



iROBOT CORPORATION  
**INVESTOR  
DAY**

DECEMBER 9, 2021





DECEMBER 9, 2021

INVESTOR DAY

# INTRODUCTION

ANDREW KRAMER  
Vice President, Investor Relations



# 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

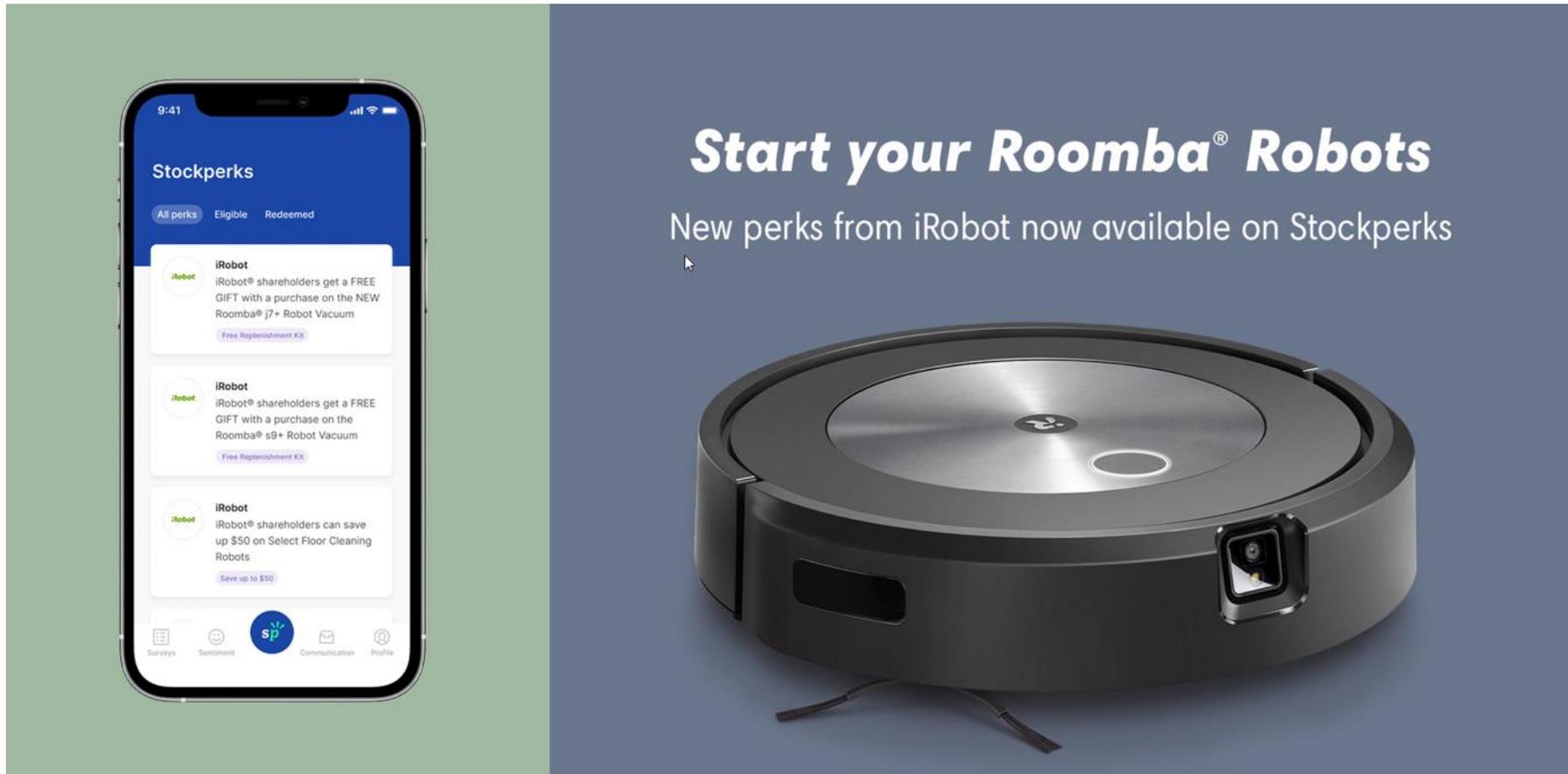
## Regulation G Disclosure

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/>.

# iRobot Shareholder Rewards



**Start your Roomba® Robots**  
New perks from iRobot now available on Stockperks

**stockperks** | **iRobot**

Download on the  
**App Store**

GET IT ON  
**Google Play**



# TODAY'S AGENDA

**Introduction** – Andrew Kramer, *VP of Investor Relations*

**iRobot Vision** – Colin Angle, *Chairman & CEO*

**Products** – Keith Hartsfield, *EVP & Chief Product Officer*

**Marketing** – Kiran Smith, *Chief Marketing Officer*

*Interactive Q&A*

**Commercial** – Jean Jacques (JJ) Blanc, *Chief Commercial Officer*

**Supply Chain & Operations** – Charles Kirol, *Chief Digital Business & Supply Chain Officer*

**Financial Overview & Long-Term Targets** – Julie Zeiler, *EVP & CFO*

*Interactive Q&A*



DECEMBER 9, 2021

# INVESTOR DAY CEO KEYNOTE

**COLIN ANGLE**  
Chairman & Chief Executive Officer



# 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.

# Our History

## Corporate milestones



**2018**  
iRobot surpassed \$1B in annual sales

**2020**  
iRobot celebrates 30 years of making a difference.

**2017**  
iRobot acquires Sales on Demand Corporation (SODC)

**2016**  
iRobot focuses on making the life better for the everyday consumer

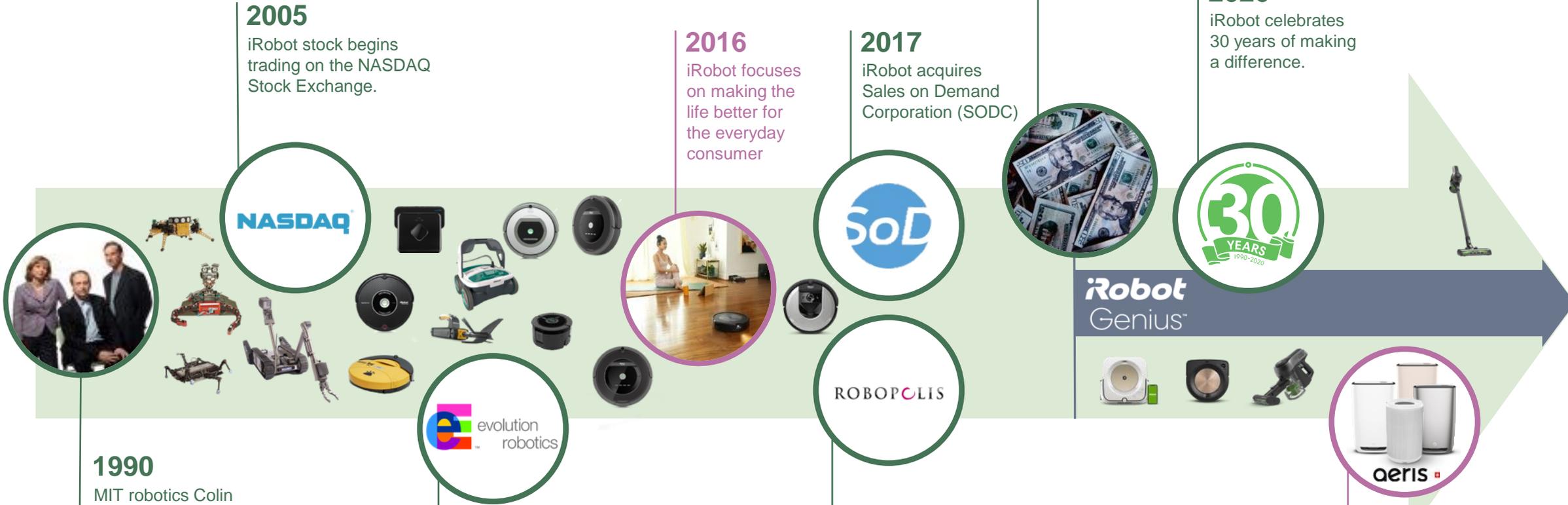
**2005**  
iRobot stock begins trading on the NASDAQ Stock Exchange.

**1990**  
MIT robotics Colin Angle, Helen Greiner and Rodney Brooks co-found iRobot

**2012**  
iRobot acquires Evolution Robotics

**2017**  
iRobot acquires Robopolis, its largest European distributor

**2021**  
iRobot acquires Aeris Cleantec AG, adding premium air purifiers to its product lineup



# Our History

## Robot milestones



**1992**

Grendel Pretest at an airforce base



**2002**

iRobot and the National Geographic Society develop a robot that searches the Great Pyramid in Egypt.



**2013**

iRobot launches the Ava™ 500 video collaboration robot.



**2015-16**

iRobot launches their first home-centered robots equipped with navigating and mapping functions.



**2019**

iRobot launches the Roomba s9+ Robot Vacuum and Braava jet m6 Robot Mop.



**2001**

The iRobot Packbot® is fielded in Afghanistan for disaster response and other life-saving missions



**2010**

iRobot helps monitor Gulf of Mexico oil spill.



**2018**

iRobot launches the i7+ robot, the company's first self-emptying robot



**2020**

iRobot introduces the i3+, bringing auto-evac to an even more affordable price point



**2021**

iRobot delivers the j7; Roomba's smartest Genius™ robot yet



**Robot  
Genius™**



# Our History

## AI milestones



**1990**

iRobot's founding technology is a breakthrough in AI performance. Behavior control is now the core of modern AI.

**2000**

iRobot develops its own AI language L/MARS, which still is the world's only real-time version of LISP



NASDAQ



**2015**

iRobot launches world's first real time visual based SLAM engine to be commercially deployed on the Roomba 980

**iRobot  
Genius™**

**2020**

iRobot introduces its Genius Home Intelligence Platform, bringing new levels of personalization and control to its robots

**2021**

iRobot launches its first visual object detection and avoidance system on a consumer robot



**Genius™  
3.0**



**2021**

iRobot delivers on a Poop Promise Guarantee

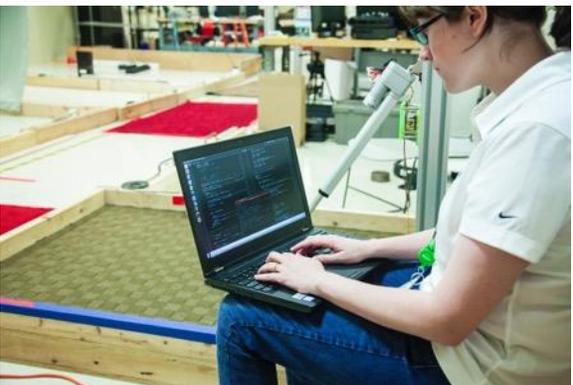


#LifeatIRobot



We are fun  
We are passionate  
We are determined  
We are results-oriented

we are  
MISSION-DRIVEN  
BUILDERS



iRobot's culture is vital  
to our happiness and  
effectiveness as a team.

# Our Leadership

Who we are



**COLIN ANGLE**

Chief Executive Officer  
& Founder



**JULIE ZEILER**

EVP, Chief Financial Officer



**RUSS CAMPANELLO**

EVP, Human Resources &  
Corporate Communications



**KEITH HARTSFIELD**

EVP, Chief Product Officer



**JEAN JACQUES  
(JJ) BLANC**

EVP, Chief Commercial Officer



**CHRIS JONES**

Chief Technology Officer



**CHARLIE KIROL**

EVP, Chief Digital Business &  
Supply Chain Officer



**KIRAN SMITH**

EVP, Chief Marketing  
Officer



**FARIS HABBABA**

EVP, Chief  
R&D Officer



**GLEN WEINSTEIN**

EVP, Chief Legal Officer



Yes, robots. But thoughtful, highlighting our commitment to intelligence and customer partnership.

We make things real.

To **build** the world's most **thoughtful robotics** and **intelligent home innovations** that **make life better**.

Widening the aperture to include intelligence and the M.E.S.H. home.



**M**aintained  
**E**fficient  
**S**ecure  
**H**ealthy

Reinforcing our commitment to our mission.

# Our vision

# Our Strategy





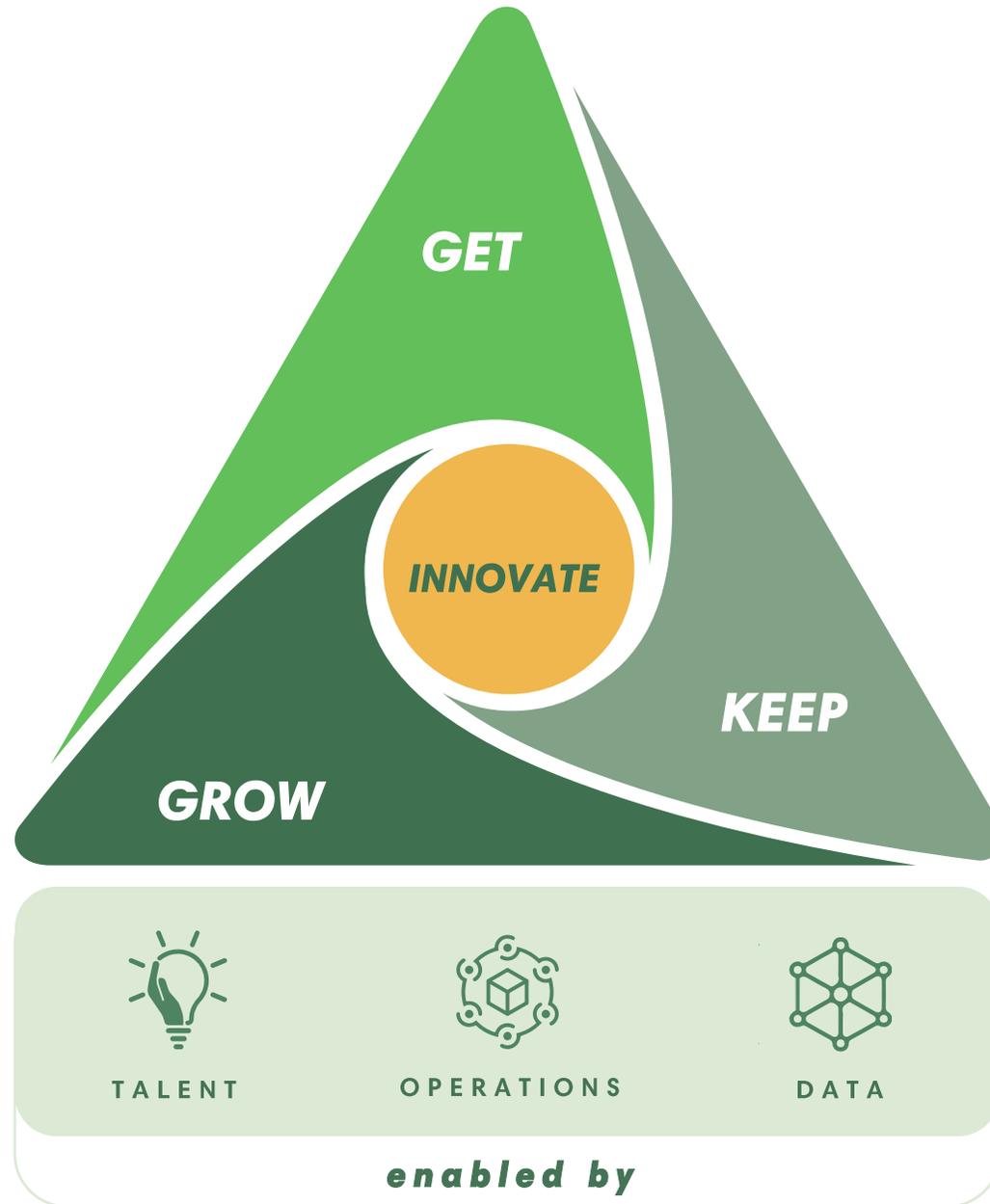
TALENT

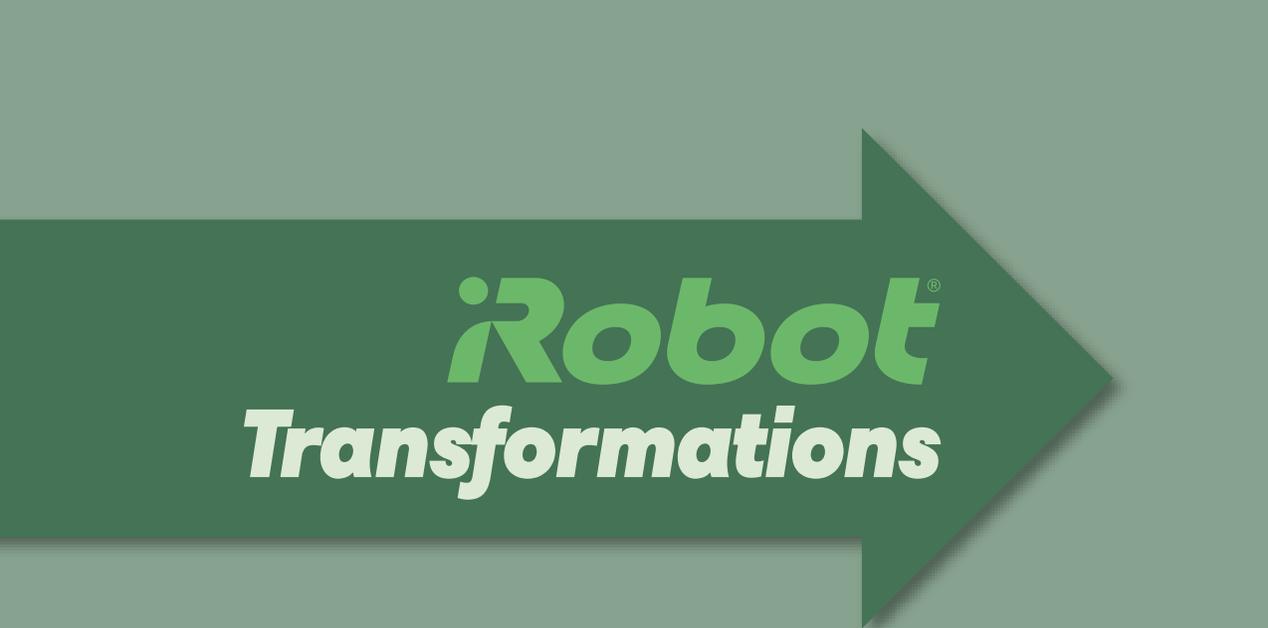


OPERATIONS



DATA





***iRobot***<sup>®</sup>  
***Transformations***

**SOFTWARE**

**GO TO  
MARKET**



***iRobot***<sup>®</sup>  
***Transformations***

**SOFTWARE**

*Hardware was  
King*



***Shift to Software  
Changed the World***





*Hardware was  
King*



## *Shift to Software Changed the World*





*Hardware was  
King*

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 leather notebook. To its right is a white desk with a laptop, a glass of tea, and a notebook. A blue armchair is partially visible on the right. The scene is brightly lit, suggesting a modern, clean living space.

