



iROBOT CORPORATION

Q2 2024 Financial Results

August 7, 2024



Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which relate to, among other things: the Company’s expectations regarding future financial performance, including with respect to third quarter and fiscal year 2024 revenue, gross margin, operating loss (income) and net loss per share; executing on the Company’s iRobot Elevate strategy and key growth initiatives; the impact of foreign currency, consumer spending environment and competition on the Company’s outlook; the Company’s plans for launching products and technological enhancements and the anticipated timing and impact thereof; and the Company’s business plans and strategies and the anticipated timing and impact thereof.

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 research and development, non-GAAP selling and marketing, 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 which 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 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 second-quarter news release available on our investor relations 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

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2 Q2 Financial Results

3 Outlook

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Gary Cohen

Chief Executive Officer



Julie Zeiler

EVP and Chief Financial Officer

Business Highlights

Gary Cohen: New iRobot CEO

- **Joined as iRobot CEO on May 7, 2024; former CEO of Qualitor Automotive and Timex**
- **Held senior leadership roles at Gillette, Playtex and Energizer, building iconic brands across many diverse categories of consumer goods**
- **More than 25 years of executive leadership experience with track record of successful corporate turnarounds**
- **Spearheading innovation and transformation across iRobot to build sustainable competitive advantage and consumer-centric brand**
- **Overseeing all aspects of product and commercial strategies, including new product development, operational excellence, and talent**

Q2 Summary

- **Revenue** of \$166.4 million compared with \$236.6 million in Q2 of 2023; Q2 2024 revenue reflected challenging consumer spending environment, heightened competition, and greater-than-expected foreign currency impact
- **GAAP net loss per share** of (\$2.41) compared with (\$2.93) in Q2 of 2023; Q2 2024 net loss includes \$8.2 million charge related to restructuring plan and non-recurring \$18.4 million, or \$0.63 per share, *Manufacturing Transition Charge
- **Non-GAAP net loss per share** of (\$1.96) compared with (\$1.42) in Q2 of 2023; Q2 2024 non-GAAP net loss includes non-recurring \$18.4 million, or \$0.63 per share, *Manufacturing Transition Charge

** Q2'24 GAAP and Non-GAAP net loss were negatively impacted by an \$18.4 million non-recurring charge related to the write-off of excess component inventory and the losses on non-cancelable purchase commitments as part of the transition to the new product development paradigm with contract manufacturers (the “Manufacturing Transition Charge.”)*



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Q2 and 1H2024 Highlights

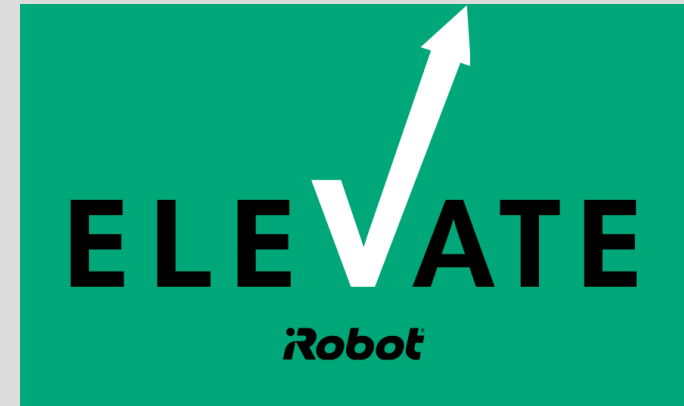
- Significant progress in lowering company's cost structure through aggressive restructuring resulting in strengthened balance sheet, narrowed operating loss, and substantially reduced inventory
- Without the non-recurring manufacturing transition charge of \$18.4 million, would have met Q2 improvement targets for gross margin, operating loss, and net loss per share
- YTD, reduced R&D expenses by \$18.7M compared with FY target of ~\$25M; reduced overall sales and marketing by \$27M compared with FY target of \$40M; reduced workforce by 35%, compared with FY target of 31%

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iRobot Elevate

- Improving financial performance
- Increasing consumer focus to elevate iRobot brand
- Bringing innovative products to market in entirely new and more profitable way
- Continuing operational and organizational enhancements
- Developing and retaining best talent



