected due primarily to substantially stronger-than-anticipated quarterly revenue
  - Through May 2020, iRobot sell-through in units has strengthened in the US, remained positive in EMEA and has recently started to improve in Japan
  - Robust order growth for the Roomba i7 and s9, and Braava jet m6
  - Through Week 16, robust growth on iRobot.com and with e-tailers more broadly
  - Through Week 16, faring modestly better than anticipated with U.S. retailers with extensive brick and mortar footprints
- **Positioned to move into 2H with low inventory and rising demand** for our premium offerings
- Stronger 2H20 revenue (vs. 1H20) combined with **cost-savings and potential tariff extension will aid return** to operating profitability
- **Solid financial foundation with $264 million in cash** and investments, no debt and access to $150 million unsecured revolving line of credit with additional $75 million accordion feature

Framework for

DRIVING IMPROVED GROSS MARGIN OVER TIME

SUBSCRIPTIONS

CROSS-SELL & UPSELL

FULFILLMENT SCALE & EFFICIENCY

TARIFF EXCLUSION

HIGHER SOFTWARE CONTENT & COST-OPTIMIZED HARDWARE

MANUFACTURING CHAIN EFFICIENCY

Summary

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

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

Accelerating strategic initiatives aimed at

– Differentiating the cleaning experience
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– Nurturing lifetime value of customer relationships

Taking actions to navigate challenging market conditions

– Recalibrating spending
– Investing to scale our direct-to-consumer sales channel
– Well-positioned to drive sustainable, profitable growth

Thank you!

Any questions?

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 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

Q1 2020 GAAP Actuals to Q1 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	
	March 28, 2020	March 30, 2019
GAAP Revenue	$ 192,535	$ 237,661
GAAP Gross Profit	$ 77,955	$ 119,546
Amortization of acquired intangible assets	285	3,077
Stock-based compensation	527	378
Non-GAAP Gross Profit	$ 78,767	$ 123,001
Non-GAAP Gross Profit Margin	40.9 %	51.8 %
GAAP Operating Expenses	$ 98,180	$ 97,283
Amortization of acquired intangible assets	(254)	(271)
Stock-based compensation	(4,664)	(6,486)
Net merger, acquisition and divestiture (income) expense	500	(152)
IP litigation expense, net	(615)	(469)
Non-GAAP Operating Expenses	$ 93,147	$ 89,905
Non-GAAP Operating Expenses as a % of Non-GAAP Revenue	48.4 %	37.8 %
GAAP Operating (Loss) Income	$ (20,225)	$ 22,263
Amortization of acquired intangible assets	539	3,348
Stock-based compensation	5,191	6,864
Net merger, acquisition and divestiture (income) expense	(500)	152
IP litigation expense, net	615	469
Non-GAAP Operating (Loss) Income	$ (14,380)	$ 33,096
Non-GAAP Operating Margin	(7.5)%	13.9 %
GAAP Income Tax (Benefit) Expense	$ (2,109)	$ 1,023
Tax effect of non-GAAP adjustments	(1,831)	1,824
Other tax adjustments	(1,384)	4,067
Non-GAAP Income Tax (Benefit) Expense	$ (5,324)	$ 6,914
GAAP Net (Loss) Income	$ (18,135)	$ 22,520
Amortization of acquired intangible assets	539	3,348
Stock-based compensation	5,191	6,864
Net merger, acquisition and divestiture (income) expense	(500)	152
IP litigation expense, net	615	469
(Gain) loss on strategic investments	(87)	57
Income tax effect	3,215	(5,891)
Non-GAAP Net (Loss) Income	$ (9,162)	$ 27,519
GAAP Net (Loss) Income Per Diluted Share	$ (0.64)	$ 0.78
Amortization of acquired intangible assets	0.02	0.12
Stock-based compensation	0.19	0.24
Net merger, acquisition and divestiture (income) expense	(0.02)	-
IP litigation expense, net	0.02	0.02
(Gain) loss on strategic investments	-	-
Income tax effect	0.11	(0.20)
Non-GAAP Net (Loss) Income Per Diluted Share	$ (0.32)	$ 0.96
Number of shares used in diluted per share calculation	28,297	28,763
Section 301 Tariff Costs		
Section 301 tariff costs	$ 6,609	$ 3,518
Impact of Section 301 tariff costs to gross and operating margin (GAAP & non-GAAP)	(3.4)%	(1.5)%
Impact of Section 301 tariff costs to net (loss) income per diluted share (GAAP & non-GAAP)	$ (0.23)	$ (0.12)
Supplemental Information		
Days sales outstanding	18	21
Days in inventory	118	144