**iRobot**  
Genius™

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

**Shift to Software  
Changed the World**



Ai

**Robot**  
Genius™  
3.0



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



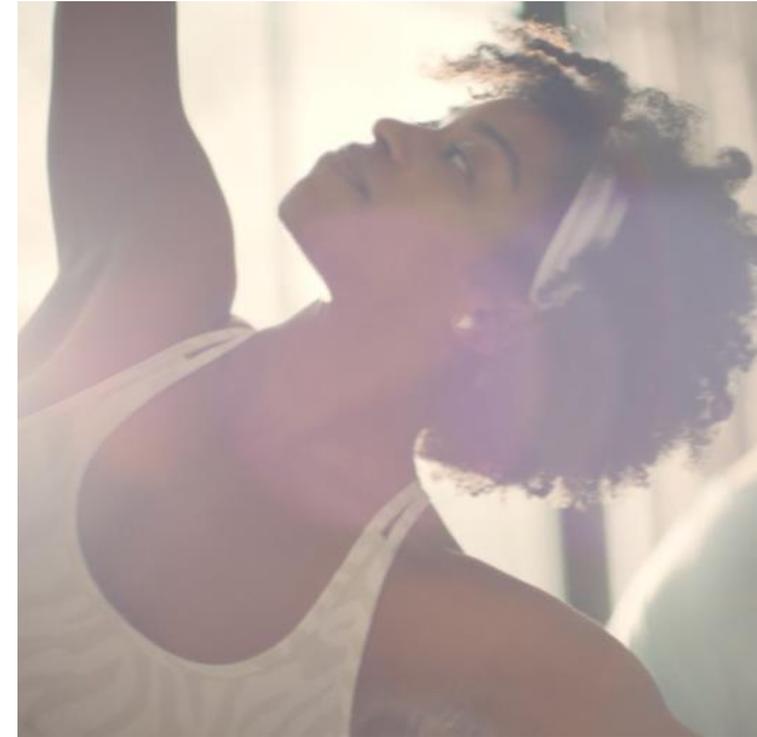
# 1. House Rules



Your Smart Home *should* respect a Home's rules just like the people who live in the home do.



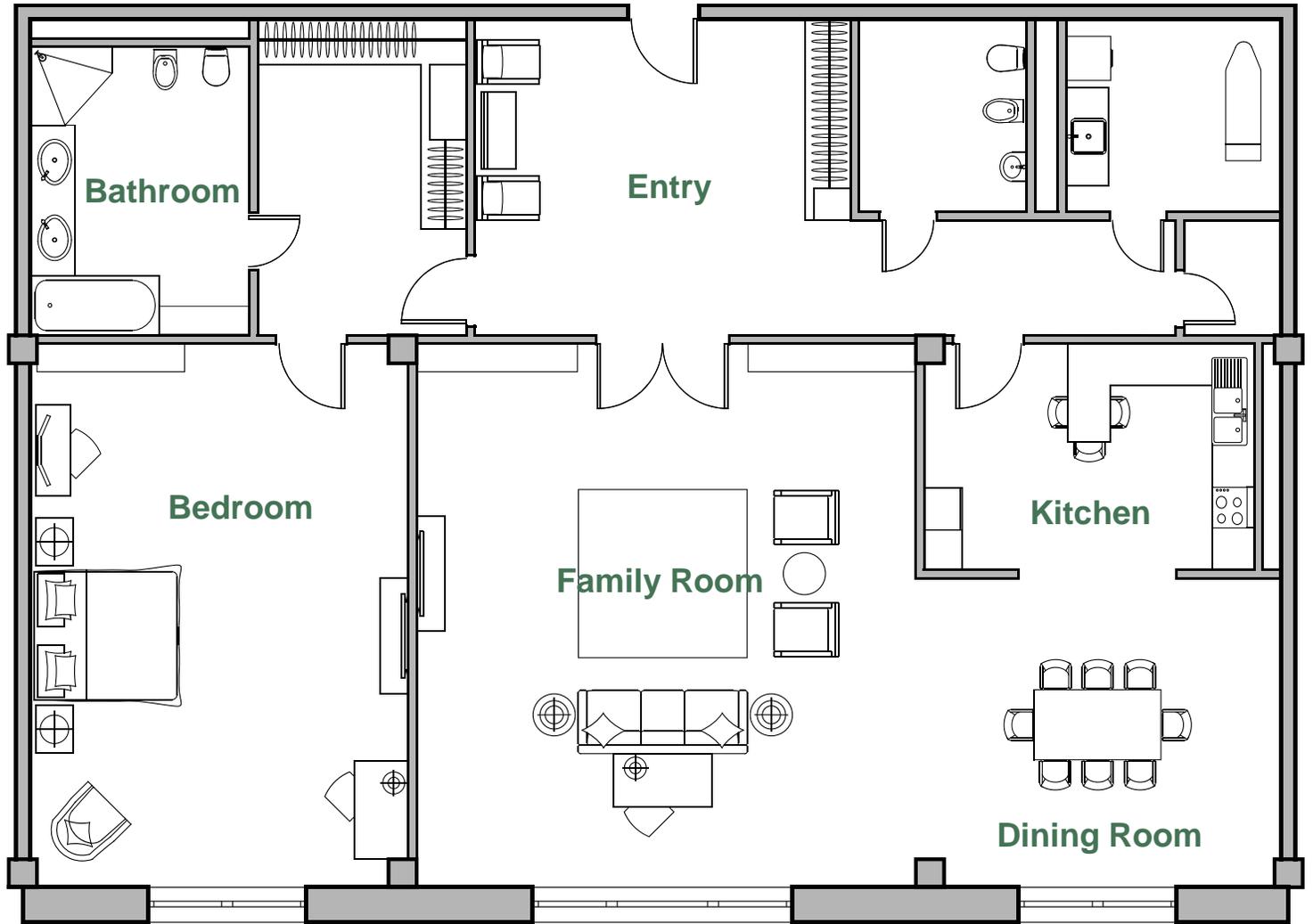
## 2. Preferences not Programming



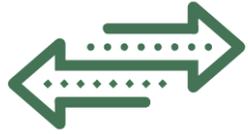
The Smart Home should be more like a resort. You are asked for your *preferences*, but then the details are taken care of.



### 3. Collaborative Intelligence



The Smart Home should feel like a *Partner*, where you have precise control as to where, when, and how it behaves.

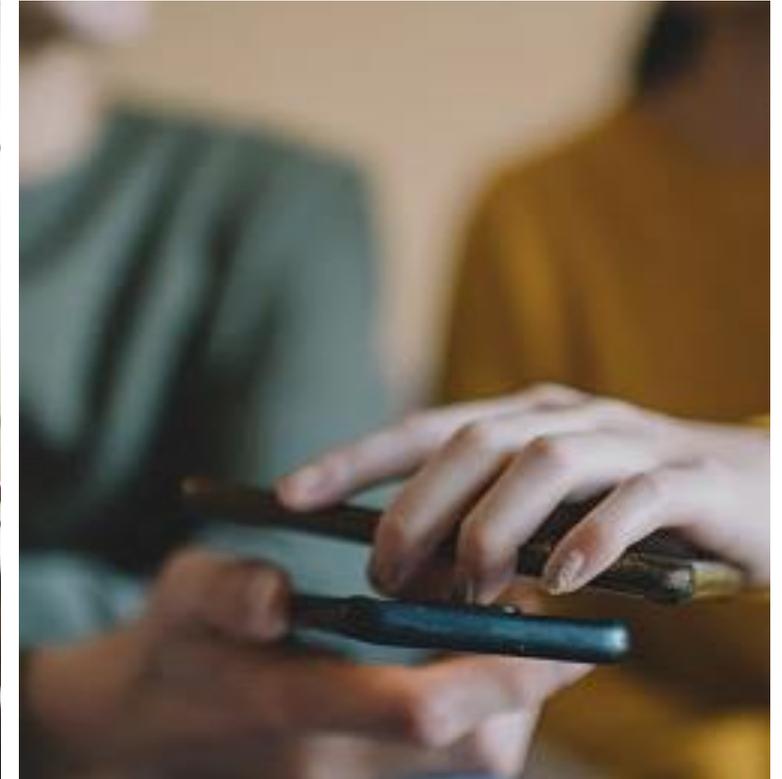


## 4. Home Knowledge

Homes  
constantly  
changing



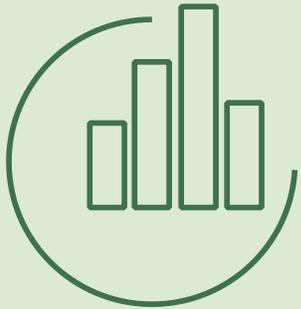
Your Smart Home must *continuously and securely* update to new furniture layouts, rooms, and device software.



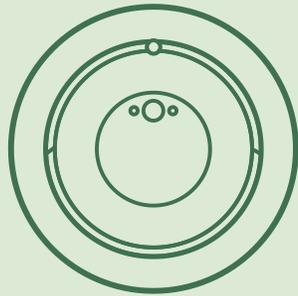
Like with Smart Phones, your Smart Home's preferences & data should *seamlessly* transfer to newly added or replaced devices.

# Innovate

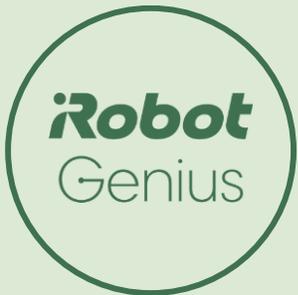
## KEY METRICS



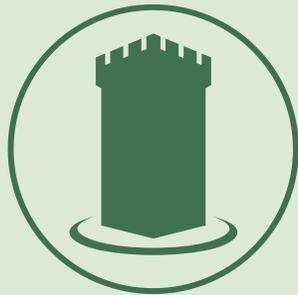
**Segment Share**



**New Products**



**Genius Updates**



**Patents**



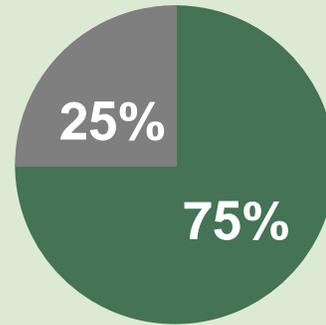
**iRobot**  
Genius™



# Innovate

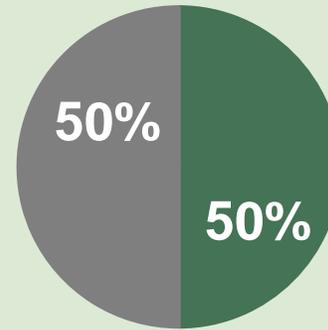
## KEY METRICS

9/30/21



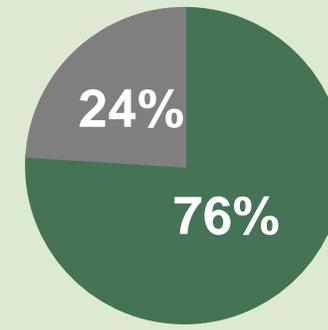
### North America

2020 Size: \$963M  
Growth: +23%  
IRBT position:  
Conceded share



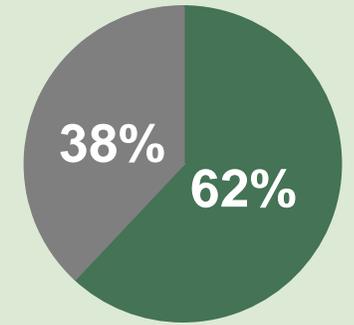
### EMEA

2020 Size: \$1,157M  
Growth: +34%  
IRBT position:  
Conceded share



### Japan

2020 Size: \$250M  
Growth: +14%  
IRBT position:  
Gained share



### Global (excl China)

2020 Size: \$2,465M  
Growth: +27%  
IRBT position:  
Conceded share

 iRobot

 Others



### Segment Share\*

 iRobot  
Genius

## 2 MAJOR

(Q121 and Q321)

**Genius Updates**



## 1,792

**Patents**



## 2

Delivered in 2021

**New Products**

\* Segment Share Source: 2020 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.

# ***Innovate***

## KEY METRICS

2024



**Multiple**

***Genius Updates***



**More**

***Patents***



**Multiple**

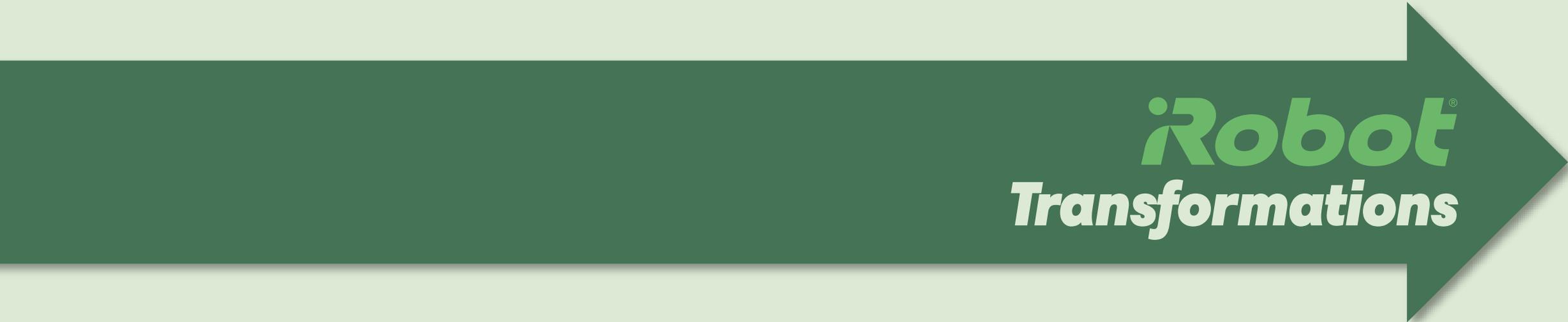
across a more  
diverse product  
portfolio

***New Products***

**Continued  
Leadership**

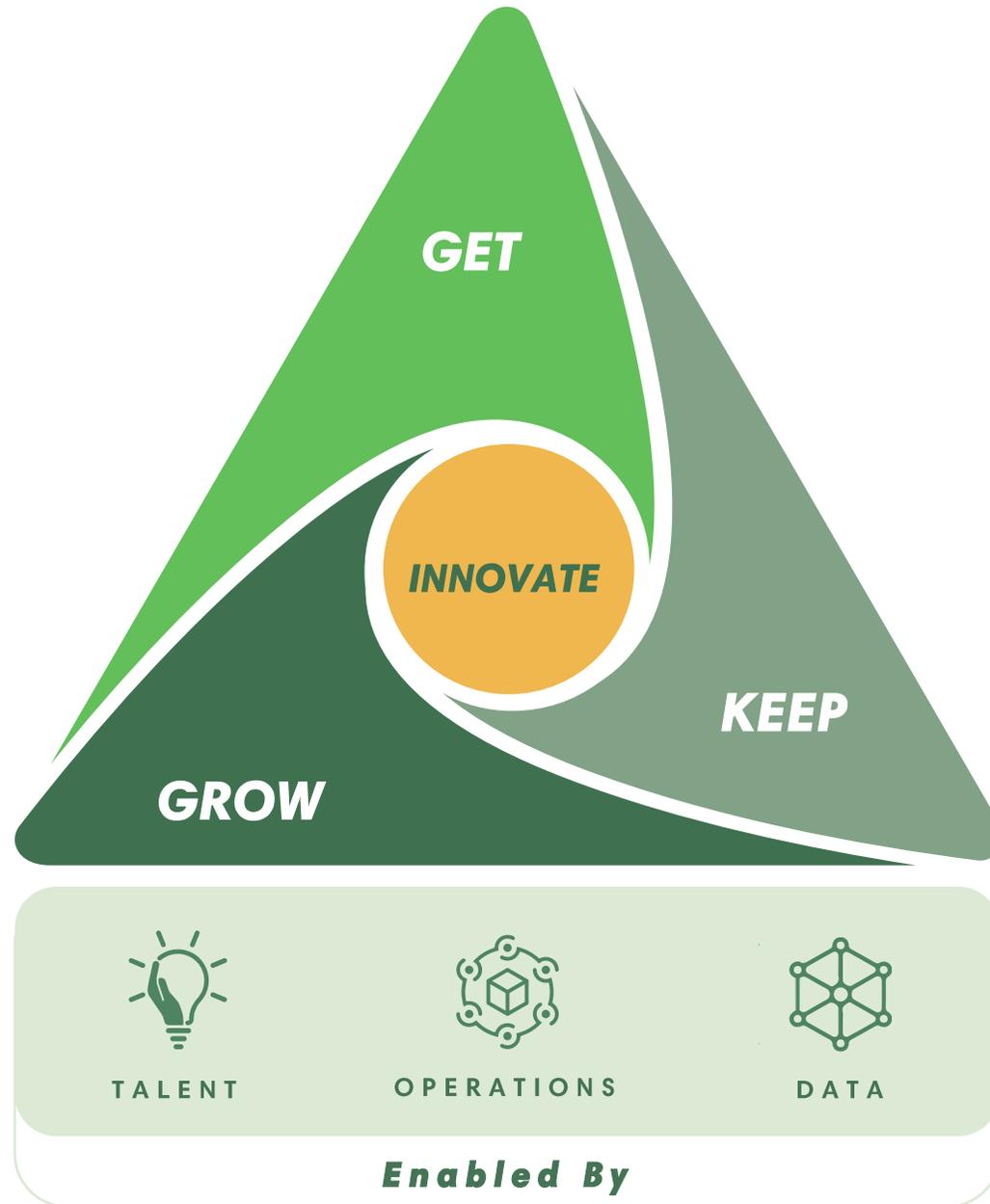


***Segment Share***



***iRobot***<sup>®</sup>  
***Transformations***

**GO TO  
MARKET**



## 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.

# Get

KEY METRIC



**Connected Customers**



**iRobot  
Select**



**.yodobashi**

**Walmart**

**MediaMarkt**

**amazon**



**Japanet**



# Get

KEY METRIC



**Connected  
Customers  
9/30/21**

**YTD 2021**



**12.5M**

**2020**



**9.7M**

**2019**



**5.3M**

**2018**



**2.3M**

**2017**



**65k**

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

# Get

KEY METRIC



**Connected  
Customers  
2024**

**2024**



**30M+**

**YTD 2021**



**12.5M**

**2020**



**9.7M**

**2019**



**5.3M**

**2018**



**2.3M**

**2017**



**65k**

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

# Keep

## KEY METRICS



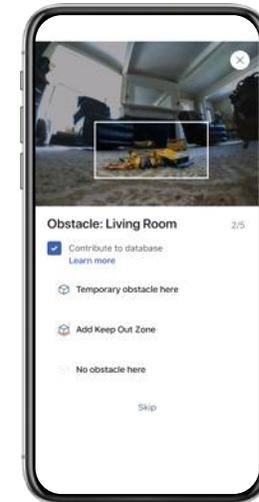
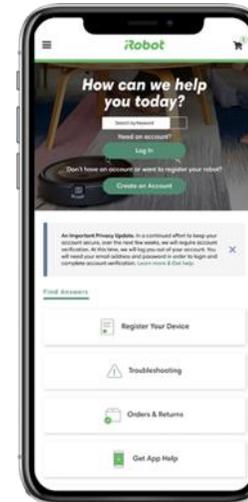
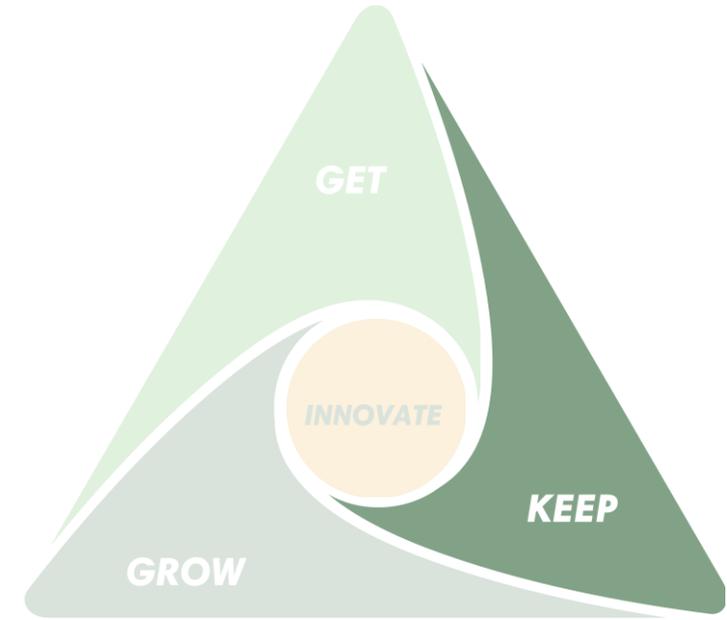
**Utilization**