A plan for elevating everything we do at iRobot to enhance performance for the benefit of all stakeholders

Key Growth Initiatives

- **New product development model:** U.S.-based R&D team, “iRobot Labs,” iRobot’s innovation center, represents global initiative to harness strength of our internal product and software engineering talent and select partners around the world
- **Revamp of product lineup:** Unprecedented number of new product launches planned for 2025 across good, better, best price points
- **Customer-centric approach:** Working hard to delight our consumers with every aspect of the product experience, from opening the box to using the app

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Additional Highlights

- New **Roomba Combo[®] 10 Max + AutoWash[™]** with multifunction dock unveiled as part of revamp of entire product line
- Revenue from **mid-tier robots (MSRP \$300-\$499) and premium robots (MSRP \$500+)** represented 76% of total robot sales in Q2 of 2024 versus 84% in Q2 2023, reflecting launch of Roomba Combo Essential, which provides 2-in-1 cleaning experience at lower price
- **Roomba Combo[®] Essential**, unveiled in April with higher gross margin under new product manufacturing strategy, reached full distribution coverage, launching in 14,000 stores across all three regions. In Japan, Roomba Essential was number one in units sold in May and June in robot vacuum cleaner market, according to GfK
- For 10th consecutive year, **Roomba** was featured product in **Amazon's Prime Day** (July 16-17) with related media coverage in [CNET](#), [CNN Underscored](#), [Engadget](#), [Real Simple](#), [USA Today](#) and [Forbes Vetted](#), among others

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Roomba Combo[®] 10 Max

- Our best-cleaning and most intelligent robot vacuum and mop
- AutoWash[™] Dock adds automatic mop pad washing and self-cleaning for a more hands-free customer experience
- Powered by iRobot OS Intelligence, new Enhanced Dirt Detect[™] technology recognizes and cleans the dirtiest areas even more
- Pricing starts at \$1399; available for pre-sale on iRobot.com in U.S. and Canada and in Europe with shipments beginning this month.
- Available at select retailers for pre-sale in U.S., Canada and Europe this month
- Available for sale in other international markets in the coming months

iRobot[®]



