iROBOT CORPORATION

Q1 2024 Financial Results

May 8, 2024

Forward-Looking Statements

This presentation may contain expressed or implied forward-looking statements relating to the company's financial results, operations and performance, including: the implementation of our operational restructuring plan and the expected business and financial impacts thereof; our business and growth strategies and initiatives and the expected impact thereof; and our expectations regarding revenue, gross margin (GAAP and non-GAAP), operating income (loss) (GAAP and non-GAAP), and net loss per share (GAAP and non-GAAP).

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.

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 margin, non-GAAP operating expenses, non-GAAP operating loss; and non-GAAP net loss 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, stock-based compensation and net merger, acquisition and divestiture expense while non-GAAP gross margin is calculated as non-GAAP gross profit divided by revenue for the applicable period.

Non-GAAP operating expenses exclude the amortization of acquired intangible assets, stock-based compensation, net merger, acquisition and divestiture (income) expense, and restructuring and other charges.

Non-GAAP operating loss removes the aforementioned operating expenses while non-GAAP operating margin is calculated as non-GAAP operating loss divided by revenue for the applicable period.

Non-GAAP income tax expense (benefit) reflects the tax effect of the non-GAAP adjustments, calculated using the appropriate statutory tax rate for each adjustment, and excludes certain tax items that are not reflective of income tax expense incurred as a result of current period earnings.

Non-GAAP net loss removes the aforementioned items related to non-GAAP operating loss and also removes loss on strategic investments and debt issuance costs.

Non-GAAP net loss per share is calculated by dividing non-GAAP net loss 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 iRobot's first-quarter news release available on our website. 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/.

Agenda and Speakers

01 **Business Highlights**

02 **Q1'24 Financial Results**

03 **Outlook**

04 **Summary**

Glen Weinstein
EVP and Former Interim CEO

Julie Zeiler
EVP and Chief Financial Officer

Business Highlights

Gary Cohen Named New iRobot CEO

- Former CEO of Qualitor Automotive and Timex.
- Previously held senior leadership roles at Gillette, Playtex and Energizer.
- More than 25 years of executive leadership experience and a track record of successful corporate turnarounds.
- Will lead the transformational strategy and work across the organization to build a sustainable competitive advantage and consumer-centric brand, overseeing all aspects of iRobot’s product and commercial strategies, operational excellence and talent.

Q1 Highlights

- Exceeded Q1 financial goals.
- Began implementation of restructuring plan to stabilize business while maintaining long-term growth objectives.
- Launched Roomba Combo Essential and Roomba Vac Essential as first products to benefit from iRobot’s new product development paradigm with contract manufacturers.
- Substantially completed previously announced reduction-in-force initiative, decreasing Company’s total workforce by 30%.
- iRobot products held top five positions in *Consumer Reports’* “2024 Guide to Robotic Vacuums.”

Operational Restructuring Plan: Key Elements

- **Achieving margin improvements** through a focus on design-to-value, removal of unnecessary costs, and more attractive terms with contract manufacturing partners.
- **Reducing R&D expenses** by relocating certain non-core engineering functions, greater use of 3rd parties, and pausing work unrelated to iRobot's core floorcare business.
- **Centralizing and streamlining global marketing activities** to be more efficient in iRobot's demand generation efforts and reduce non-working marketing and agency fees.
- **Streamlining legal entity and real estate footprint** to fit current business needs and near-term revenue expectations.

Growth Initiatives

iRobot

- **Focusing innovation and development efforts on iRobot's key revenue generators,** and pausing all work related to non-floorcare innovations.
- **Enhancing go-to-market playbook,** focusing on iRobot's most profitable customers, geographies and channels.
- **Growing direct-to-consumer channel** and ensuring it is the easiest place to buy iRobot products.
- **Retaining omnichannel presence in large markets** while further leveraging new and existing distribution partners in smaller geographies.

Key Progress on Our Plan

iRobot

- **Introduced the Roomba Essential Robots**, the first products to benefit from iRobot's new product development paradigm with its contract manufacturers.
- **Achieved a 30% year-over-year improvement in sales and marketing costs** by focusing media expenditures on digital channels and customer conversion.
- **Reduced operational expenses year over year by $23 million, or 23%,** including a 30% reduction in force.
- **Achieved increase in direct-to-consumer sales,** both in terms of real dollars and as a percentage of total revenue.