**Net Promoter Score**



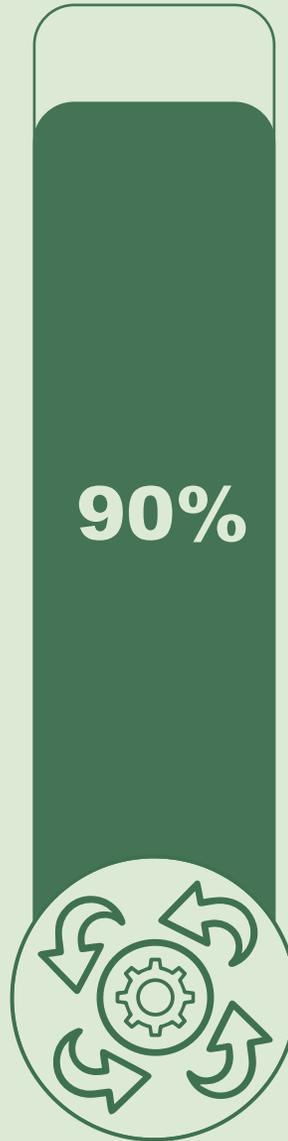
**Customer Satisfaction**



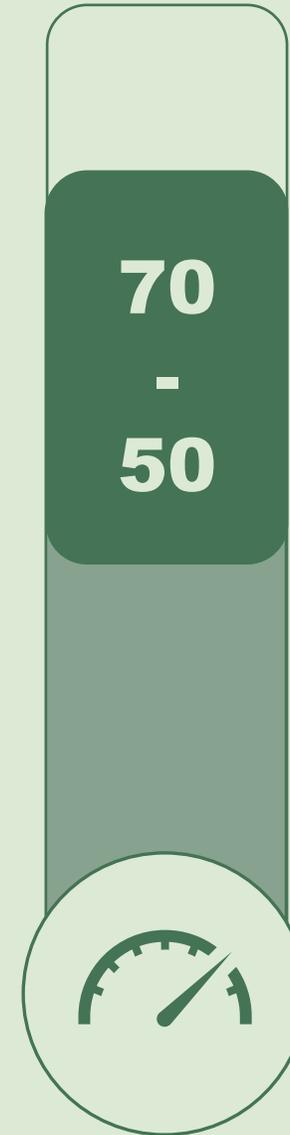
# Keep

## KEY METRICS

9/30/21



**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

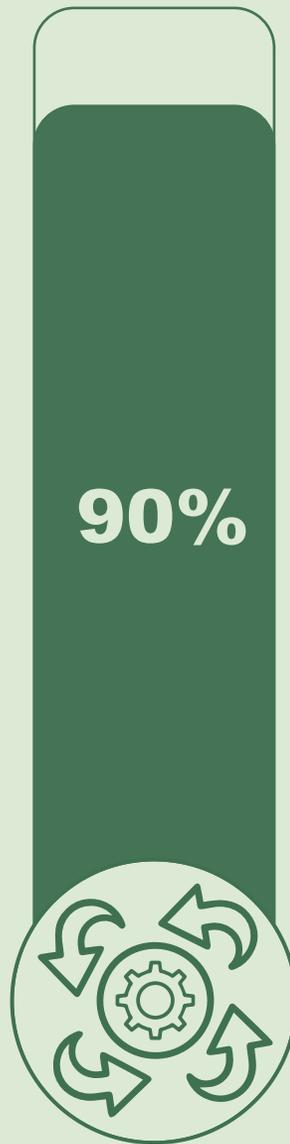
\*\*\* Based on American Customer Satisfaction Index for Household Appliances. 2021 Average Satisfaction Score for Household Appliances in 2021 was 78. iRobot CSAT score as of July 2021.

# Keep

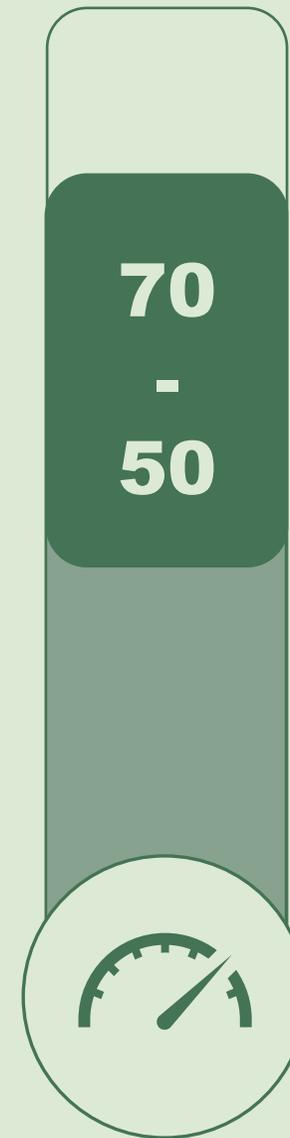
## KEY METRICS

---

2024



**Utilization\***



**Net Promoter Score\*\***



**Customer Satisfaction\*\*\***

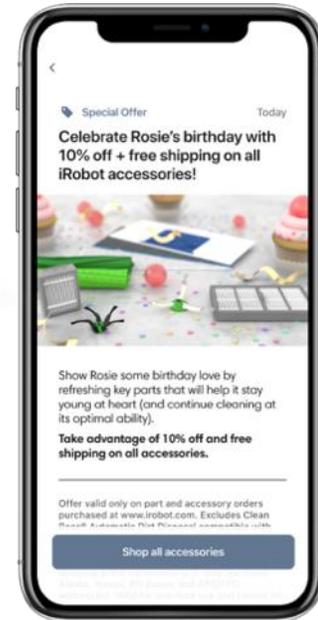
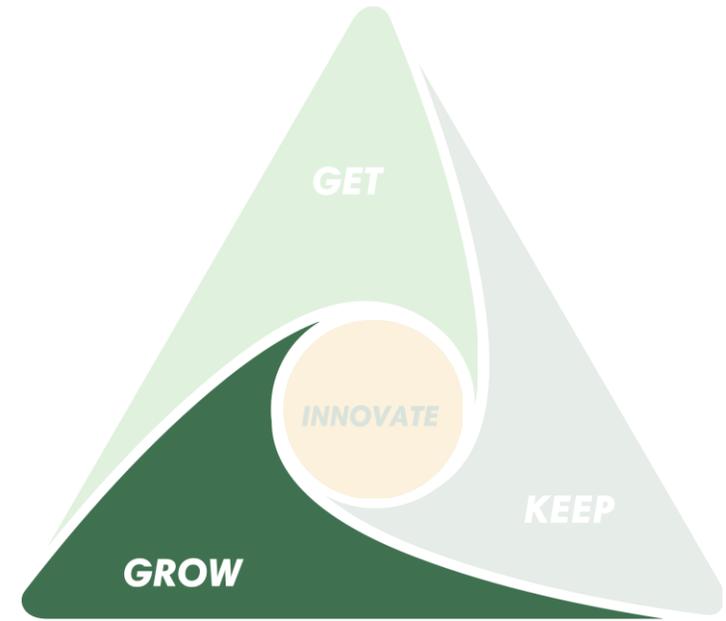
\* Utilization tracks the percentage of robots used by their owners at least once the following quarter.  
\*\* Net Promoter Score measures the loyalty of customers to a company with scores ranging from -100 to +100  
\*\*\* Based on American Customer Satisfaction Index for Household Appliances. 2021 Average Satisfaction Score for Household Appliances in 2021 was 78. iRobot CSAT score as of July 2021.

# Grow

KEY METRIC



**Existing  
Customer Revenue**



**iRobot Select**

# Grow

KEY METRIC

9/30/21

## 32% SURVEY DATA



33% growth in connected customer revenue for the first nine months of 2021

# Grow

KEY METRIC

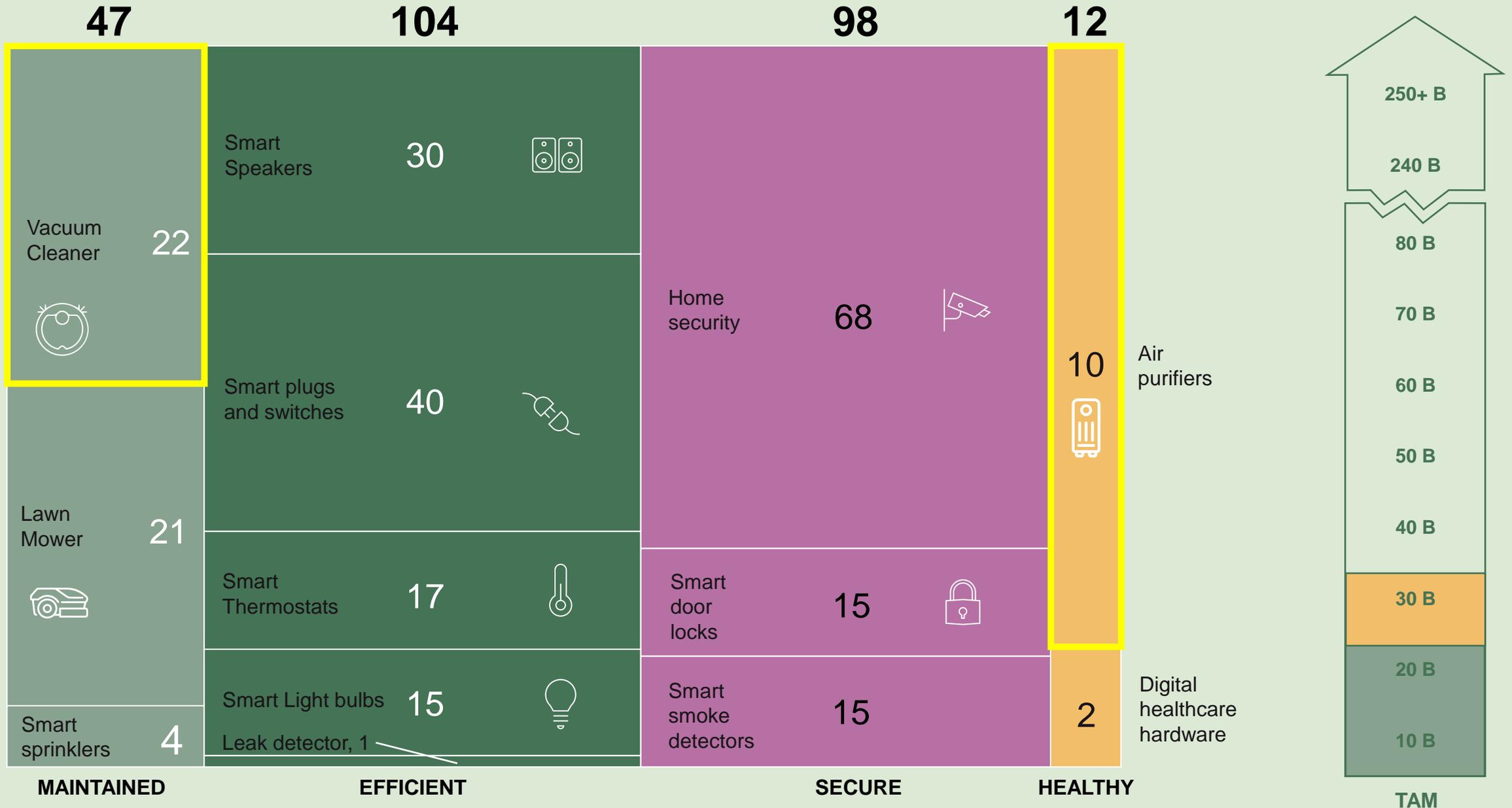
---

2024

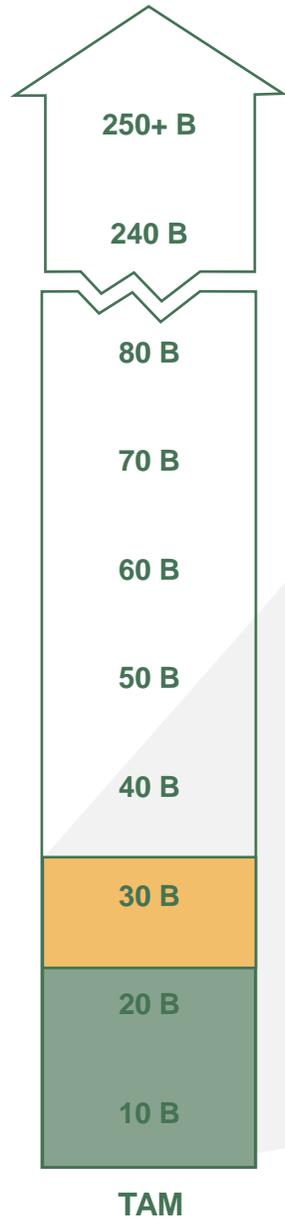


Expect 35%+ CAGR in connected customer revenue (2021-2024)

# Our Market Opportunity, \$B



# Total Addressable Market



**CONNECTED  
CUSTOMER BASE**



**BRAND  
STRENGTH**



**AI & HOME  
UNDERSTANDING**

# Expansion & Diversification – Why Air Purification?



**iRobot's 12.5m Connected Customers**

# Expansion & Diversification – Why Air Purification?



**iRobot's 12.5m Connected Customers**  
**~80% Found Air Purification & Monitoring**  
**Somewhat or Very Appealing**

# 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** 

# 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

RVC category underpenetrated with strong growth prospects

Software intelligence at the foundation of a sustainable, differentiated value proposition

Multiply customer unit economics via existing customer revenue acceleration

Further improve customer value and TAM expansion through product diversification supported by product intelligence and brand

Entering into a new era of growth and value creation





# THANK YOU

## Top 5 Roomba Names

1. *Rosie*
2. *Wall-E*
3. *DJRoomba*
4. *Alfred*
5. *Alice*





DECEMBER 9, 2021

INVESTOR DAY

# PRODUCTS & SERVICES

KEITH HARTSFIELD  
EVP & Chief Product Officer

# iRobot Products are Trusted in Key Markets

iRobot remains the leading global consumer robotics brand

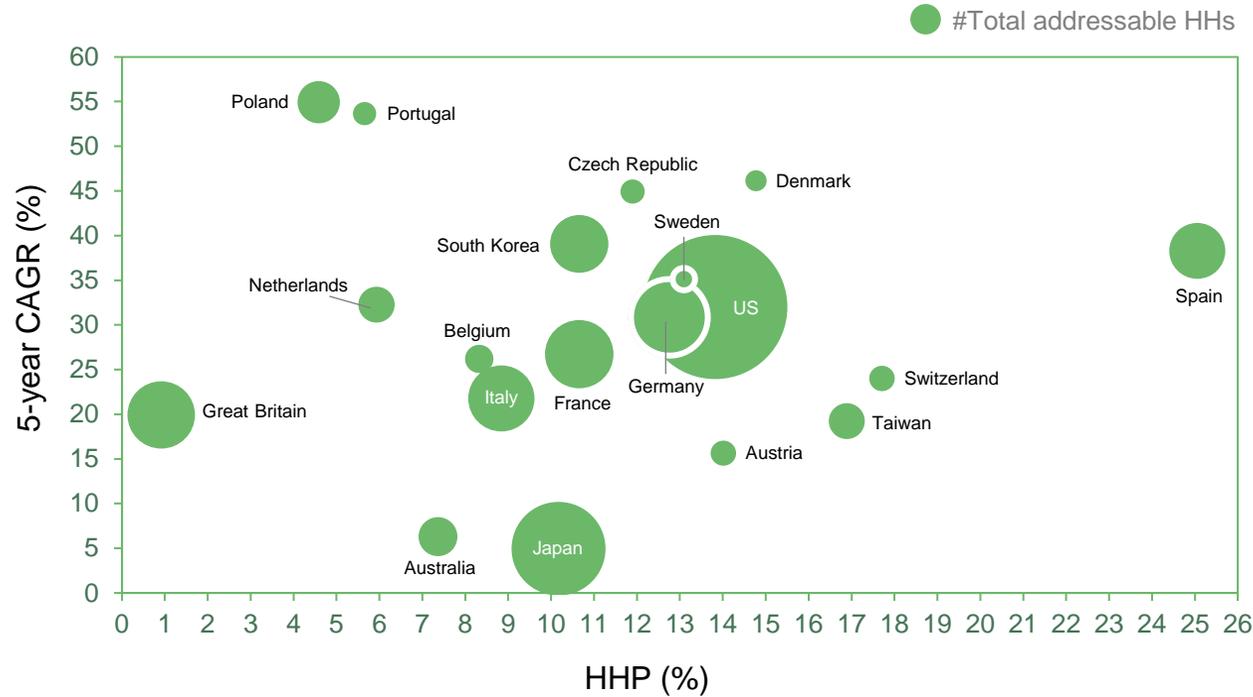


*#1 globally and #1 in each major region we're focused on*

- ❑ **iRobot created the category** and has been a technology and category leader ever since
- ❑ **Customer insights are integral** to informing our near-term and long-range product roadmaps
- ❑ **2021 product launches help maintain** iRobot's leadership and give us momentum going forward
- ❑ At iRobot, we focus on innovation (HW & SW) that will help **deliver the best customer experience**