**Roomba Combo 10 Max Robot +
AutoWash Dock**

Financial Results

Q2 Financial Highlights

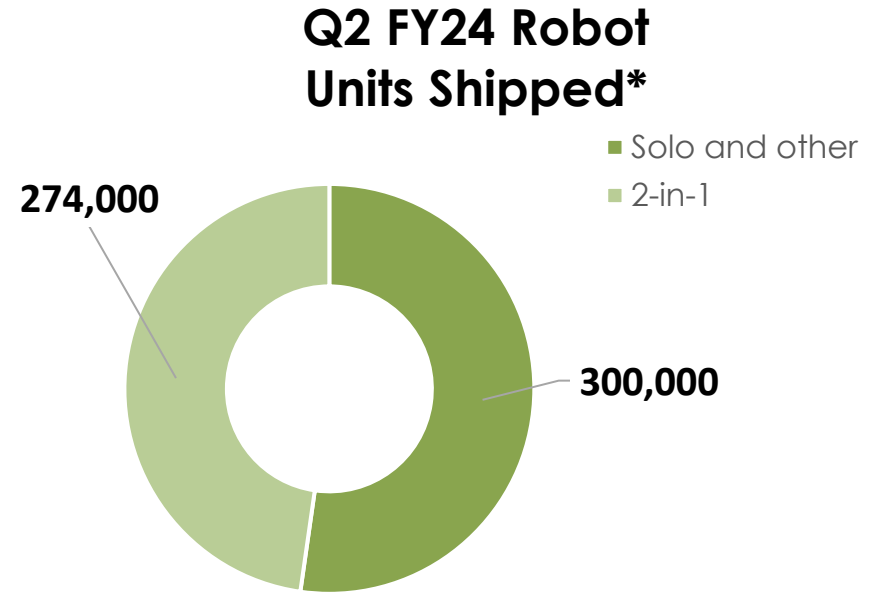
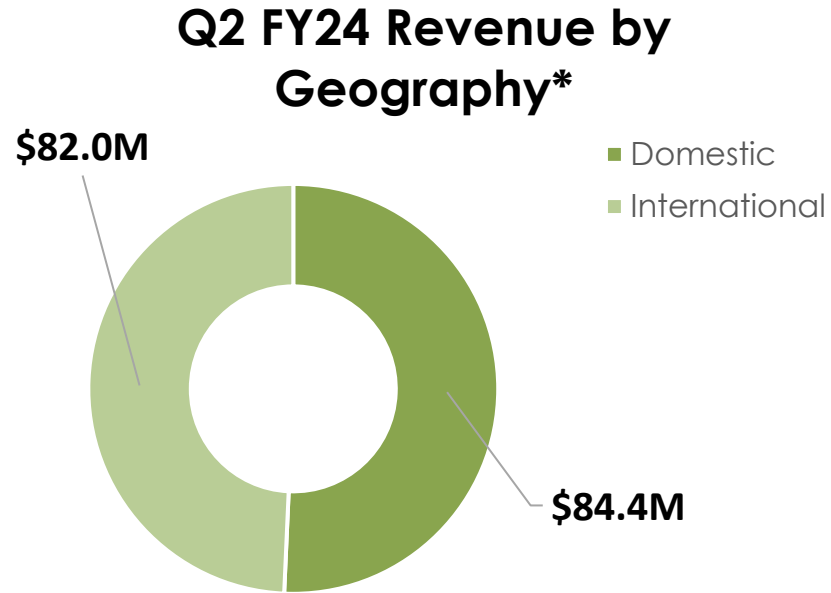
| | 2Q'24 | 2Q'23 |
|---|----------|----------|
| (in millions, except per share amounts) | | |
| Revenue | \$166.4 | \$236.6 |
| GAAP Gross Margin | 16.5% | 22.6% |
| Non-GAAP Gross Margin | 16.7% | 23.2% |
| GAAP Operating Expenses | \$88.5 | \$124.6 |
| Non-GAAP Operating Expenses | \$75.9 | \$105.4 |
| GAAP Operating Loss | (\$61.1) | (\$71.1) |
| Non-GAAP Operating Loss | (\$48.2) | (\$50.5) |
| GAAP Net Loss Per Share | (\$2.41) | (\$2.93) |
| Non-GAAP Net Loss Per Share | (\$1.96) | (\$1.42) |

Commentary

- Q2'24 GAAP and Non-GAAP cost of product revenue included an \$18.4 million non-recurring charge related to the write-off of excess component inventory and the losses on purchase commitments as part of the transition to our new contract manufacturing paradigm (the "Manufacturing Transition Charge")
- Manufacturing Transition Charge reduced Q2'24 GAAP and Non-GAAP gross margin by 11.1 percentage points.
- Q2'24 GAAP operating expenses and operating losses included a \$8.2 million charge related to restructuring plan
- Manufacturing Transition Charge increased Q2'24 GAAP and Non-GAAP net loss per share by \$0.63

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

Revenue Mix



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

Balance Sheet and Cash Flow Highlights

- Cash and cash equivalents of \$108.5M at end of Q2, compared with \$118.4M at end of Q1 2024
- Additional \$41.9M in restricted cash, including \$40.5M reserved for future repayment of term loan and subject to limited rights for inventory purchases in the third quarters of fiscal 2024 and 2025
- In Q2, sold 1.1M shares under ATM offering for total net proceeds of \$12.3M
- Q2 cash flow from operations of (\$21.7M), a \$52M improvement on CFFO from Q1 2024 excluding the one-time net proceeds of \$75M from the Amazon termination fee received in Q1 2024
- Q2 DSO was 37 days, compared with 28 days in the year-ago period due primarily to customer mix
- Q2-end inventory balance was \$101.4M, or 67 days, compared with \$170.6M, or 86 days, at end of Q2 2023