Roomba Combo® Essential Robot

Financial Results

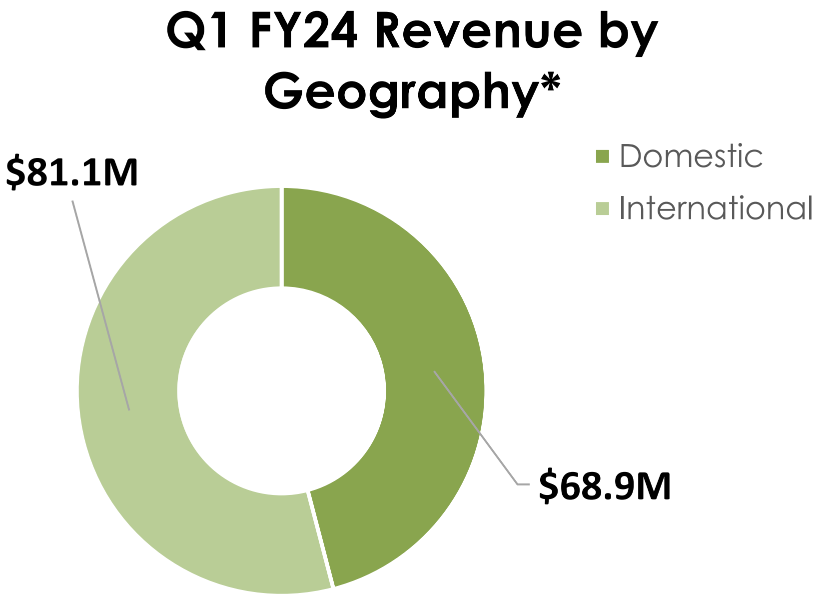
1Q'24 Financial Highlights

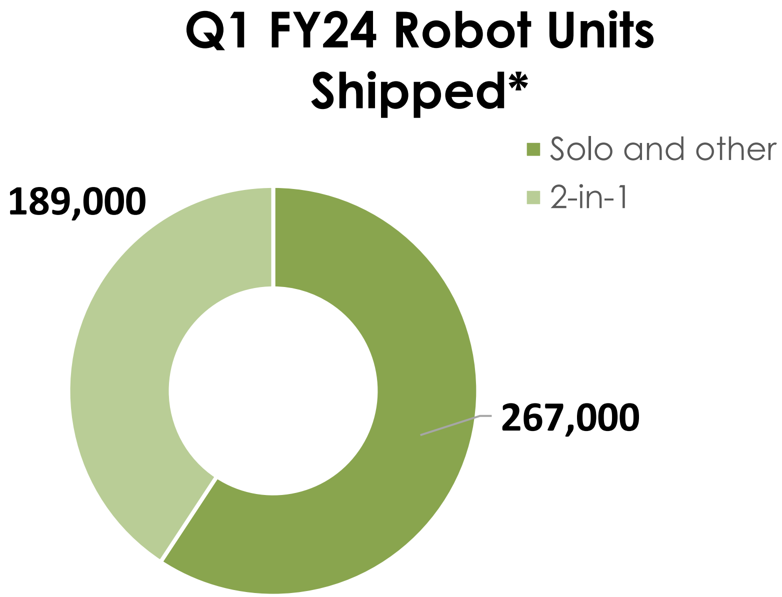
(in millions, except per share amounts)	1Q'24	1Q'23
Revenue	$150.0	$160.3
Gross Margin	24.1%	22.9%
Non-GAAP Gross Margin	24.6%	23.7%
Operating Expenses	$24.2	$118.0
Non-GAAP Operating Expenses	$76.9	$100.2
Operating Income (Loss)	$11.9	($81.3)
Non-GAAP Operating Loss	($40.0)	($62.3)
Net Income (Loss) Per Share	$0.30	($2.95)
Non-GAAP Net Loss Per Share	($1.53)	($1.67)

Commentary

- **Exceeded our expectations across all guided metrics despite sluggish consumer spending and aggressive competition in all geographic regions**
- **Non-GAAP gross margin up 90 basis points**
- **$23.3M decrease in non-GAAP operating expenses**
- **$22.3M decrease in Non-GAAP operating loss**

Revenue Mix





**For the three months ended March 30, 2024 (unaudited)*

Balance Sheet and Cash Flow Highlights

- Cash and cash equivalents of $118.4M at end of Q1, compared with $185.1M at end of Q4 2023.
- $42M in restricted cash, including $40M reserved for future payment of term loan.
- In Q1, sold 600K shares under ATM offering for total net proceeds of $5.6 million.
- Q1 cash flow from operations of $1.4 million, including one-time net proceeds of $75M from Amazon deal termination fee. As discussed during Q4 2023 conference call, we expect negative cash flow from operations in Q2 but modest positive cash flow in both Q3 and Q4.
- Q1 DSO was 24 days, in line with Q4 and up slightly from Q1 2023.
- Quarter-end inventory balance was $133.3 million, or 108 days.