# Significant Runway Ahead – Low Household Penetration

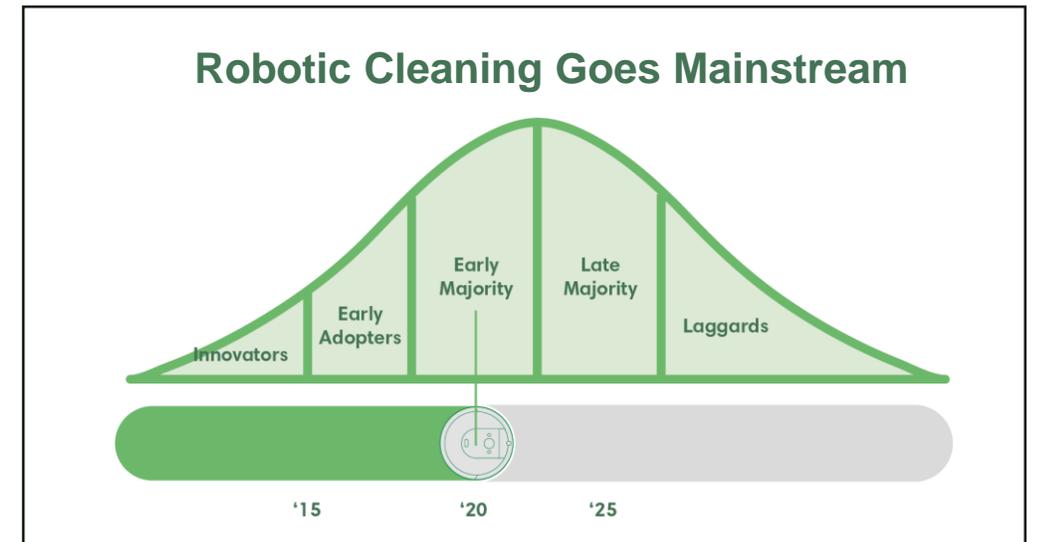
IRBT expects expansion of ceiling as market evolves along adoption curve

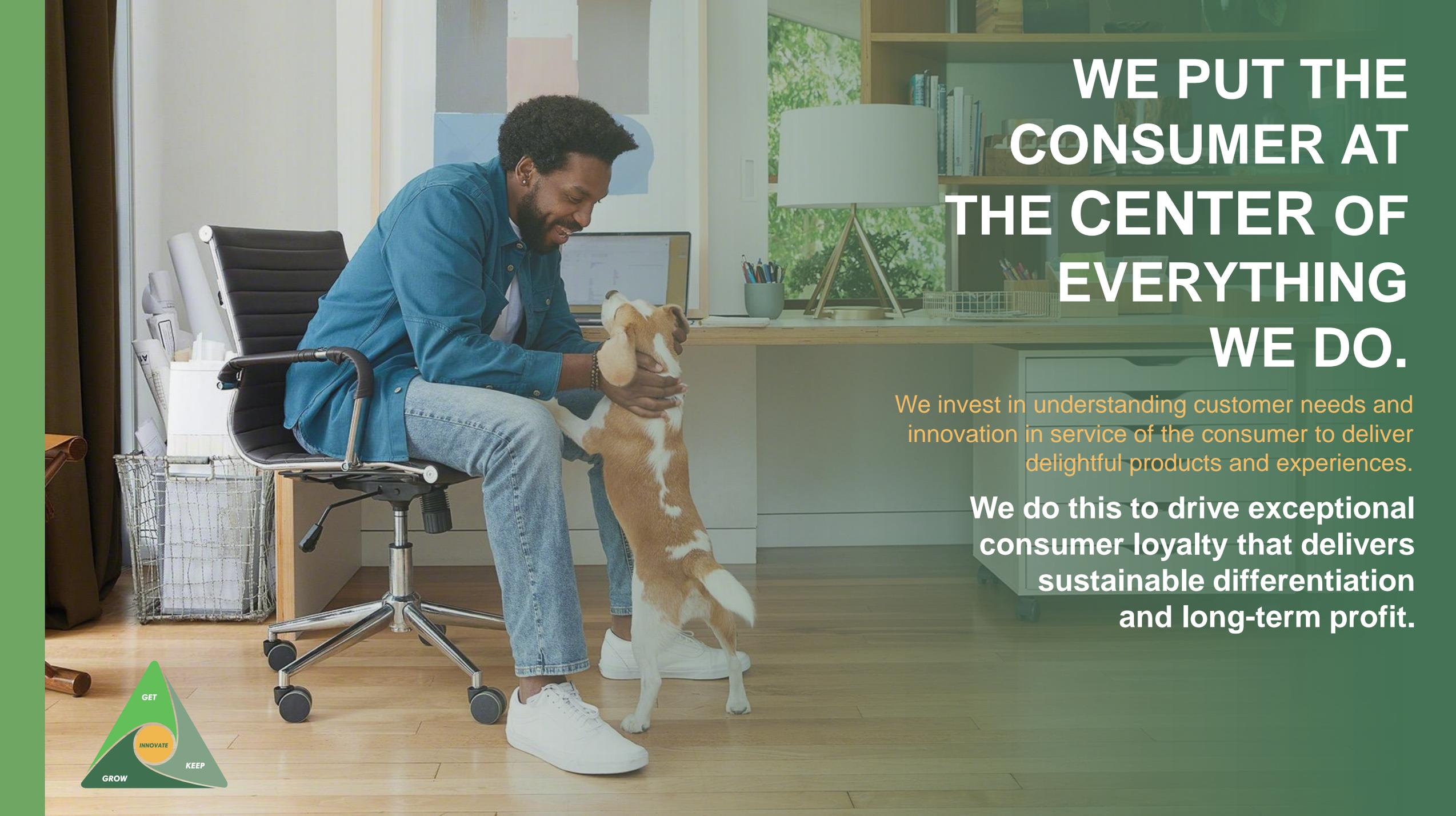


\* iRobot estimate for HHP: household penetration is based on third-party market data, and internal estimates for Amazon marketplace and manufacturers' direct channels.  
 \*\* iRobot estimate for HHP is based on ever owned robot ownership.  
 \*\*\* iRobot estimate for 5-year CAGR based on growth of penetrated HHs  
 \*\*\*\* iRobot estimate for total addressable HHs is based on survey data and iRobot estimates.

**iRobot's premium, differentiated experiences will continue to drive market leadership**

**Evolving consumer appreciation for the value of home robotics will drive adoption**





# WE PUT THE CONSUMER AT THE CENTER OF EVERYTHING WE DO.

We invest in understanding customer needs and innovation in service of the consumer to deliver delightful products and experiences.

We do this to drive exceptional consumer loyalty that delivers sustainable differentiation and long-term profit.



# Customer Understanding is a Key Pillar to Our Success

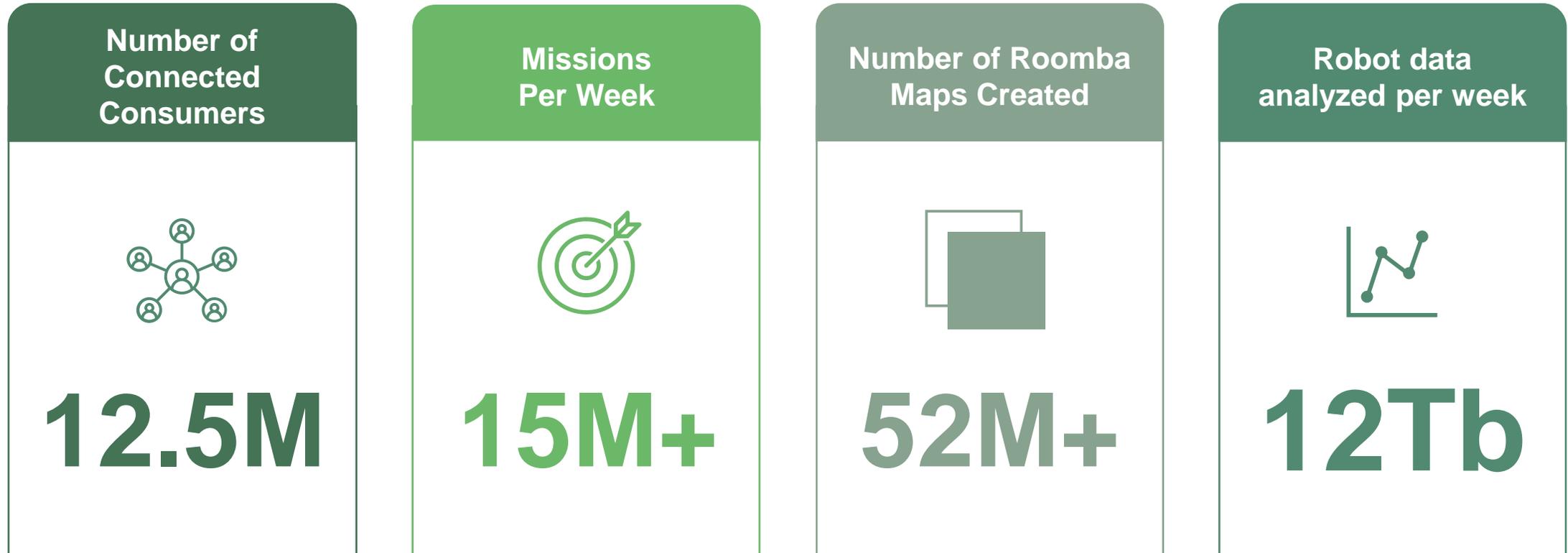
Over 200 consumer studies since 2019



*Deep customer understanding across all key geographies*

# Anonymized Fleet Data is a Timely Source of Insights

Data from large robot installed base deepens consumer learning



**Strong privacy-by-design philosophy** is at the foundation of iRobot’s Home Knowledge Cloud

# iRobot has a History of Innovative Product Launches



iAdapt® 2.0  
Navigation



Cloud Connectivity



Clean Map™  
Reports



Smart Home  
Integrations



Imprint Smart Map &  
Direct Room Clean



Clean base™  
Automatic dirt disposal



Imprint™ link technology



PerfectEdge® technology



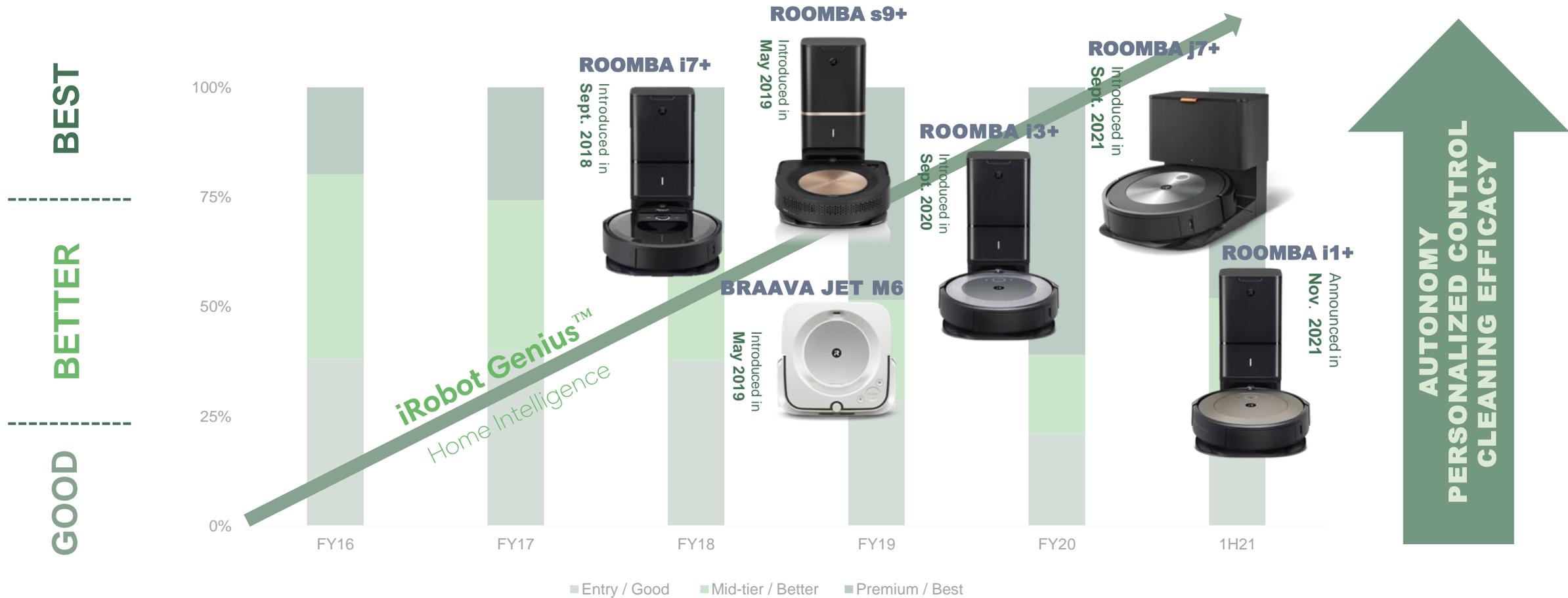
Low-cost  
Systematic  
Navigation



Object  
Detection &  
Avoidance



# Robust Product Portfolio Spans Range of Price Points



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

**Introduce Innovation**  
in flagship product

**Flow Innovation**  
across lower price point products

# Product Innovation – Robots

Customer-driven innovation – leveraging technology to meet consumer needs



**Best-in-Class Pickup and Precision Edge Cleaning**

**Enhanced Capabilities** with computer vision/machine learning (e.g., object avoidance)

**Multi-robot Teaming** for tandem robotic vacuum and mopping

**Expandable RVC capabilities** (e.g., directed room cleaning)

**Bringing Innovation to lower prices** incl Clean Base, Advanced Nav.



RELIABILITY

THOUGHTFUL INTELLIGENCE

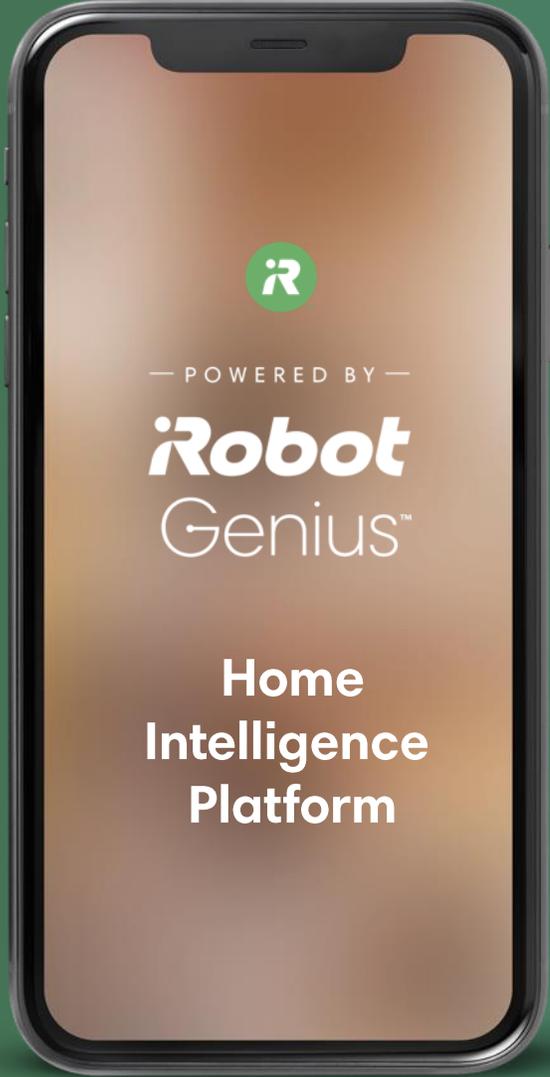
PERSONALIZED CONTROL

SUPPORT



Ai

**Robot**  
Genius™  
3.0



Across product lineup

# Digital Innovation is Equally Important

Genius 1.0 | Q3 2020

Genius 2.0 | Q1 2021



Precision Clean Zones



Recommended Keep Out Zones



Seasonal Recommendations



## Genius 2.0



Estimated Cleaning Times



Clean While I'm Away

## Genius 1.0

We are turning customer insights into innovations



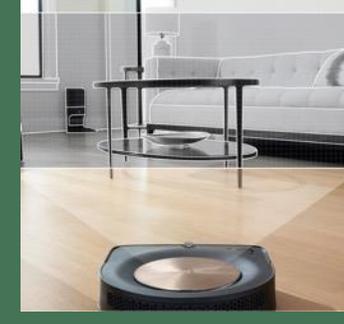
## House Rules



Do Not Disturb



Quiet Drive



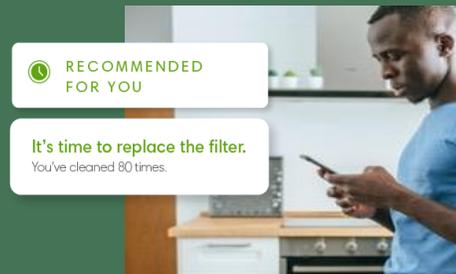
Careful Drive



## Preferences Not Programming



Voice Announcements



Health Recommendations

— POWERED BY —

**Robot**  
Genius™

3.0



## Collaborative Intelligence



Moment Cleaning



Precision Clean Zones



## Home Knowledge



Room Labeling



Map Sharing



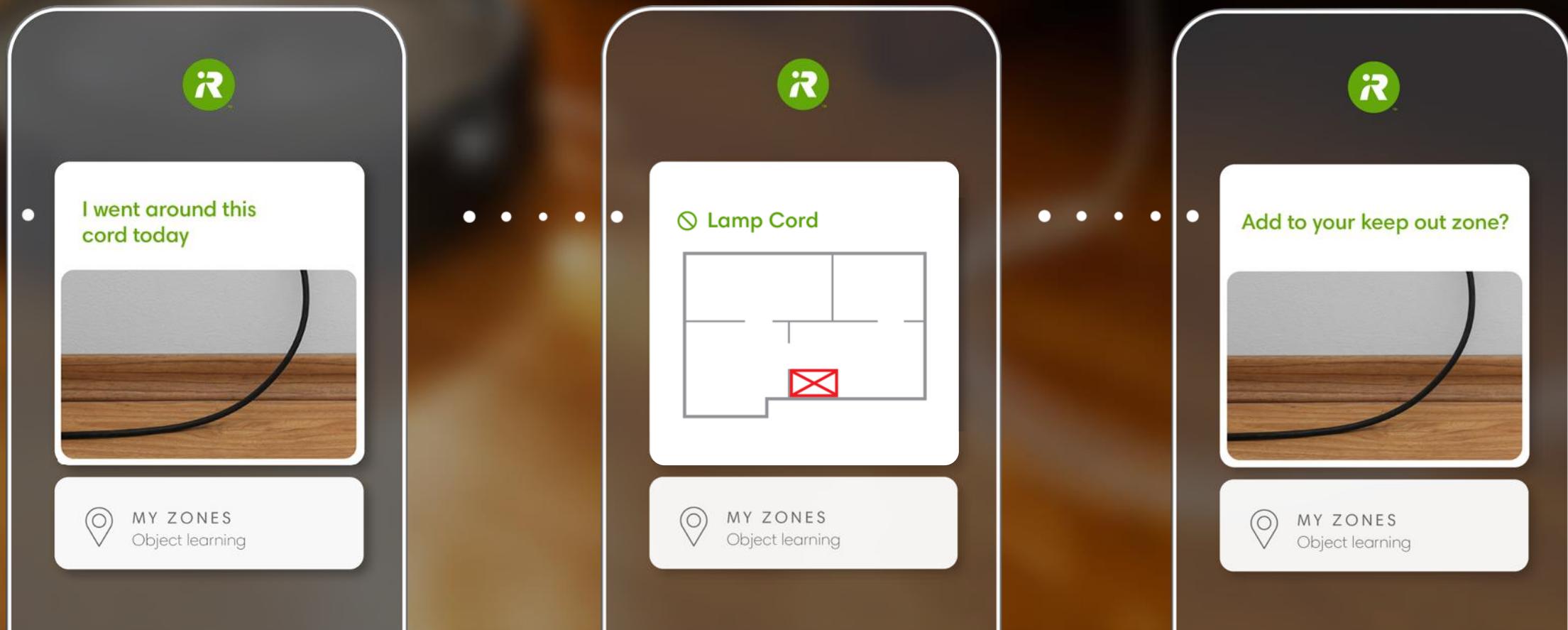
Continuous Updates

— POWERED BY —  
**Robot  
Genius™**  
3.0



# The j7/j7+ *never stops learning*

with **PrecisionVision Navigation**, a customer's robot develops a visual vocabulary for their home, all while keeping their information safe and secure