Prioritizing Careful Management of Working Capital Efficiency

Q3 & FY24 Outlook

Third-Quarter 2024 Outlook

| | GAAP | Adjustments | Non-GAAP* |
|--------------------------------|---------------------|-------------|---------------------|
| Revenue | \$217M to \$223M | -- | \$217M to \$223M |
| Gross Margin | 33% to 34% | ~0% | 33% to 34% |
| Operating (Loss) Income | (\$2)M to \$1M | ~\$9M | \$7M to \$10M |
| Net Loss Per Share | (\$0.40) – (\$0.30) | ~\$0.29 | (\$0.11) – (\$0.01) |

Full-Year 2024 Outlook

| | GAAP | Adjustments | Non-GAAP* |
|----------------------|---------------------|-------------|---------------------|
| Revenue | \$765M to \$800M | -- | \$765M to \$800M |
| Gross Margin** | 27% to 28% | ~1% | 28% to 29% |
| Operating Loss** | (\$56)M to (\$42)M | ~(\$23)M | (\$79)M to (\$65)M |
| Net Loss Per Share** | (\$3.01) – (\$2.55) | ~(\$0.76) | (\$3.77) – (\$3.31) |

- Due to the Manufacturing Transition Charge, persistent foreign currency headwinds, and consumer market softness, the Company is updating the full-year 2024 outlook it provided on May 7, 2024.
- The Company expects to generate modest positive cash flow from operations during the second half of the year.

****The Company revised these three FY2024 metrics primarily to reflect the \$18.4 million non-recurring Manufacturing Transition Charge resulting from the transition to iRobot's new contract manufacturing paradigm**

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

Summary

Summary

- Continuing to **execute on iRobot Elevate restructuring plan** to enhance company's near-term operations
- Achieved **meaningful progress in Q2**, including a substantial reduction in operating expenses
- Following through on **consumer-focused approach** to product development while accelerating pace of innovation to bring differentiated products to market
- Introduced new **Roomba Combo 10 Max** as part of reinvigoration of entire product line
- Confident our actions will **elevate** iRobot's overall performance and ultimately generate long-term shareholder value

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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 | | For the six months ended | |
|--|----------------------------|--------------|--------------------------|--------------|
| | June 29, 2024 | July 1, 2023 | June 29, 2024 | July 1, 2023 |
| GAAP Revenue | \$ 166,361 | \$ 236,568 | \$ 316,375 | \$ 396,860 |
| GAAP Gross Profit | \$ 27,466 | \$ 53,503 | \$ 63,567 | \$ 90,244 |
| Amortization of acquired intangible assets | - | 290 | - | 572 |
| Stock-based compensation | 270 | 801 | 1,099 | 1,387 |
| Net merger, acquisition and divestiture expense | - | 289 | - | 610 |
| Non-GAAP Gross Profit | \$ 27,736 | \$ 54,883 | \$ 64,666 | \$ 92,813 |
| GAAP Gross Margin | 16.5% | 22.6% | 20.1% | 22.7% |
| Non-GAAP Gross Margin | 16.7% | 23.2% | 20.4% | 23.4% |
| GAAP Operating Expenses | \$ 88,534 | \$ 124,559 | \$ 112,735 | \$ 242,597 |
| Amortization of acquired intangible assets | (168) | (177) | (339) | (355) |
| Stock-based compensation | (4,240) | (7,772) | (11,359) | (15,118) |
| Net merger, acquisition and divestiture income (expense) | 43 | (6,964) | 74,159 | (13,427) |
| Restructuring and other | (8,230) | (4,278) | (22,377) | (8,084) |
| Non-GAAP Operating Expenses* | \$ 75,939 | \$ 105,368 | \$ 152,819 | \$ 205,613 |
| GAAP Operating Expenses as a % of GAAP Revenue | 53.2% | 52.7% | 35.6% | 61.1% |
| Non-GAAP Operating Expenses as a % of Non-GAAP Revenue* | 45.6% | 44.5% | 48.3% | 51.8% |
| GAAP Operating Loss | \$ (61,068) | \$ (71,056) | \$ (49,168) | \$ (152,353) |
| Amortization of acquired intangible assets | 168 | 467 | 339 | 927 |
| Stock-based compensation | 4,510 | 8,573 | 12,458 | 16,505 |
| Net merger, acquisition and divestiture (income) expense | (43) | 7,253 | (74,159) | 14,037 |
| Restructuring and other | 8,230 | 4,278 | 22,377 | 8,084 |
| Non-GAAP Operating Loss* | \$ (48,203) | \$ (50,485) | \$ (88,153) | \$ (112,800) |
| GAAP Operating Margin | (36.7)% | (30.0)% | (15.5)% | (38.4)% |
| Non-GAAP Operating Margin* | (29.0)% | (21.3)% | (27.9)% | (28.4)% |