GAAP-Non-GAAP Reconciliation

2019 GAAP Actuals to 2019 Non-GAAP Actuals

In thousands, except per share and % amounts
Unaudited

	For the three months ended				For the twelve months ended
	March 30, 2019	June 29, 2019	September 28, 2019	December 31, 2019	December 31, 2019
GAAP Revenue	$ 237,661	$ 260,172	$ 289,399	$ 426,778	$ 1,214,010
GAAP Gross Profit	119,546	118,170	136,841	169,370	543,927
Amortization of acquired intangible assets	3,077	3,111	3,095	2,438	11,721
Stock-based compensation	378	405	337	366	1,486
Non-GAAP Gross Profit	$ 123,001	$ 121,686	$ 140,273	$ 172,174	$ 557,134
Non-GAAP Gross Profit Margin	51.8 %	46.8 %	48.5 %	40.3 %	45.9 %
GAAP Operating Income	$ 22,263	$ 5,250	$ 42,555	$ 16,550	$ 86,618
Amortization of acquired intangible assets	3,348	3,380	3,351	2,693	12,772
Stock-based compensation	6,864	7,594	4,284	5,001	23,744
Net merger, acquisition and divestiture (income) expense[1]	152	143	32	138	466
IP litigation expense, net[1]	469	(676)	(157)	2,582	2,218
Non-GAAP Operating Income	$ 33,096	$ 15,691	$ 50,065	$ 26,964	$ 125,818
Non-GAAP Operating Income Margin	13.9 %	6.0 %	17.3 %	6.3 %	10.4 %
GAAP Income Tax (Benefit) Expense	$ 1,023	$ (424)	$ 7,923	$ 5,011	$ 13,533
Tax effect of non-GAAP adjustments	1,824	1,797	(132)	1,159	4,648
Other tax adjustments	4,067	1,461	133	1,267	6,928
Non-GAAP Income Tax Expense	$ 6,914	$ 2,834	$ 7,924	$ 7,437	$ 25,109
GAAP Net Income	$ 22,520	$ 7,207	$ 35,532	$ 20,041	$ 85,300
Amortization of acquired intangible assets	3,348	3,380	3,351	2,693	12,772
Stock-based compensation	6,864	7,594	4,284	5,001	23,744
Net merger, acquisition and divestiture (income) expense[1]	152	143	32	138	466
IP litigation expense, net[1]	469	(676)	(157)	2,582	2,218
(Gain)/loss on strategic investments	57	(629)	-	(8,332)	(8,904)
Income tax effect	(5,891)	(3,258)	(1)	(2,426)	(11,576)
Non-GAAP Net Income	$ 27,519	$ 13,761	$ 43,041	$ 19,697	$ 104,020
GAAP Net Income Per Diluted Share	$ 0.78	$ 0.25	$ 1.24	$ 0.70	$ 2.97
Amortization of acquired intangible assets	0.12	0.12	0.12	0.09	0.44
Stock-based compensation	0.24	0.26	0.15	0.18	0.83
Net merger, acquisition and divestiture (income) expense[1]	-	-	-	-	0.01
IP litigation expense, net[1]	0.02	(0.02)	(0.01)	0.09	0.08
(Gain)/loss on strategic investments	-	(0.02)	-	(0.29)	(0.31)
Income tax effect	(0.20)	(0.11)	-	(0.08)	(0.40)
Non-GAAP Net Income Per Diluted Share	$ 0.96	$ 0.48	$ 1.50	$ 0.69	$ 3.62
Number of shares used in diluted per share calculation	28,763	28,763	28,650	28,563	28,735