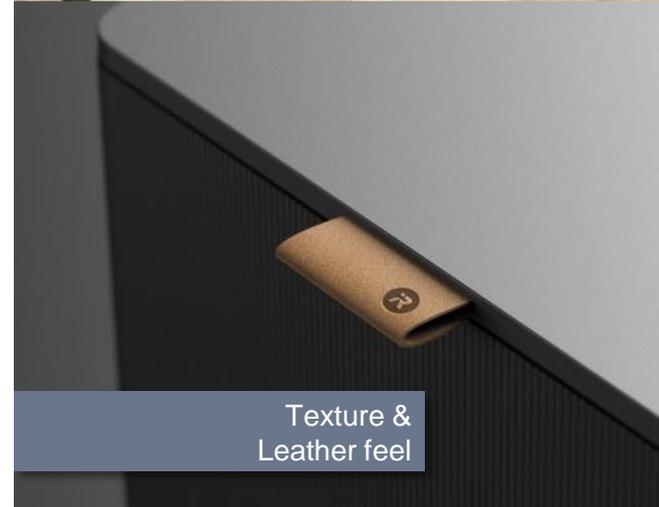


# Roomba j7 and j7+

Thoughtful design to delight the customer

## Most Intelligent and Reliable Roomba

- Visual object recognition (with vast library of home objects) enables Roomba j7 to learn and adapt to a changing environment
- Improved mission completion allowing consumers to clean more frequently and reliably
- Video streaming capability
- All of this enabled by the most advanced technology including
  - On-board machine learning
  - Fastest CPU and most memory on a Roomba
  - Front-facing sensor including navigation, object detection, and docking



# Addressing Customer Needs Beyond the RVC

Complementary products add value to help make homes cleaner and healthier



## Addition of new premium products

BETTER

BEST



\$499

### AAIR LITE

 For rooms 700 ft<sup>2</sup> and below

 99.95% effective down to .1 microns

 HEPA H13<sup>1</sup>



\$999

### AAIR 3-in-1 Pro

 For rooms 1500 ft<sup>2</sup> and below

 99.95% effective down to .1 microns

 Removes all the air lite removes, plus odors, VOCs, and more

 HEPA H13<sup>1</sup>



\$1,299

### AAIR Medical Pro

 For rooms 700 ft<sup>2</sup> and below

 99.95% effective down to .1 microns

 HEPA H13<sup>1</sup>



\$1,299

### AAIR GAS PRO

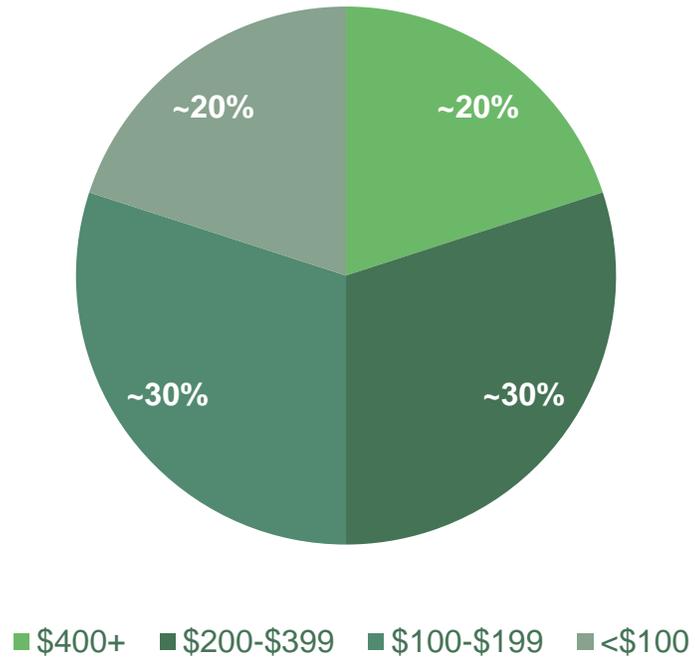
 For rooms 700 ft<sup>2</sup> and below

 99.95% effective down to .1 microns

 HEPA H13<sup>1</sup>

<sup>1</sup> H13 class according to EN1822 at particle sizes 0.1 micron and above at full fan speed

Air Purifier Consumer Spending  
By Price Tier



### Today's Leaders



# Services Innovation

iRobot Select and other RaaS services continue to scale through 2022



## Key Customer Experiences

**iROBOT SELECT** – High value, premium robot experience at lower upfront cost

**PROACTIVE SETUP** – Robot setup assistance included

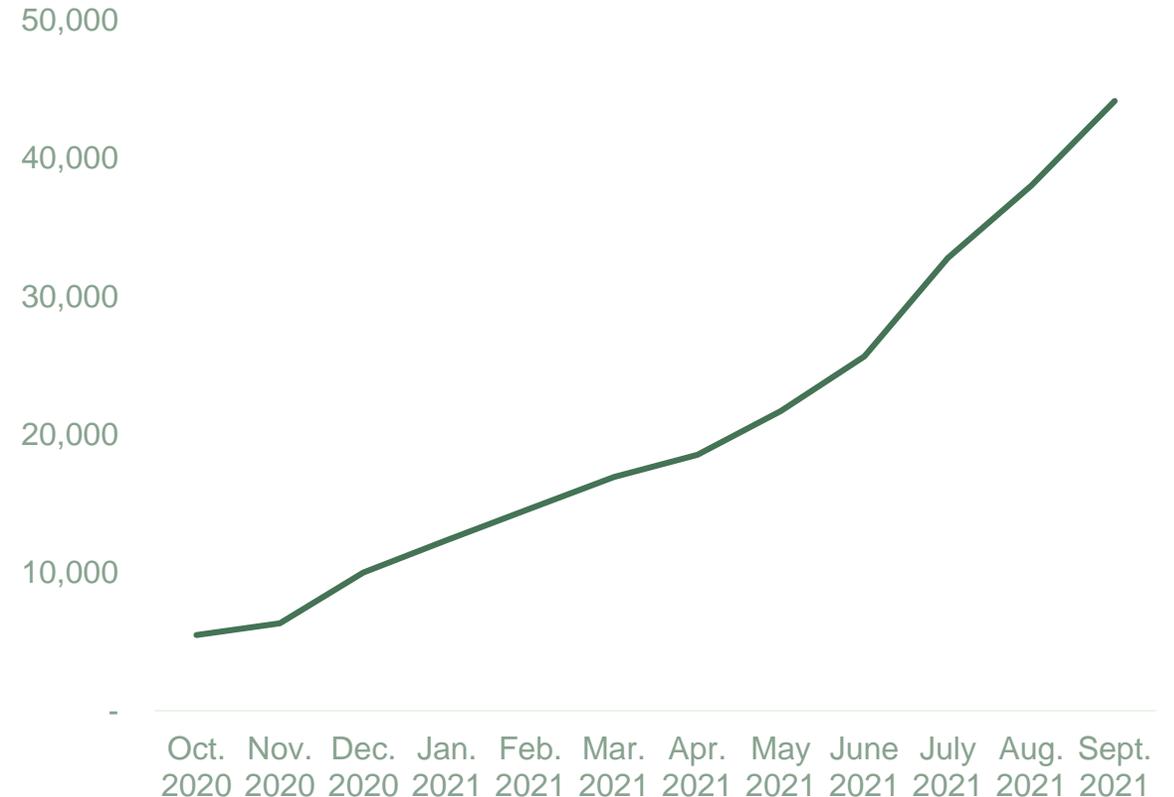
**DEDICATED SUPPORT** – Maintaining your home with Roomba requires members to learn new things, like mapping & clean and keep-out zones. A dedicated support team is on chat, SMS, and on call to help members get setup fast

**SMARTCARE** – Maintaining your Roomba requires accessory replacement ... the health of your accessories are tracked in your membership portal and automatically shipped to consumers just in time

**PEACE-OF-MIND** – Warranty and accidental damage protection are included in memberships

**LOYALTY REWARDS** – Eligible upgrades every 3 years to get members on the latest technology while earning achievements along the way

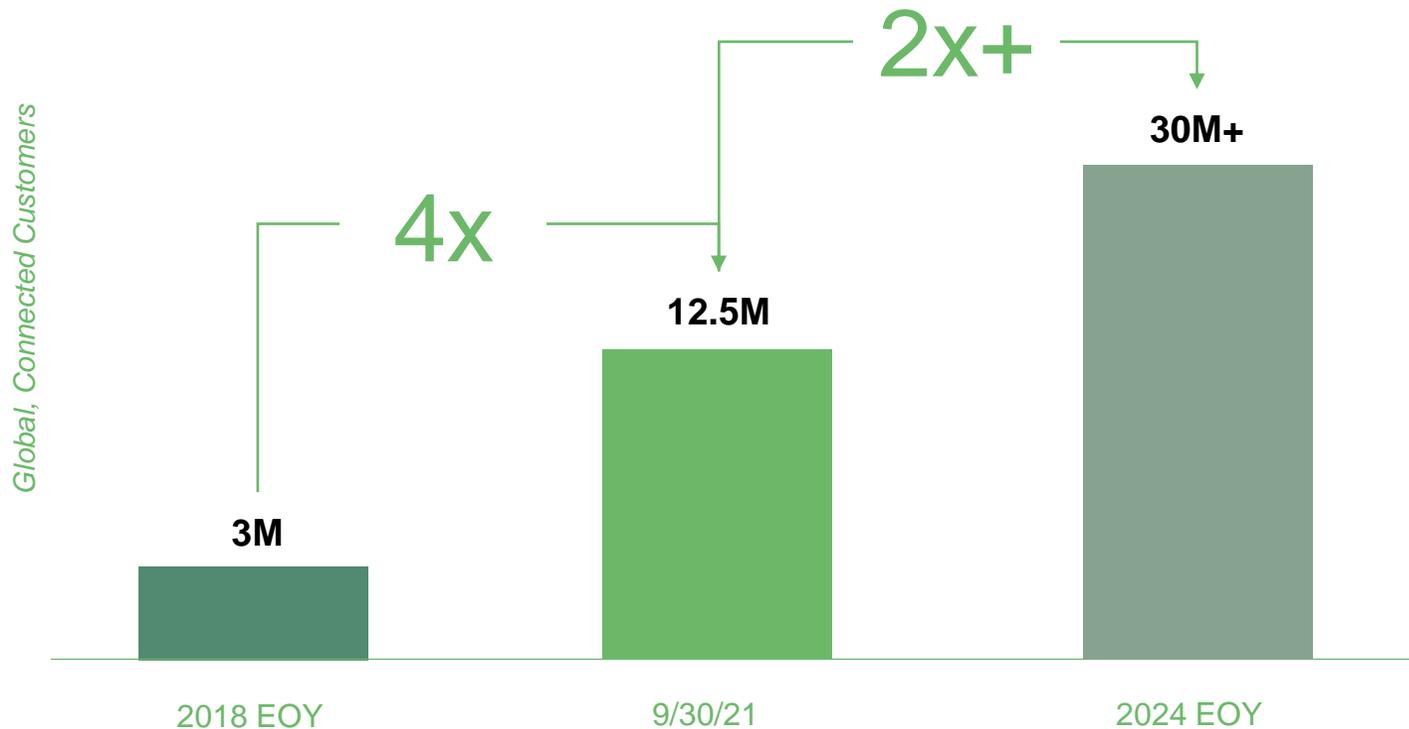
Robot-as-a-Service Subscribers (Global)



New service offerings appeal to broad range of consumers and drive recurring revenue

# Rapidly Growing Connected Customer Base

Building an increasingly valuable data asset to deliver more consumer benefits



Connected customers own a range of products including connected persistent mapping robots with a vast array of digital features and experiences

High quantity of connected users are key to building deep user understanding in the iRobot Home Knowledge Cloud

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

# Customer Support

Transforming customer experience and improving customer satisfaction



## PEOPLE

**Redesigned agent training and desktop experience** (incl. more technical staff, knowledgebase improvement, deeper partnering between customer experience and R&D)



## PROCESS

**Re-engineered post purchase processes** (incl. new order tracking experience, concierge services experience, enhanced IVR experience)

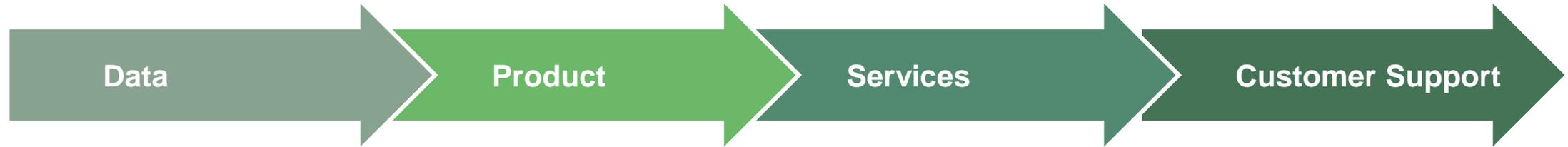


## INITIATIVES

**Voice of the Customer** platform resulting in faster, more strategic resolution of customer issues (e.g., Proactive care)

Customer experience improvements leading to faster resolution of calls, improved retention and higher customer service scores

# Culture of Continuous Innovation



- ❑ **Building unmatched data assets** to reinforce consumer benefits via robot utility
- ❑ **Growing the install base of connected consumers** and consumer/robot data



- ❑ **Robot innovation (HW/SW)** bringing best-in-class cleaning, navigation, and robot control to the market
- ❑ **Using data insights and Roomba data connection** to build valuable adjacent products



- ❑ **Robot-As-A-Service** to increase meet consumer need to “Forget about vacuuming for months” through smart care
- ❑ **Competitive positioning** to delivering premium experiences at lower entry prices

**iRobot Select**

- ❑ **Elevating Voice of Customer** to reach solutions quickly and at high customer satisfaction
- ❑ **Launching initiatives for People, and Processes,** to make lasting improvements



***Delivering a differentiated ownership experience across all touchpoints***

# THANK YOU

## Most Frequently Cleaned Rooms (using directed room clean feature)

1. *Kitchen*
2. *Living Room*
3. *Hallway*
4. *Dining Room*





DECEMBER 9, 2021

INVESTOR DAY

# EXECUTING TO SUPPORT GET, KEEP & GROW

KIRAN SMITH  
Chief Marketing Officer

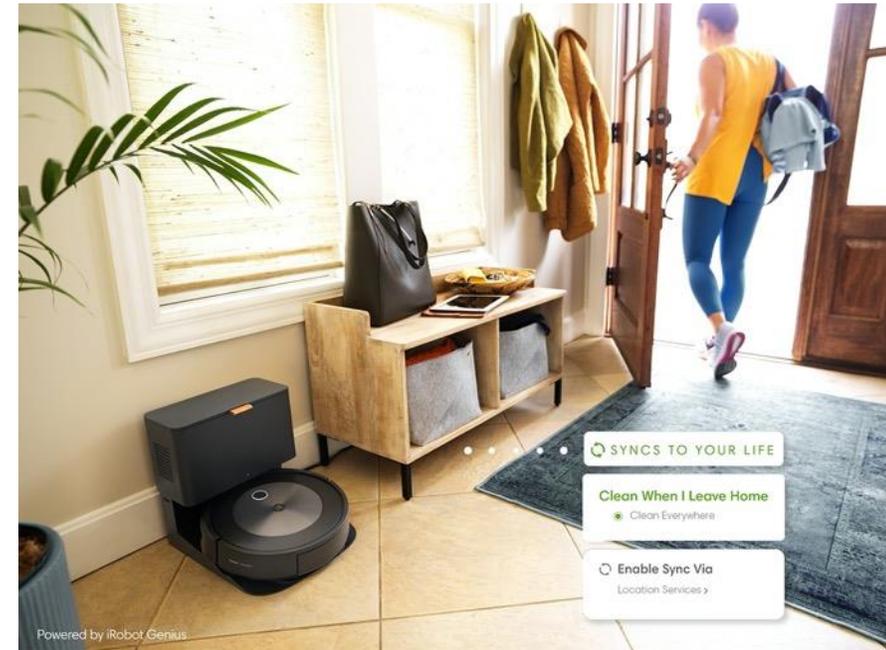


# We Know the iRobot Customer ... Really Well!

We know the consumers that we need to **GET**



We know the existing customers that we need to **KEEP** and **GROW**

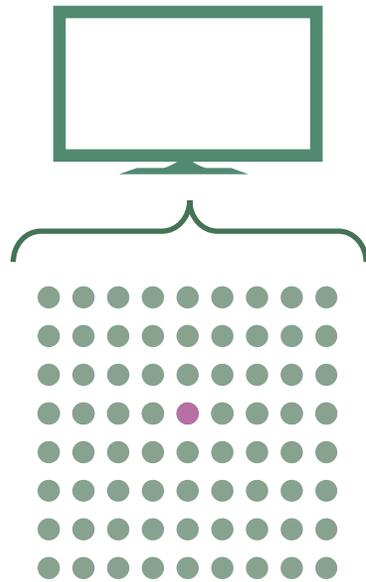




# We now reach our iRobot customer wherever they consume content

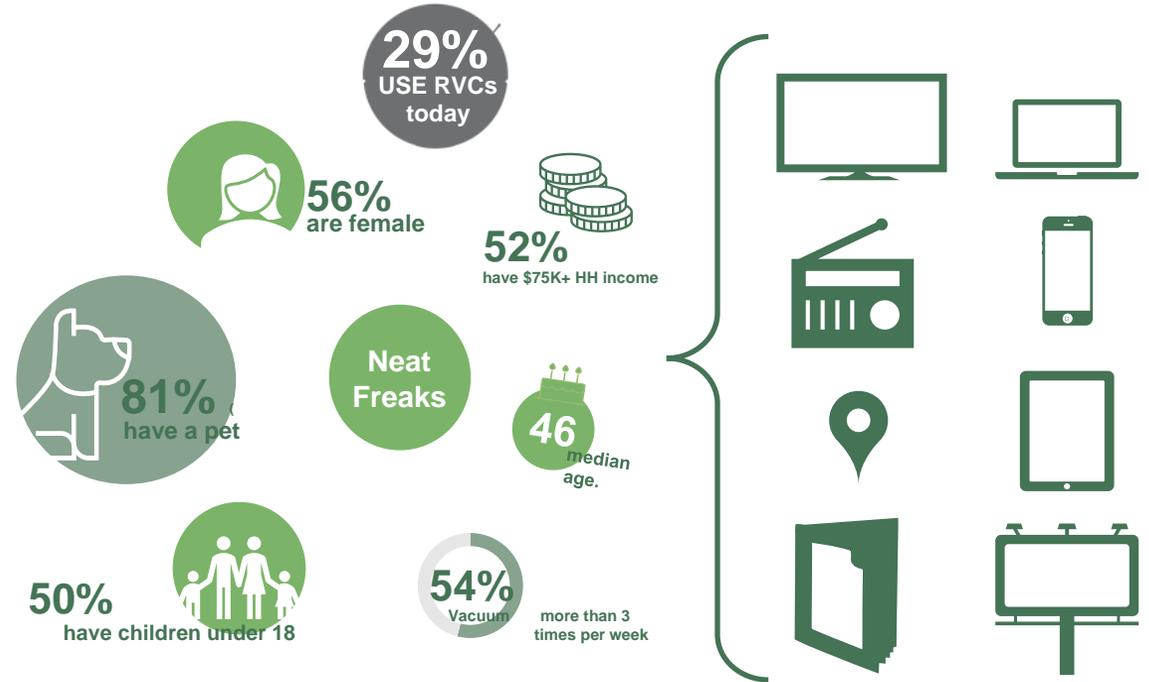
*The days of mass marketing no longer work in isolation for us*

## The Past



100% of working media in 2011 was focused on untargeted mass media

## Today\*



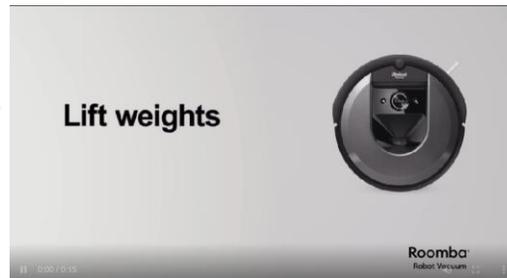
100% of working media in 2021 is targeted and 75% is digital

\* Audience data from 1H 2021

# Our Media is More Effective with Relevant and Contextual Messages

## Gyms

“Weight”



“Leg Day”



“Furry Friend”



## Elevators



## Digital Billboards



## Golf Courses





That's why we win in  
awareness, consideration  
and in brand favorability

Purchase Intent **+19%**

Favorability **+24%**

Consideration **+24%**

# RVC Category is Cluttered with a Sea of Sameness

Differentiate on experience, move beyond hardware-centric features & price

**Shark IQ ROBOT™**

**MORE SUCTION POWER:**

Buy now

\*vs. RV720

This advertisement features a dark wood floor background with a white curved banner at the top. A black Shark IQ robot is partially visible on the right side. The text is in white and blue, with a blue button for 'Buy now'.