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

| | For the three months ended | | For the six months ended | |
|--|----------------------------|--------------|--------------------------|--------------|
| | June 29, 2024 | July 1, 2023 | June 29, 2024 | July 1, 2023 |
| GAAP Income Tax Expense | \$ 729 | \$ 5,717 | \$ 837 | \$ 4,455 |
| Tax effect of non-GAAP adjustments | 416 | (15,215) | 1,017 | (31,481) |
| Other tax adjustments | (416) | (2,529) | (608) | (2,511) |
| Non-GAAP Income Tax Expense (Benefit) | \$ 729 | \$ (12,027) | \$ 1,246 | \$ (29,537) |
| GAAP Net Loss | \$ (70,646) | \$ (80,800) | \$ (62,039) | \$ (161,912) |
| Amortization of acquired intangible assets | 168 | 467 | 339 | 927 |
| Stock-based compensation | 4,510 | 8,573 | 12,458 | 16,505 |
| Net merger, acquisition and divestiture (income) expense | (43) | 7,253 | (74,159) | 14,037 |
| Restructuring and other | 8,230 | 4,278 | 22,377 | 8,084 |
| Loss on strategic investments | - | 3,152 | 375 | 3,152 |
| Debt issuance costs | 238 | - | 477 | - |
| Income tax effect | - | 17,744 | (409) | 33,992 |
| Non-GAAP Net Loss* | \$ (57,543) | \$ (39,333) | \$ (100,581) | \$ (85,215) |
| GAAP Net Loss Per Diluted Share | \$ (2.41) | \$ (2.93) | \$ (2.16) | \$ (5.88) |
| Amortization of acquired intangible assets | 0.01 | 0.02 | 0.01 | 0.04 |
| Stock-based compensation | 0.15 | 0.31 | 0.43 | 0.60 |
| Net merger, acquisition and divestiture (income) expense | - | 0.26 | (2.58) | 0.51 |
| Restructuring and other | 0.28 | 0.16 | 0.78 | 0.30 |
| Loss on strategic investments | - | 0.12 | 0.01 | 0.11 |
| Debt issuance costs | 0.01 | - | 0.02 | - |
| Income tax effect | - | 0.64 | (0.01) | 1.23 |
| Non-GAAP Net Loss Per Diluted Share* | \$ (1.96) | \$ (1.42) | \$ (3.50) | \$ (3.09) |
| Number of shares used in diluted per share calculation | 29,309 | 27,619 | 28,740 | 27,543 |
| Supplemental Information | | | | |
| Days sales outstanding | 37 | 28 | | |
| GAAP Days in inventory | 67 | 85 | | |
| Non-GAAP Days in inventory ⁽¹⁾ | 67 | 86 | | |

* Beginning in the fourth quarter of fiscal 2023, we updated our calculation of non-GAAP financial measures to no longer exclude "IP litigation expense, net." The metrics for each period are presented in accordance with this updated methodology; as a result, the second quarter and first half 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 of GAAP Actuals to Non-GAAP Actuals Continued (In thousands, except per share amounts) (unaudited)