Certain numbers may not total due to rounding

[1] Net merger, acquisition and divestiture (income) expense and IP litigation, net are classified in General and Administrative

GAAP-Non-GAAP Reconciliation

2018 GAAP Actuals to 2018 Non-GAAP Actuals

In thousands, except per share and % amounts *Unaudited*	For the three months ended				For the twelve months ended
	March 31, 2018	June 30, 2018	September 29, 2018	December 29, 2018	December 29, 2018
GAAP Revenue	$ 217,068	$ 226,317	$ 264,534	$ 384,665	$ 1,092,584
GAAP Gross Profit	115,785	117,926	135,206	186,511	555,428
Amortization of acquired intangible assets	4,782	4,679	4,574	4,509	18,544
Stock-based compensation	341	347	347	372	1,407
Non-GAAP Gross Profit	$ 120,908	$ 122,952	$ 140,127	$ 191,392	$ 575,379
Non-GAAP Gross Profit Margin	55.7 %	54.3 %	53.0 %	49.8 %	52.7 %
GAAP Operating Income	$ 25,405	$ 13,355	$ 37,275	$ 29,787	$ 105,822
Amortization of acquired intangible assets	5,055	4,948	4,837	4,769	19,609
Stock-based compensation	5,946	6,431	6,592	6,835	25,804
Net merger, acquisition and divestiture (income) expense[1]	(141)	164	-	115	138
IP litigation expense, net[1]	2,571	759	187	39	3,556
Non-GAAP Operating Income	$ 38,836	$ 25,657	$ 48,891	$ 41,545	$ 154,929
Non-GAAP Operating Income Margin	17.9 %	11.3 %	18.5 %	10.8 %	14.2 %
GAAP Income Tax (Benefit) Expense	$ 5,523	$ 4,391	$ 5,683	$ 5,033	$ 20,630
Tax effect of non-GAAP adjustments	3,340	2,830	2,835	2,849	11,854
Other tax adjustments	712	(2,440)	2,667	1,170	2,109
Non-GAAP Income Tax Expense	$ 9,575	$ 4,781	$ 11,185	$ 9,052	$ 34,593
GAAP Net Income	$ 20,401	$ 10,471	$ 31,929	$ 25,191	$ 87,992
Amortization of acquired intangible assets	5,055	4,948	4,837	4,769	19,609
Stock-based compensation	5,946	6,431	6,592	6,835	25,804
Net merger, acquisition and divestiture (income) expense[1]	(141)	164	-	115	138
IP litigation expense, net[1]	2,571	759	187	39	3,556
(Gain)/loss on strategic investments	281	(682)	26	(61)	(436)
Income tax effect	(4,052)	(390)	(5,502)	(4,019)	(13,963)
Non-GAAP Net Income	$ 30,061	$ 21,701	$ 38,069	$ 32,869	$ 122,700
GAAP Net Income Per Diluted Share	$ 0.71	$ 0.37	$ 1.12	$ 0.88	$ 3.07
Amortization of acquired intangible assets	0.17	0.17	0.17	0.17	0.69
Stock-based compensation	0.20	0.23	0.23	0.24	0.90
Net merger, acquisition and divestiture (income) expense[1]	-	-	-	-	-
IP litigation expense, net[1]	0.09	0.03	0.01	-	0.13
(Gain)/loss on strategic investments	0.01	(0.02)	-	-	(0.02)
Income tax effect	(0.14)	(0.01)	(0.19)	(0.14)	(0.49)
Non-GAAP Net Income Per Diluted Share	$ 1.04	$ 0.77	$ 1.34	$ 1.15	$ 4.28
Number of shares used in diluted per share calculation	28,923	28,337	28,506	28,579	28,640

Certain numbers may not total due to rounding

[1] *Net merger, acquisition and divestiture (income) expense and IP litigation, net are classified in General and Administrative*