**BLACK FRIDAY**

**roborock**

**S5 Max**

Meet Roborock, Spend Time Smarter.

**\$110 OFF**

This advertisement has a black background with the words 'BLACK' and 'FRIDAY' in large, light grey letters. It features a top-down view of a black Roborock S5 Max robot. The text is in white and red, with a red price tag graphic.

**Shark IQ ROBOT SELF-EMPTY XL**

**FOR LESS \$\$**

than iRobot® Roomba® i7+\*

Buy now

**HAIR NO HAIR**

\*Based on regular prices listed on manufacturers' website

This advertisement has a white background with a yellow section on the right. It shows a Shark IQ robot's self-emptying station. The text is in black and yellow, with a yellow button for 'Buy now'. There are two small images at the bottom showing hair being caught and not caught.

**roborock**

**S6**

Bring home smarter

**Labor day Sale** ~~\$649.99~~ **\$379.99**

This advertisement features a background with a stylized American flag. A black Roborock S6 robot is centered. The text is in white and red, with a red circular badge for 'Labor day Sale'.

**ECOVACS DEEBOT**

**PC EDITORS' CHOICE** ●●●●● 4.0 EXCELLENT

**Ecovacs Deebot Ozmo T8 AIVI**

"The Ecovacs Deebot Ozmo T8 AIVI is a pricey 2-in-1 robot vacuum and mop with excellent battery life, the ability to identify and avoid obstacles, and a unique home monitoring feature."

— Angela Moscaritolo, PCMag

LEARN MORE

This advertisement has a blue background. It features a top-down view of a black Ecovacs Deebot Ozmo T8 AIVI robot. The text is in white and yellow, with a yellow button for 'LEARN MORE'.

# Our New Brand Positioning Works Harder to Breakthrough and Connect with the Customer

We now reach our iRobot customer wherever they consume content



SAVE \$150

**happens**

Holiday planning gets intense. The Roomba® j7+ robot vacuum avoids pet waste as it cleans, so you have one less "situation" to worry about.

**Shop now**

Offers end 11.13.21

**Minds your pet's business**

P.O.O.P. (Pet Owner Official Promise)\* means your Roomba® j7/j7+ robot vacuum will steer clear of your pet's waste as it gets down to its own business. If it doesn't, we'll replace your robot for free.

\*Offer valid for 1 year from purchase and covers replacement product only. Valid only for solid cat or dog waste. Additional terms and conditions apply - see [Terms and Conditions](#) for full details.

**Learn more**



# We Know the Connected Customers We Need to Keep and Grow

Building stronger, enduring partnerships with our connected customers

## MARIA & DAVE

PREOCCUPIED PARENTS

### BEHAVIORS

- Out & about all the time, especially weekends
- Coordinating multiple schedules
- Juggling & outsourcing tasks (e.g. childcare)
- Adapting to changing circumstances
- Re-assessing existing habits & products

### HOUSEHOLD TASKS

- Focus on essentials of maintaining their home
- More tasks to create & maintain a hygienic, healthy home (Maria has pet dander allergy)

### TENSIONS / BARRIERS

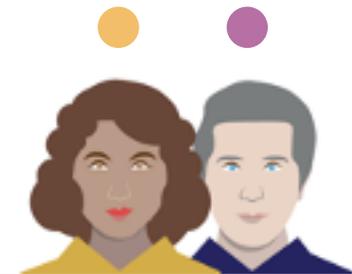
- Frequent disruptors to schedule
- Limited time & money for self
- Limited mental & physical bandwidth
- Conflicts over sharing cleaning & childcare
- Different cleaning standards b/w spouses

### VALUES / MOTIVATIONS

- Re-evaluating/changing relationships/lifestyle
- Meeting immediate & long-term needs of their family first, & themselves secondarily

### GOALS

- Spend time with their kids & partner
- Maintain a healthy home
- Optimize time
- Manage stress
- Delegate tasks
- Help their children succeed
- Finding time for themselves

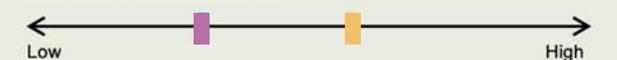


## TECH BEHAVIORS & ATTITUDES

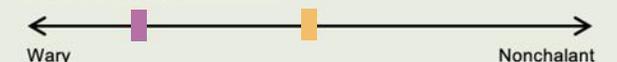
### TECH ADOPTION



### TECH CONFIDENCE



### TECH TRUST



# Our Robust Insights into Our Connected Customers is Unparalleled

Enabling proactive, predictive and personalized marketing based on individual needs

# 12.5 MILLION



Robot Health Data

Robot Usage Data

Robot Maintenance Data

Personalized Rules  
Created by Owners

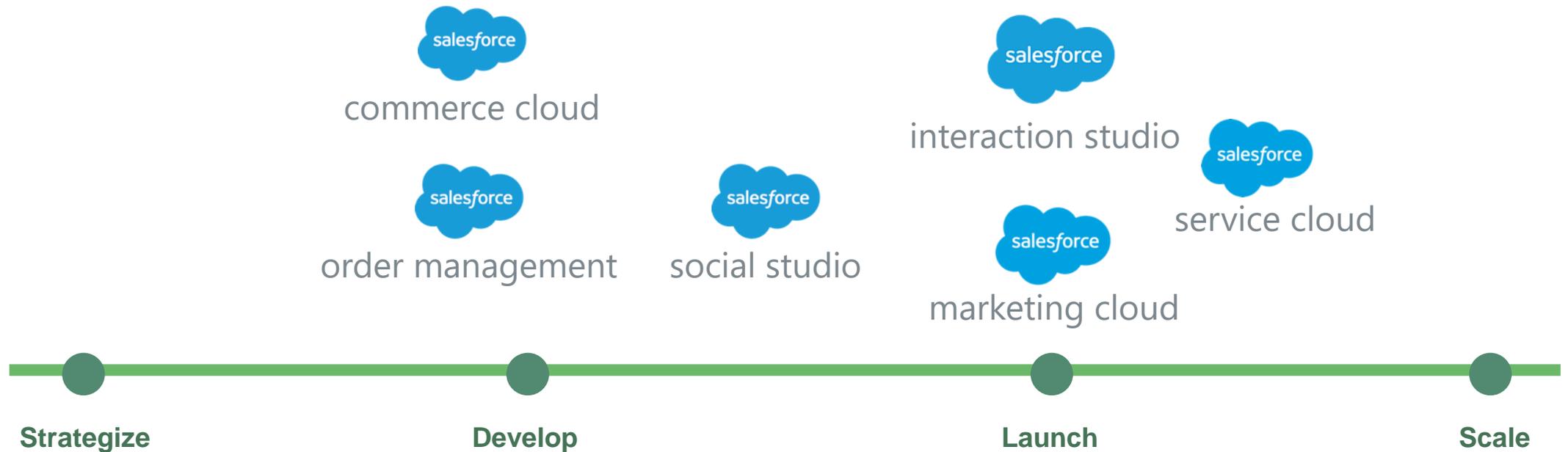
App Usage Data

Experience Pathing Data

## Personalized Robot Health Email



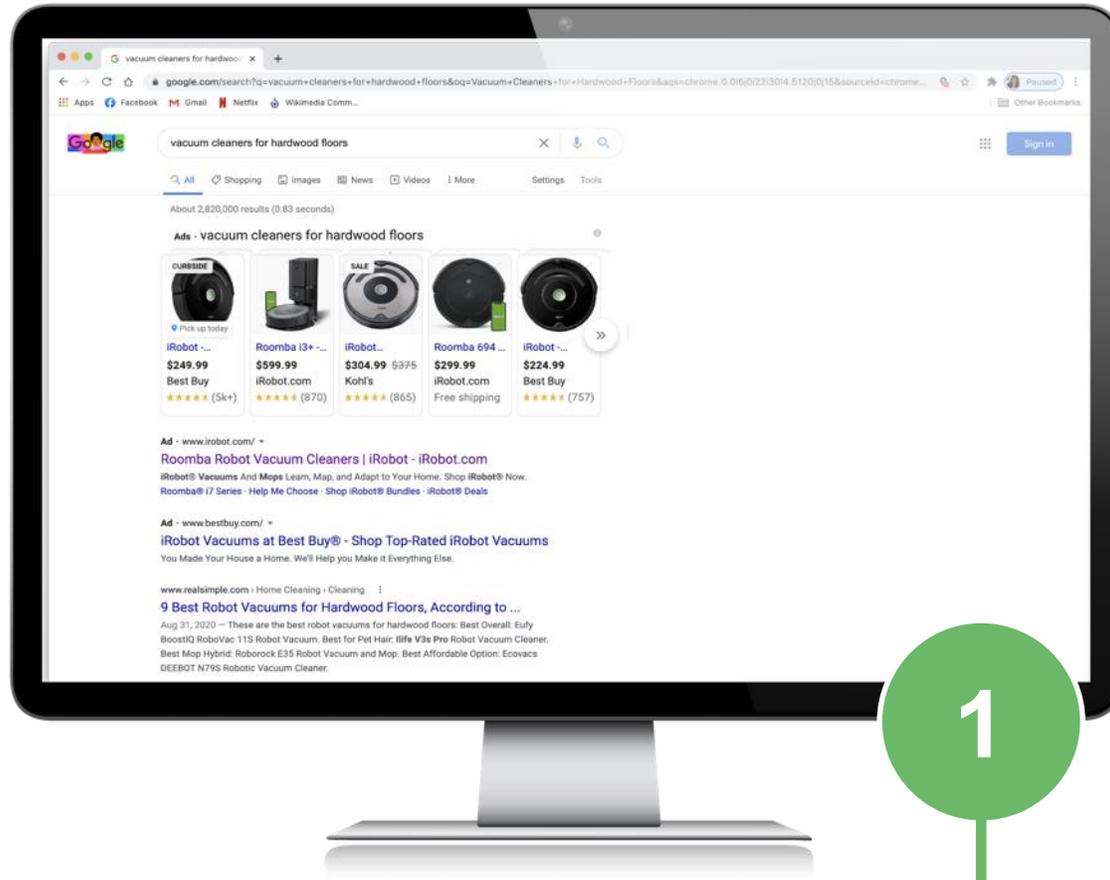
# Fortifying our customer partnerships by combining customer and robot data



**Gain insights and convert them to present  
the right offers for the right customers at the right time**

# Personalized Customer Experience from Start to Finish

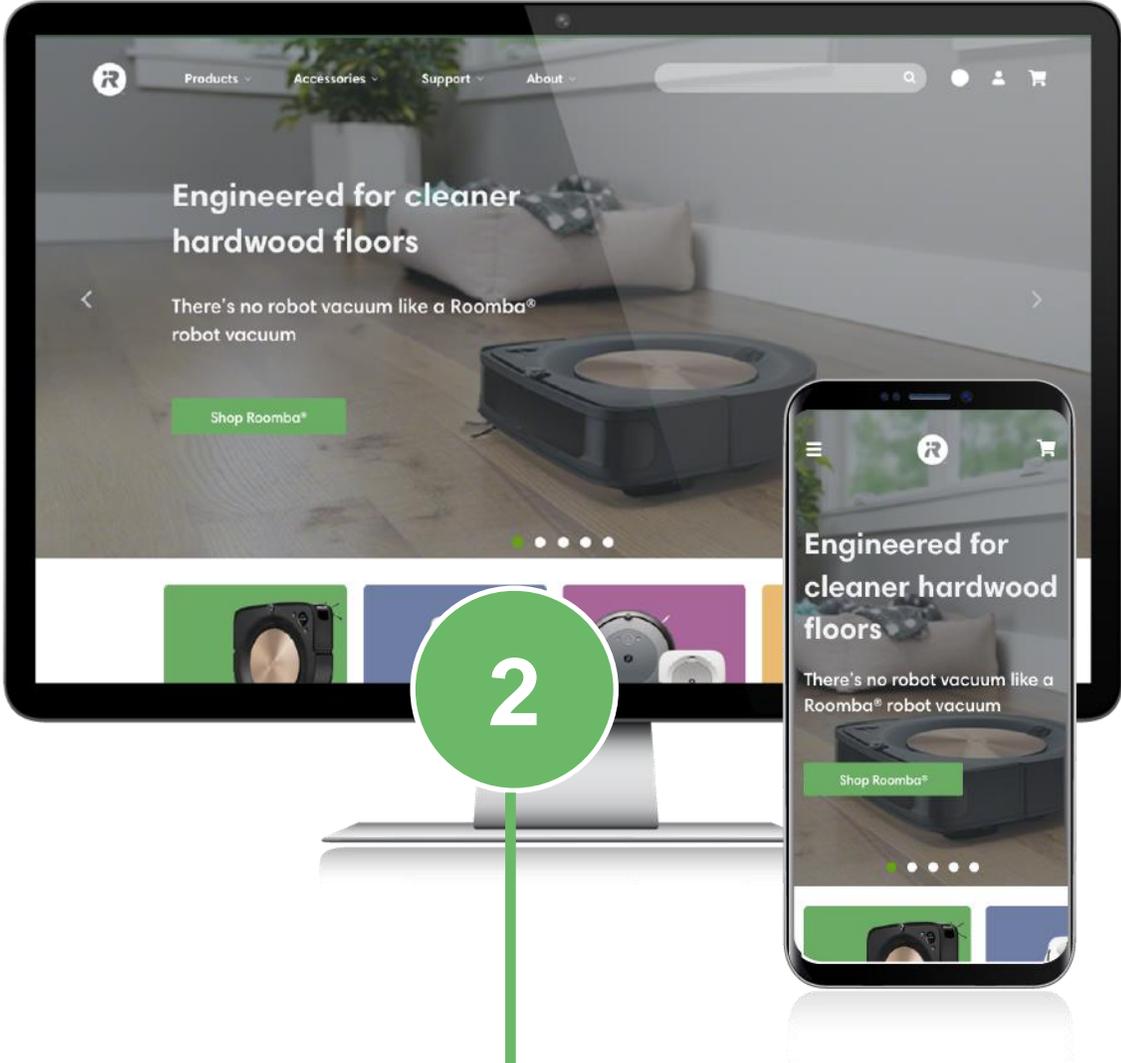


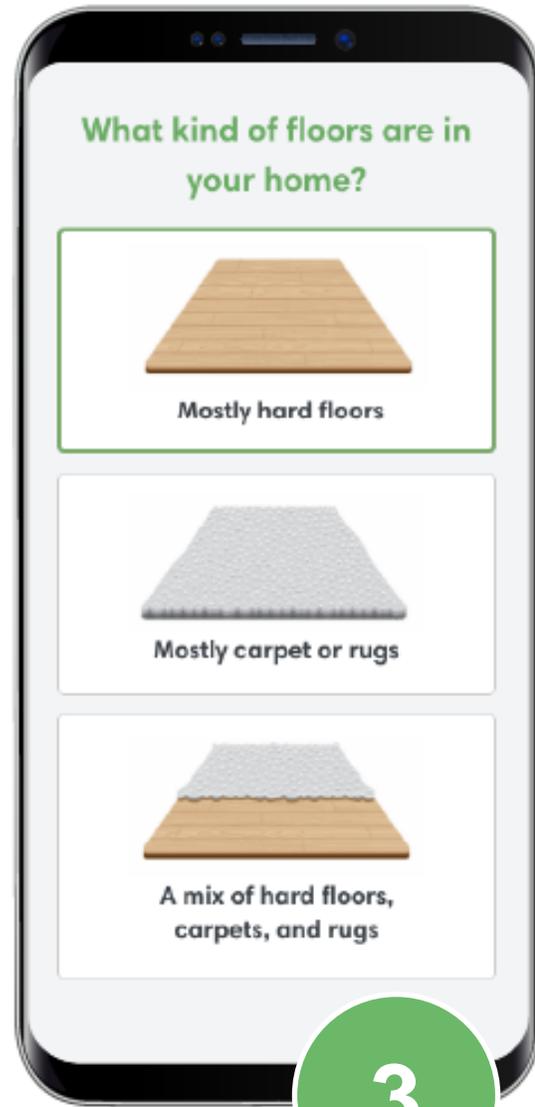


The search begins ...