| | For the three months ended | | For the six months ended | |
|--|----------------------------|------------------|--------------------------|------------------|
| | June 29, 2024 | July 1, 2023 | June 29, 2024 | July 1, 2023 |
| GAAP Research and development | \$ 23,230 | \$ 37,971 | \$ 57,108 | \$ 79,240 |
| Stock-based compensation | (802) | (2,737) | (3,699) | (5,383) |
| Net merger, acquisition and divestiture income (expense) | — | (1,202) | — | (1,798) |
| Non-GAAP Research and development | <u>\$ 22,428</u> | <u>\$ 34,032</u> | <u>\$ 53,409</u> | <u>\$ 72,059</u> |
| | | | | |
| GAAP Selling and marketing | \$ 39,980 | \$ 55,596 | \$ 69,696 | \$ 98,072 |
| Stock-based compensation | (1,163) | (1,371) | (2,500) | (2,837) |
| Net merger, acquisition and divestiture income (expense) | — | (698) | — | (990) |
| Non- GAAP Selling and marketing | <u>\$ 38,817</u> | <u>\$ 53,527</u> | <u>\$ 67,196</u> | <u>\$ 94,245</u> |
| | | | | |
| GAAP General and administrative | \$ 16,926 | \$ 26,537 | \$ (36,785) | \$ 56,846 |
| Stock-based compensation | (2,275) | (3,664) | (5,160) | (6,898) |
| Net merger, acquisition and divestiture income (expense) | 43 | (5,064) | 74,159 | (10,639) |
| Non- GAAP General and administrative | <u>\$ 14,694</u> | <u>\$ 17,809</u> | <u>\$ 32,214</u> | <u>\$ 39,309</u> |



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

| | Q3-24 | FY-24 |
|--|---------------------|-----------------------|
| GAAP Gross Profit | \$72 - \$76 million | \$210 - \$227 million |
| Stock-based compensation | ~\$0 million | ~\$2 million |
| Total adjustments | ~\$0 million | ~\$2 million |
| Non-GAAP Gross Profit | \$72 - \$76 million | \$212 - \$229 million |
| | | |
| | Q3-24 | FY-24 |
| GAAP Gross Margin | 33% - 34% | 27% - 28% |
| Stock-based compensation | ~0% | ~1% |
| Total adjustments | ~0% | ~1% |
| Non-GAAP Gross Margin | 33% - 34% | 28% - 29% |
| | | |
| | Q3-24 | FY-24 |
| GAAP Operating Expenses | \$74 million | \$267 - \$271 million |
| Amortization of acquired intangible assets | ~(\$0) million | ~(\$1) million |
| Stock-based compensation | ~(\$7) million | ~(\$25) million |
| Net merger, acquisition and divestiture income (expense) | - | ~\$74 million |
| Restructuring and other | ~(\$1) million | ~(\$24) million |
| Total adjustments | ~(\$8) million | ~\$24 million |
| Non-GAAP Operating Expenses | \$66 million | \$291 - \$295 million |



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

| | Q3-24 | FY-24 |
|--|---------------------|-------------------------|
| GAAP Operating Income (Loss) | (\$2) - \$1 million | (\$56) - (\$42) million |
| Amortization of acquired intangible assets | ~\$0 million | ~\$1 million |
| Stock-based compensation | ~\$7 million | ~\$27 million |
| Net merger, acquisition and divestiture expense (income) | - | ~(\$74) million |
| Restructuring and other | ~\$1 million | ~\$24 million |
| Total adjustments | ~\$9 million | ~(\$23) million |
| Non-GAAP Operating Income (Loss) | \$7 - \$10 million | (\$79) - (\$65) million |

| | Q3-24 | FY-24 |
|--|---------------------|---------------------|
| GAAP Net Loss Per Share | (\$0.40) - (\$0.30) | (\$3.01) - (\$2.55) |
| Amortization of acquired intangible assets | ~\$0.01 | ~\$0.02 |
| Stock-based compensation | ~\$0.23 | ~\$0.91 |
| Net merger, acquisition and divestiture expense (income) | - | ~(\$2.52) |
| Restructuring and other | ~\$0.05 | ~\$0.82 |
| Loss on strategic investments | - | ~\$0.01 |
| Income tax effect | ~\$0 | ~\$0 |
| Total adjustments | ~\$0.29 | ~(\$0.76) |
| Non-GAAP Net Loss Per Share | (\$0.11) - (\$0.01) | (\$3.77) - (\$3.31) |

| | | |
|--|---------------|---------------|
| Number of shares used in per share calculations* | ~30.1 million | ~29.5 million |
|--|---------------|---------------|

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

Certain numbers may not total due to rounding



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