



iROBOT CORPORATION

FY22 Outlook & Key Modeling Assumptions

May 5, 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/>.

Non-GAAP Financial Measures

Our non-GAAP financial measures reflect adjustments based on the following items. These non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP and reconciliations from these results should be carefully evaluated.

Amortization of acquired intangible assets: Amortization of acquired intangible assets consists of amortization of intangible assets including completed technology, customer relationships, and reacquired distribution rights acquired in connection with business combinations. 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.

Tariff Refunds: iRobot's Section 301 List 3 Tariff Exclusion was reinstated in March 2022, which temporarily eliminates tariffs on the Company's products imported from China until December 31, 2022 and entitles the Company to a refund of all related tariffs previously paid since October 12, 2021. We exclude the refunds for tariffs paid in 2021 from our 2022 first-quarter non-GAAP measures because those tariff refunds associated with tariff costs incurred in the past have no impact to our current period earnings.

IP Litigation Expense, Net: IP litigation expense, net relates to legal costs incurred to litigate patent, trademark, copyright and false advertising infringements, or to oppose or defend against interparty actions related to intellectual property. Any settlement payment or proceeds resulting from these infringements are included or netted against the costs. 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.

Restructuring and Other: Restructuring charges are related to one-time actions associated with realigning resources, enhancing operational productivity and efficiency, or improving the company's cost structure in support of the company's strategy. Such actions are not reflective of ongoing operations and include costs primarily associated with severance costs, certain professional fees, costs associated with consolidation of warehouses, and other non-recurring costs directly associated with resource realignments tied to strategic initiatives or changes in business conditions. We exclude this item from our non-GAAP measures when evaluating our recent and prospective business performance as such items vary significantly based on the magnitude of the action and do not reflect anticipated future operating costs. In addition, these charges do not necessarily provide meaningful insight into the fundamentals of current or past operations of our business.

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, including impact from stock-based compensation windfalls/shortfalls, that are not reflective of income tax expense incurred as a result of current period earnings. We believe disclosure of the income tax provision before the effect of such tax items is important to permit investors' consistent earnings comparison between periods.

iRobot: FY22 Outlook and Key Modeling Assumptions

All information provided or implied as part of the company's Q122 financial results conference call remarks on May 5, 2022

Q222	Outlook & Assumptions	
Revenue	Low: \$290 million	High: \$318 million
Gross Margin	Low: 31%	High: 33%
Operating Expenses	Low: \$143 million	High: \$144 million
Operating Loss	Low: (\$53 million)	High: (\$39 million)
Other Expense	Less than (\$1 million)	
Tax Rate	2%	
Net Loss Per Share	Low: (\$1.90)	High: (\$1.41)
Share Count	~27 million	

iRobot revenue expectations contemplate Yen and Euro exchange rates roughly in line with quarter-end rates, plus or minus 5%.

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1H22 & 2H22	Outlook & Assumptions
Revenue	~35% of FY22 revenue in 1H22 and ~65% of FY22 revenue in 2H22
Revenue Growth	1H22 revenue decline between 9% and 13% from 1H21 2H22 revenue growth between 18% and 26% over 2H21
Gross Margin	1H22 gross margin between 33% and 34% 2H22 gross margin between 37% and 38%
Operating Expenses	1H22 operating expenses between \$262 million and \$263 million 2H22 operating expenses between \$276 million and \$310 million
Operating Loss / Income	1H22 operating loss ranges from (\$71.5 million) to (\$57.5 million) 2H22 operating income ranges from \$116 million to \$119 million
Other Expense	Less than (\$1m) in 1H22 and (~\$2 million) in 2H22
Tax Rate	2%
Net Income (Loss) Per Share	2H22 net income per share ranges from \$4.01 to \$4.12
Share Count	~27 million

iRobot revenue expectations contemplate Yen and Euro exchange rates roughly in line with quarter-end rates, plus or minus 5%.

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FY22	Outlook & Assumptions	
Revenue	Low: \$1.64 billion	High: \$1.74 billion
Gross Margin	Low: 36%	High: 37%
Operating Expenses	Low: \$538 million (33% of FY22 revenue)	High: \$574 million (33% of FY22 revenue)
Operating Income	Low: \$45 million	High: \$61 million
Other Expense	(~\$2 million)	
Tax Rate	2%	
Earnings Per Share	Low: \$1.50	High: \$2.10
Share Count	~27 million	

iRobot revenue expectations contemplate Yen and Euro exchange rates roughly in line with quarter-end rates, plus or minus 5%.

GAAP-Non-GAAP Reconciliation

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

iRobot Corporation
Supplemental Reconciliation of Fiscal Year 2022 GAAP to Non-GAAP Guidance
(unaudited)

	FY-22
GAAP Gross Profit	\$586 - \$638 million
Amortization of acquired intangible assets	~\$3 million
Stock-based compensation	~\$2 million
Tariff refunds	~(\$12) million
Restructuring and other	~\$4 million
Total adjustments	~(\$3) million
Non-GAAP Gross Profit	<u>\$583 - \$635 million</u>
	FY-22
GAAP Operating Income	\$5.3 - \$21.3 million
Amortization of acquired intangible assets	~\$5 million
Stock-based compensation	~\$36.7 million
Tariff refunds	~(\$11.7) million
Net merger, acquisition and divestiture expense	~\$0.1 million
IP litigation expense, net	~\$5.2 million
Restructuring and other	~\$4.4 million
Total adjustments	~\$39.7 million
Non-GAAP Operating Income	<u>\$45 - \$61 million</u>
	FY-22
GAAP Net (Loss) Income Per Diluted Share	(\$0.37) - \$0.23
Amortization of acquired intangible assets	~\$0.18
Stock-based compensation	~\$1.34
Tariff refunds	~(\$0.43)
Net merger, acquisition and divestiture expense (income)	~\$0.00
IP litigation expense, net	~\$0.19
Restructuring and other	~\$0.16
Loss on strategic investments	~\$0.62
Income tax effect	~(\$0.19)
Total adjustments	~\$1.87
Non-GAAP Net Income Per Diluted Share	<u>\$1.50 - \$2.10</u>
Number of shares used in diluted per share calculations	~ 27.3 million