1

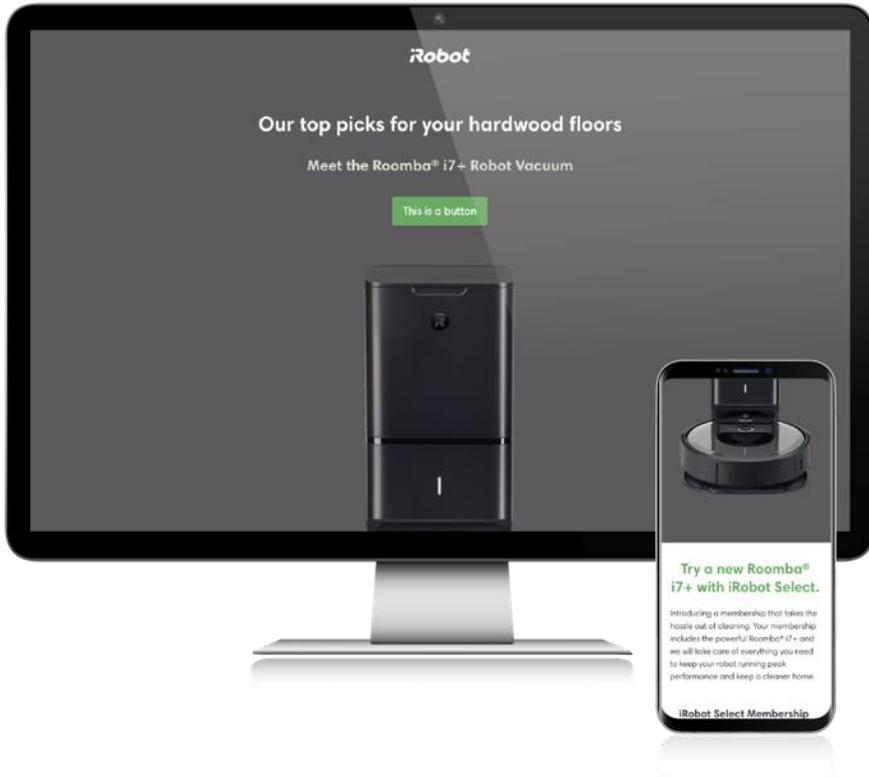
# Personalized homepage experience





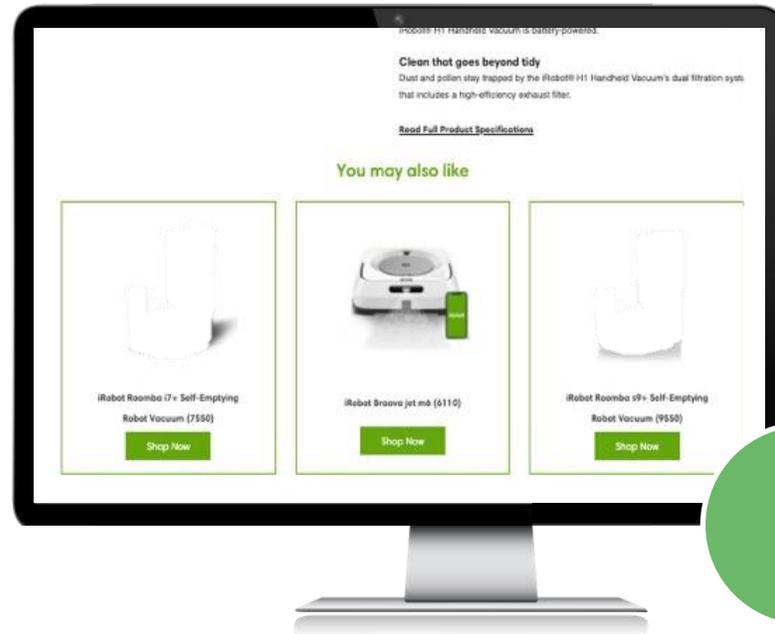
**Fine-tuning their search  
for the right Roomba**

3

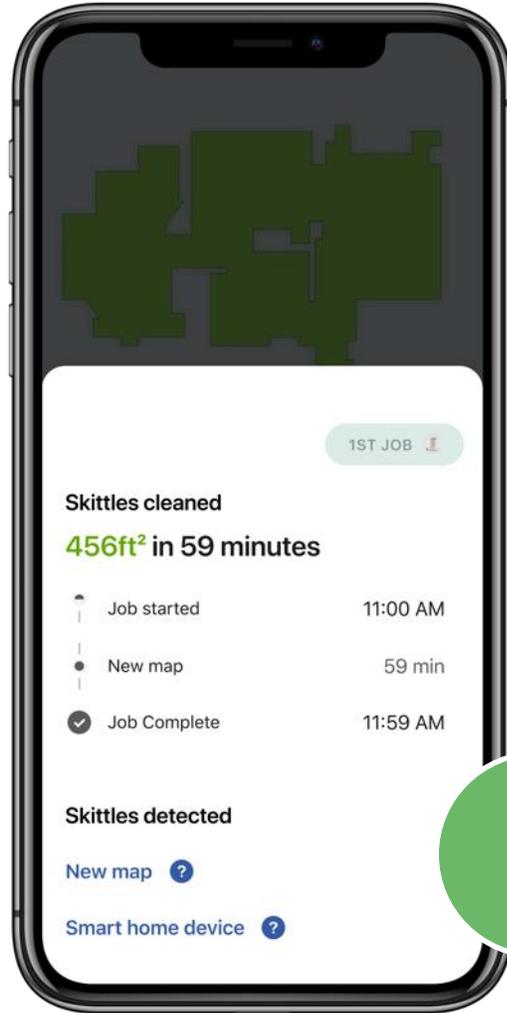


## Personalized emails

## Marketing our other products



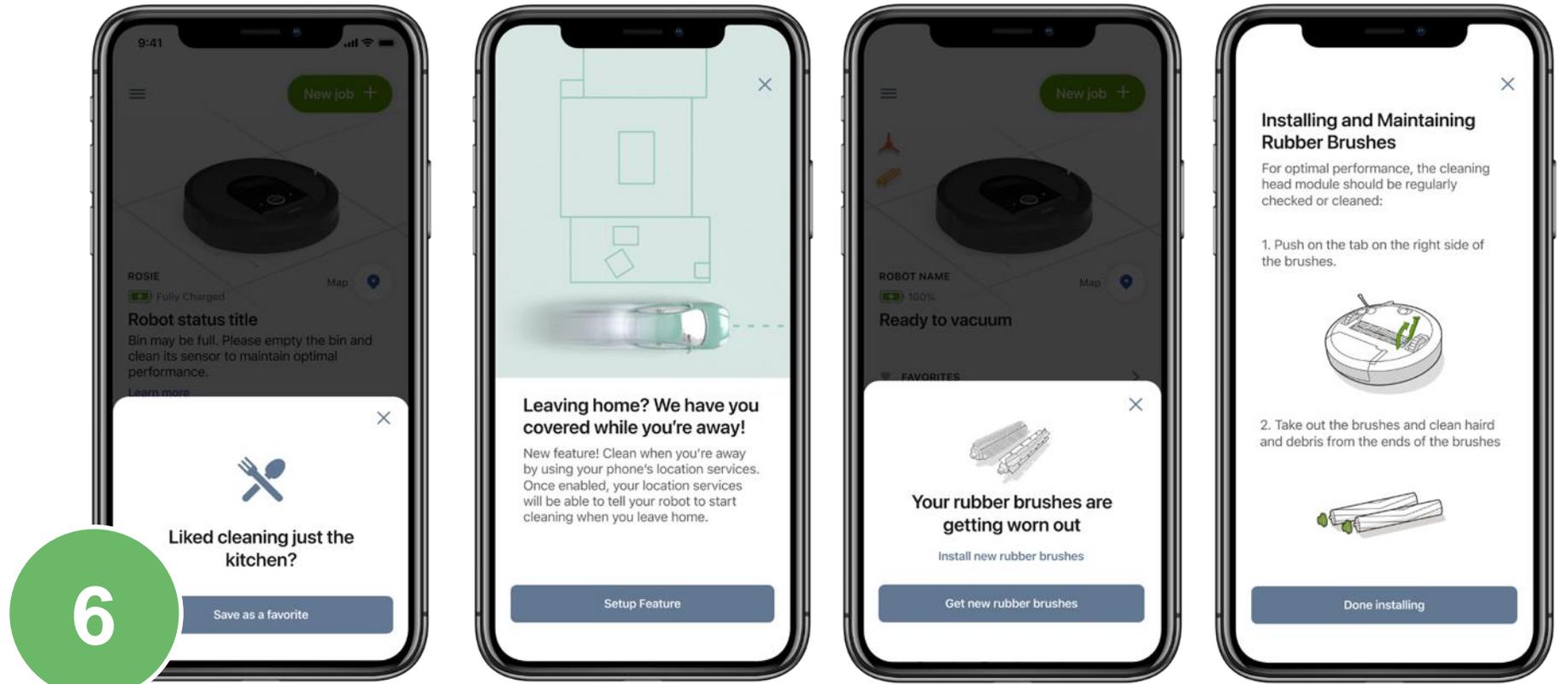
4



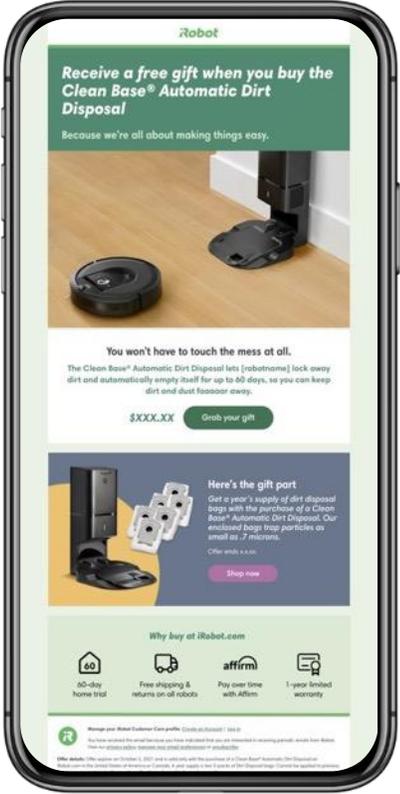
## Cheerleading throughout

5

# Continuous coaching



# Endless upsell and cross-sell opportunities

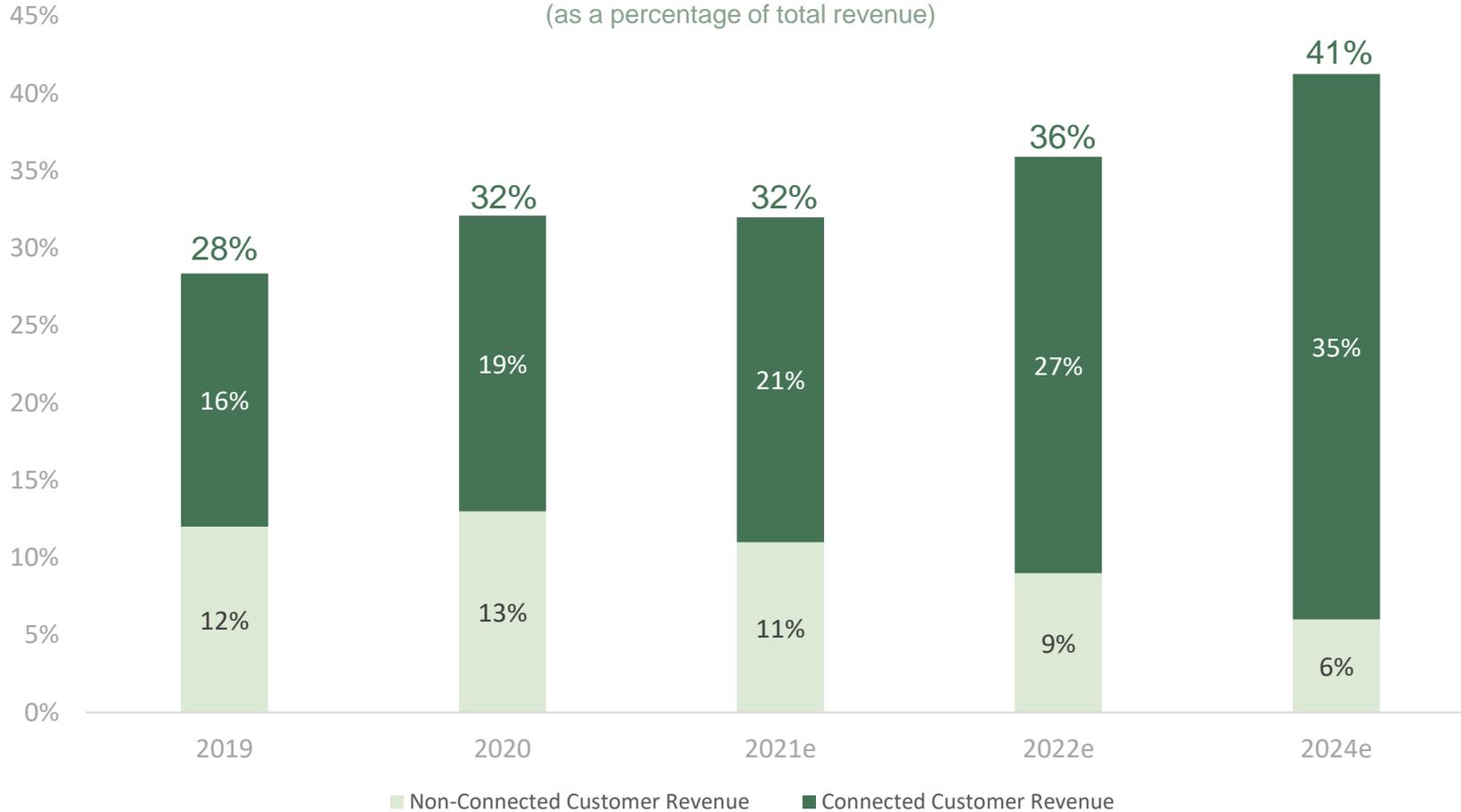




# Existing Customer Revenue

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

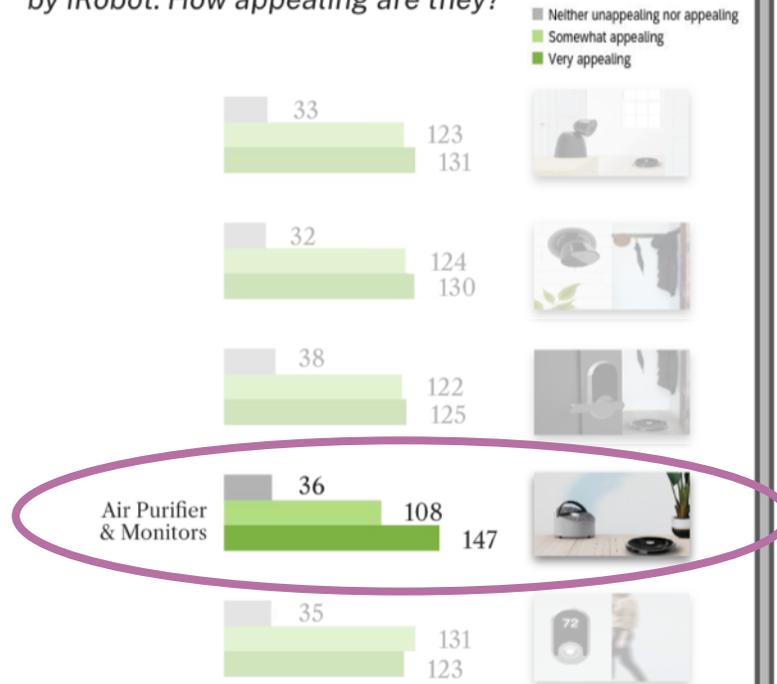
iRobot connected customer revenue is an estimate based on timing of customer connectivity to Home App rather than actual sale date.  
iRobot non-connected customer revenue is an estimate based on annual survey data for replacement or upgrade purchase activity from existing customer less connected customer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

# Adding Air Purification Products Increases Cross-Sell Opportunities

## Appeal of Smart Products

- An overwhelming majority of respondents find each of the product experience concept appealing (somewhat or very) coming from iRobot.
- Air purifiers and monitors garners the strongest interest.

Imagine the these experiences are offered by iRobot. How appealing are they?