Prioritizing Careful Management of Working Capital Efficiency

Q2 & FY24 Outlook

Second-Quarter 2024 Outlook

	GAAP	Adjustments	Non-GAAP
Revenue	$167M to $172M	--	$167M to $172M
Gross Margin	23% to 24%	~1%	24% to 25%
Operating Income (loss)	($57)M to ($54)M	~$14M	($43)M to ($40)M
Net Loss Per Share	($2.30) – ($2.23)	~$0.49	($1.81) – ($1.74)

- **Q2 revenue is expected to be the weakest quarter of 2024 when compared to the prior year as the Company expects a shifting of a large order from Q2 last year to Q3 this year.**
- **Q2 revenue is expected to be impacted by unfavorable currency due to continued weakness of the Japanese yen against the U.S. dollar.**

*See appendix for discussion and reconciliation of non-GAAP measures

Full-Year 2024 Outlook

	GAAP	Adjustments	Non-GAAP
Revenue	$815M to $860M	--	$815M to $860M
Gross Margin	30% to 32%	~1%	31% to 33%
Operating Income (loss)	($44)M to ($32)M	~($14)M	($58)M to ($46)M
Net Loss Per Share	($2.65) – ($2.23)	~($0.48)	($3.13) – ($2.71)

- **The Company revised its full-year 2024 expectations regarding revenue and gross margin due to the unfavorable currency impact of the Japanese yen and timing of new product introductions.**
- **For the second half of the year, the Company anticipates a mid-single-digit percentage improvement in revenue compared with the second half of 2023.**
- **iRobot expects that the majority of the anticipated gross margin improvement will occur in the second half of the year as the Company progresses with a number of key initiatives.**

*See appendix for discussion and reconciliation of non-GAAP measures.

Summary

Summary

- Exceeded expectations for Q1 financial results.
- Pleased with operational progress with restructuring plan launch and excited to welcome new CEO leadership.
- Focused on enhancing liquidity and driving bottom-line improvements.
- Leveraging iRobot brand and innovative products to extend or reclaim market leadership positions.

Q&A

Non-GAAP Reconciliations

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

	For the three months ended	
	March 30, 2024	April 1, 2023
GAAP Revenue	$ 150,014	$ 160,292
GAAP Gross Profit	$ 36,101	$ 36,741
Amortization of acquired intangible assets	-	282
Stock-based compensation	828	586
Net merger, acquisition and divestiture expense	-	321
Non-GAAP Gross Profit	$ 36,929	$ 37,930
GAAP Gross Margin	24.1 %	22.9 %
Non-GAAP Gross Margin	24.6 %	23.7 %
GAAP Operating Expenses	$ 24,201	$ 118,038
Amortization of acquired intangible assets	(172)	(178)
Stock-based compensation	(7,120)	(7,346)
Net merger, acquisition and divestiture income (expense)	74,117	(6,463)
Restructuring and other	(14,146)	(3,805)
Non-GAAP Operating Expenses*	$ 76,880	$ 100,246
GAAP Operating Expenses as a % of GAAP Revenue	16.1 %	73.6 %
Non-GAAP Operating Expenses as a % of Non-GAAP Revenue*	51.2 %	62.5 %
GAAP Operating Income (Loss)	$ 11,900	$ (81,297)
Amortization of acquired intangible assets	172	460
Stock-based compensation	7,948	7,932
Net merger, acquisition and divestiture (income) expense	(74,117)	6,784
Restructuring and other	14,146	3,805
Non-GAAP Operating Loss*	$ (39,951)	$ (62,316)
GAAP Operating Margin	7.9 %	(50.7)%
Non-GAAP Operating Margin*	(26.6)%	(38.9)%

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

	For the three months ended	
	March 30, 2024	April 1, 2023
GAAP Income Tax Expense (Benefit)	$ 108	$ (1,262)
Tax effect of non-GAAP adjustments	601	(16,266)
Other tax adjustments	(192)	18
Non-GAAP Income Tax Expense (Benefit)	$ 517	$ (17,510)
GAAP Net Income (Loss)	$ 8,607	$ (81,112)
Amortization of acquired intangible assets	172	460
Stock-based compensation	7,948	7,932
Net merger, acquisition and divestiture (income) expense	(74,117)	6,784
Restructuring and other	14,146	3,805
Loss on strategic investments	375	-
Debt issuance costs	239	-
Income tax effect	(409)	16,248
Non-GAAP Net Loss*	$ (43,039)	$ (45,883)
GAAP Net Income (Loss) Per Diluted Share	$ 0.30	$ (2.95)
Amortization of acquired intangible assets	0.01	0.02
Stock-based compensation	0.28	0.29
Net merger, acquisition and divestiture (income) expense	(2.63)	0.24
Restructuring and other	0.50	0.14
Loss on strategic investments	0.01	-
Debt issuance costs	0.01	-
Income tax effect	(0.01)	0.59
Non-GAAP Net Loss Per Diluted Share*	$ (1.53)	$ (1.67)
Number of shares used in diluted per share calculation	28,171	27,467
Supplemental Information		
Days sales outstanding	24	17
GAAP Days in inventory	107	170
Non-GAAP Days in inventory(1)	108	171

** Beginning in the fourth quarter of 2023, we updated our calculation of non-GAAP financial measures to no longer include "IP litigation expense, net. " The metrics for each period are presented in accordance with this updated methodology; as a result, the metrics for the first quarter of 2023 differ from those previously presented by the amount of IP litigation expense, net recorded in such period.*

(1) Non-GAAP Days in inventory is calculated as inventory divided by (Revenue minus Non-GAAP Gross Profit), multiplied by 91 days.

Supplemental Reconciliation Second Quarter and Full Year 2024 GAAP to Non-GAAP Guidance (unaudited)

	Q2-24	FY-24
GAAP Gross Profit	$39 - $42 million	$247 - $277 million
Stock-based compensation	~$1 million	~$3 million
Total adjustments	~$1 million	~$3 million
Non-GAAP Gross Profit	$40 - $43 million	$250 - $280 million

	Q2-24	FY-24
GAAP Gross Margin	23% - 24%	30% - 32%
Stock-based compensation	~1%	~1%
Total adjustments	~1%	~1%
Non-GAAP Gross Margin	24% - 25%	31% - 33%

	Q2-24	FY-24
GAAP Operating Expenses	$95 - $96 million	$291 - $309 million
Amortization of acquired intangible assets	~($0) million	~($1) million
Stock-based compensation	~($8) million	~($33) million
Net merger, acquisition and divestiture expense (income)	-	~$74 million
Restructuring and other	~($5) million	~($23) million
Total adjustments	~($13) million	~$17 million
Non-GAAP Operating Expenses	$82 - $83 million	$308 - $326 million

	Q2-24	FY-24
GAAP Operating Loss	($57) - ($54) million	($44) - ($32) million
Amortization of acquired intangible assets	~$0 million	~$1 million
Stock-based compensation	~$9 million	~$36 million
Net merger, acquisition and divestiture expense (income)	-	~($74) million
Restructuring and other	~$5 million	~$23 million
Total adjustments	~$14 million	~($14) million
Non-GAAP Operating Loss	($43) - ($40) million	($58) - ($46) million

	Q2-24	FY-24
GAAP Net Loss Per Diluted Share	($2.30) - ($2.23)	($2.65) - ($2.23)
Amortization of acquired intangible assets	~$0.01	~$0.02
Stock-based compensation	~$0.30	~$1.27
Net merger, acquisition and divestiture expense (income)	-	~($2.57)
Restructuring and other	~$0.18	~$0.79
Loss on strategic investments	-	~$0.01
Income tax effect	~$0	~$0
Total adjustments	~$0.49	~($0.48)
Non-GAAP Net Loss Per Diluted Share	($1.81) - ($1.74)	($3.13) - ($2.71)
Number of shares used in diluted per share calculations*	~28.8 million	~28.8 million

* Number of shares does not include any additional issuances under our ATM

Certain numbers may not total due to rounding