**aeris** 

*Our customer base is already asking for it*

# Drive Better Performance and Excellent ROI from Our Investments in Tech, Talent and Tactics



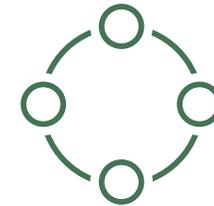
## TOOLS

Over 30+ Technology Advancements



## PEOPLE

New Talent & Leadership to drive impact



## PROCESS

A new strategy to power short- and long-term results



## DATA



## Fueling Strong Revenue Growth and Accelerated Profitability



# THANK YOU

**20%**

*iRobot robot  
owners who  
connected  
their robot to a  
voice assistant*





DECEMBER 9, 2021

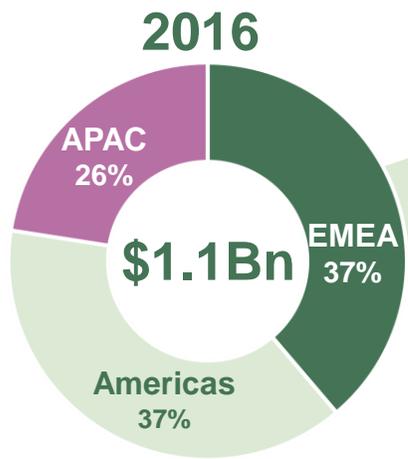
# INVESTOR DAY COMMERCIAL

JEAN JACQUES (JJ) BLANC  
Chief Commercial Officer



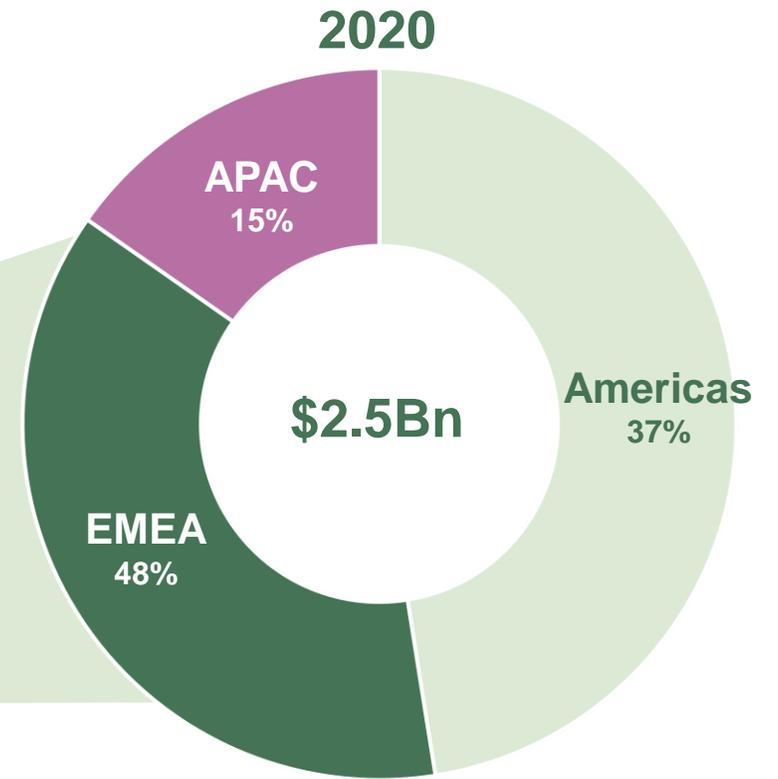
# Global Robotic Floorcare Segment

*Attractive Market Opportunity*

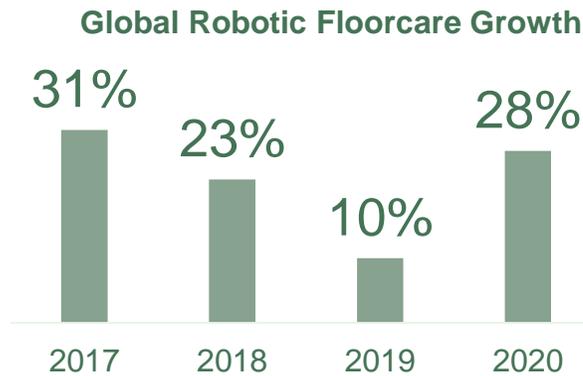


ASP \$439

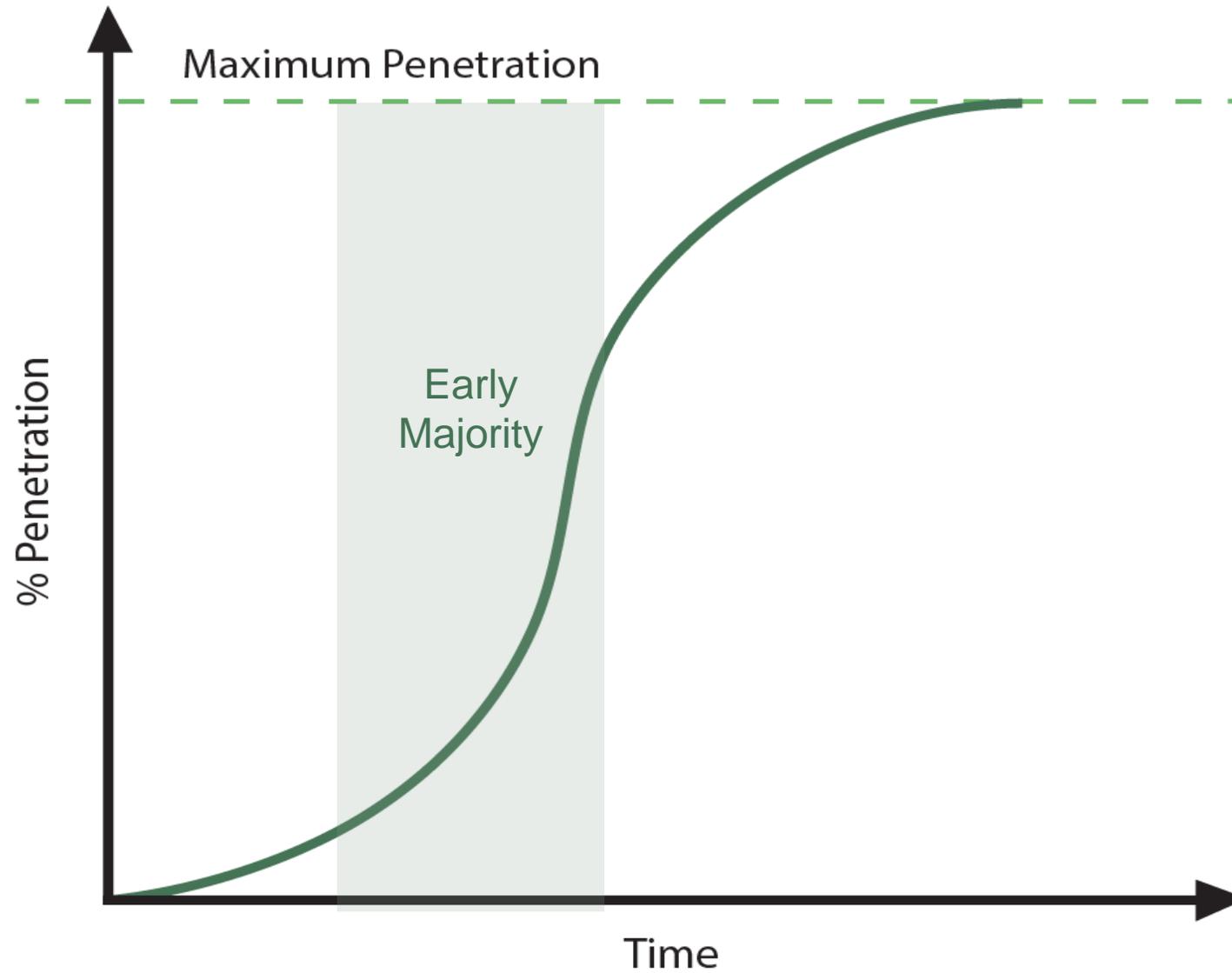
**23% CAGR**



ASP \$417



# Room for Continued Growth



# Unambiguous Leadership



Brand equity  
#1 RVC Brand



Value creating  
innovation



Strong retail  
relationships



Continuous  
investments to  
maintain our  
privileged  
**Go to Market**  
position



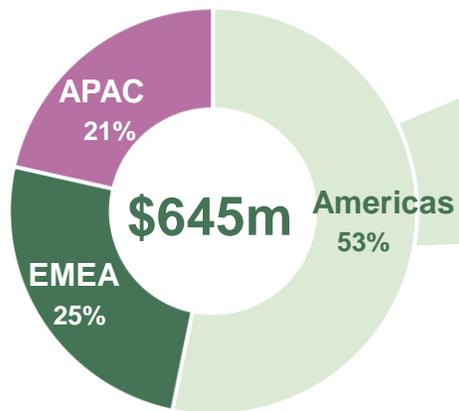
End to End  
operational  
excellence



# Sustained Performance

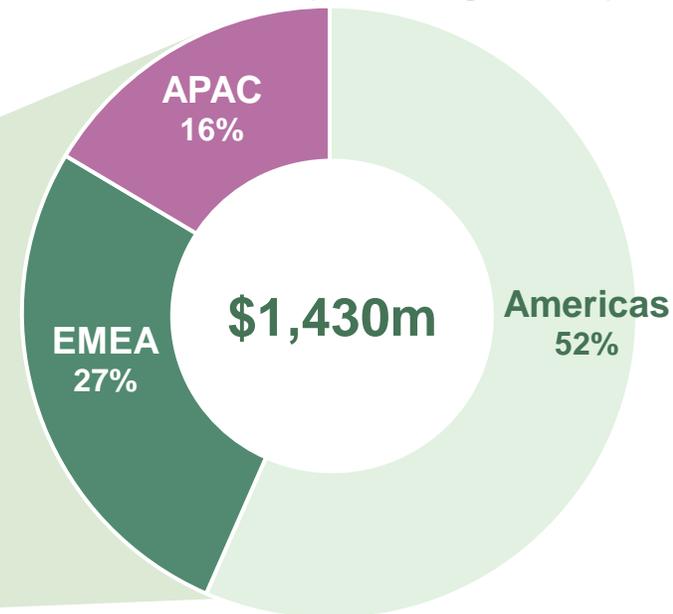
*iRobot Leadership*

### 2016 Revenue by Geography

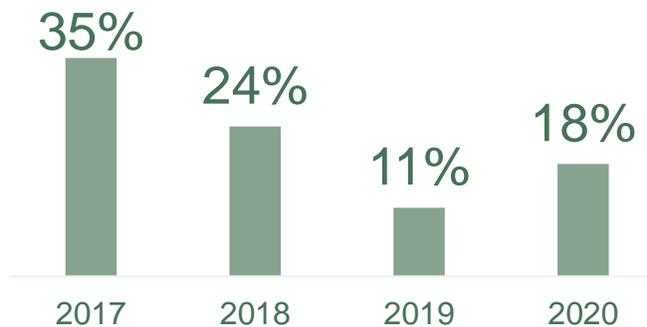


**22% CAGR**

### 2020 Revenue by Geography



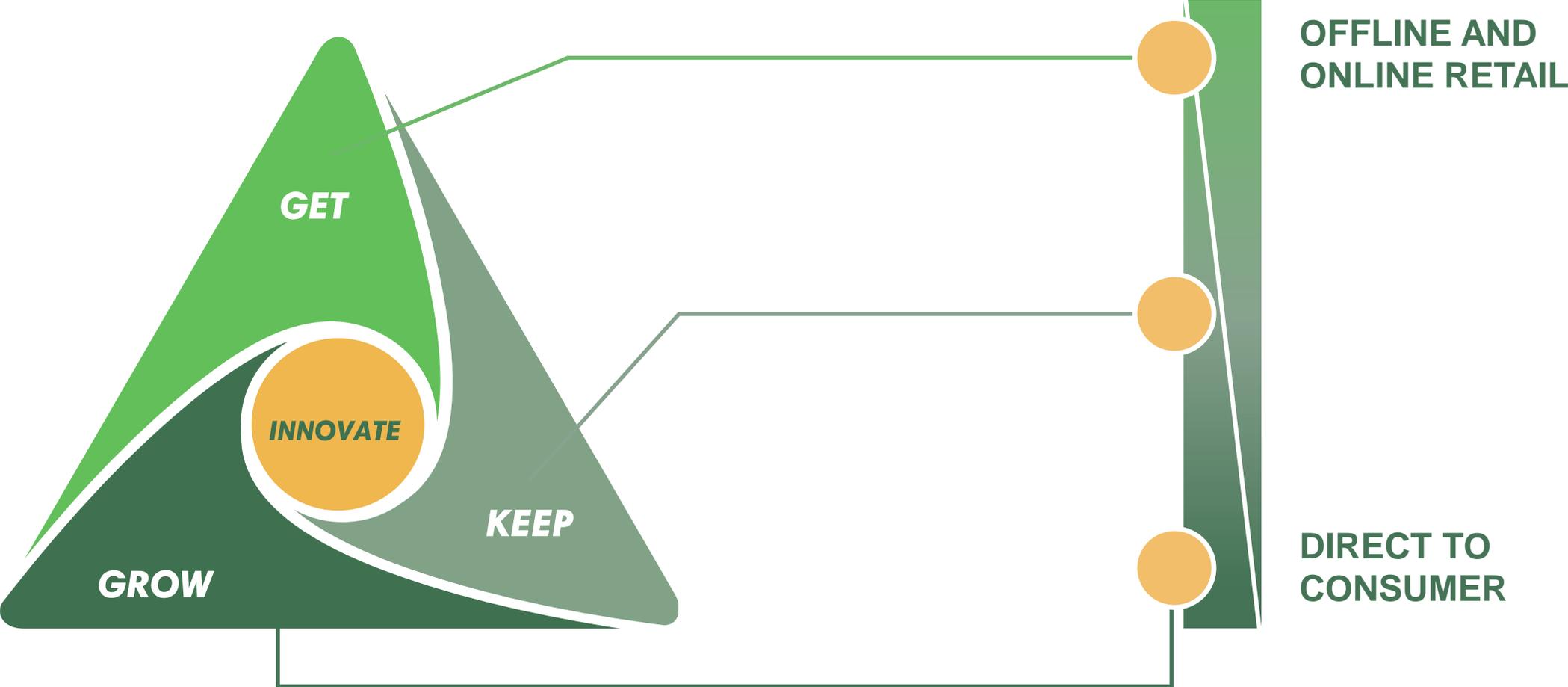
### Annual Revenue Growth



*iRobot's 2016 and 2020 APAC revenue includes China*

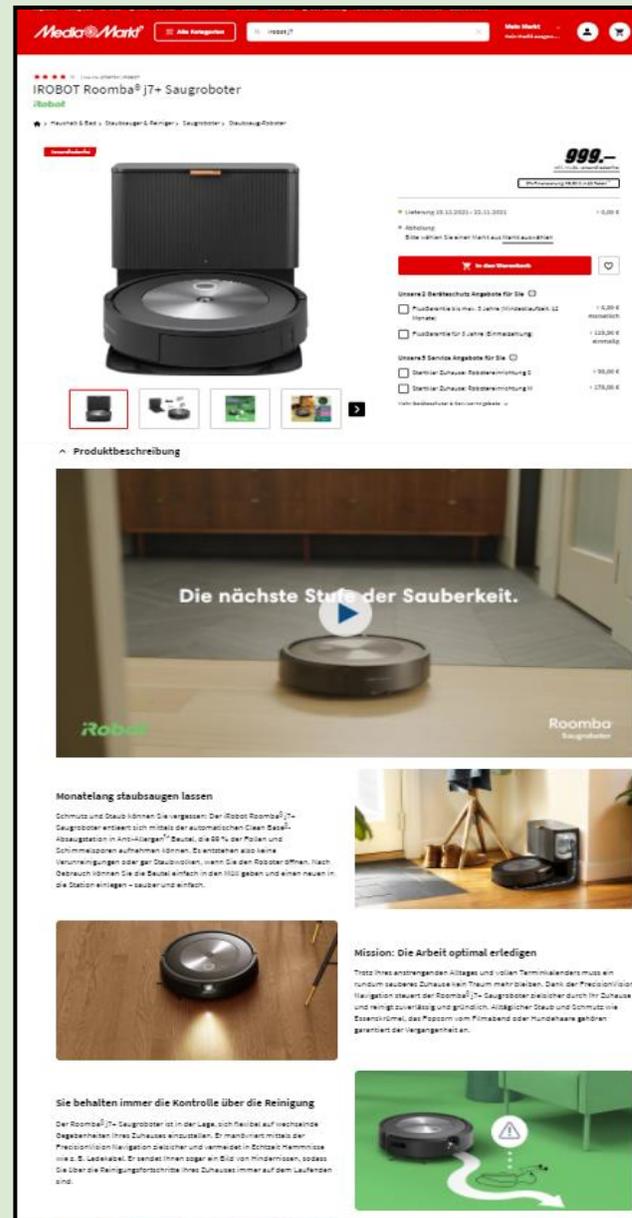
# Providing Value at Every Step of the Customer Journey

Lifetime Value Strategy

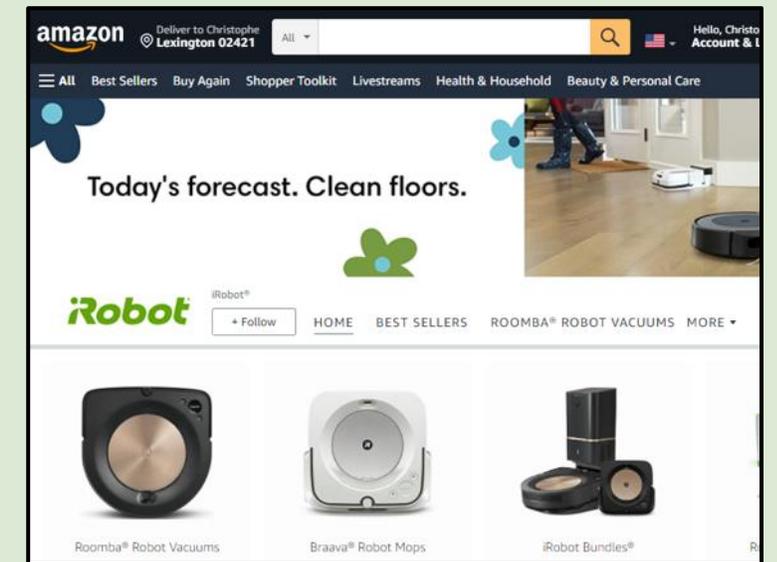


# Omnichannel Retail – Online

~60% sales online\*  
Premium Execution



- Full detail PDPs
- A+ content
- Conversion metrics
- High refresh frequency
- Permanent & Event visibility



- Amazon preferred brand
- Platform management excellence
- Alexa partnership
- Joint advertising
- Best-selling products

\* iRobot estimate of revenue for the first nine months of 2021 from our own website and app, dedicated e-commerce websites and the online arms of traditional brick and mortar retailers.

# Omnichannel Retail – Offline

*430+ retail accounts*

*~40% sales online*

*20,000 stores*

*450+ field representatives  
and demonstrators*

*50,000+ hrs of training in 2021*

*Premium Execution*



Yodobashi, flagship store



Darty, Valence store

- Extensive global network
- Leading share of shelf
- High visibility across store formats
- Consistent brand presentation globally
- Premium merchandising in top stores
- Media partnerships and preferential holiday placement

# Foundations

Direct to Consumer

Traffic

x

CVR

x

AOV

+75%

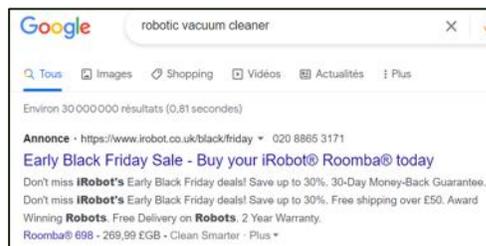
Dedicated media

+22%

New content  
Page flow enhancement  
Website engine improvements  
Shopping delighters

+3%

Exclusive offers  
Bundles



Source: Jan-Sep'2021 vs. Jan-Sep'2019, North America

# Extensions



New offers

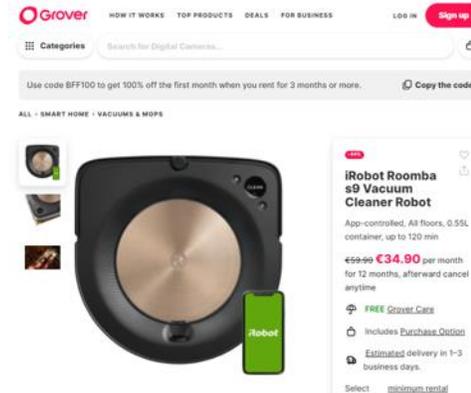


Personalization

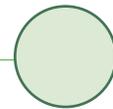


Repeat purchases

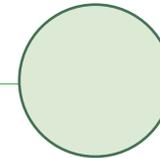
# Subscriptions & Services



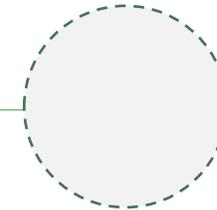
**2019**  
Robot Smart Plan (Japan)



**2020**  
iRobot Select (USA)



**2021**  
Robot rental pilot (DE)



**2022**  
New markets

Membership includes a new robot, automatic accessory replenishments, premium protection plan, a dedicated support team and more!



**SPECIAL HOLIDAY OFFER**

**iRobot Select with Roomba® j7+ Robot Vacuum**

**\$29 /mo\*** FREE SHIPPING Ships in 1-3 Business Days

**A clean like no other. A membership like no other: iRobot Select**

With Robot Select, you get a comprehensive cleaning and support membership offering a premium self-emptying robot vacuum, accessories automatically delivered, a premium protection plan, a dedicated Support Team, and eligibility for a new robot every three years.

\*Activation fee may be required. Other fees or restrictions apply.

**\$99.50 Activation Fee**  
with 3-year membership

**30 Day Money Back Guarantee**

[Join Now](#)

Membership required for robot operation

# iRobot & the Smart Home Product Diversification

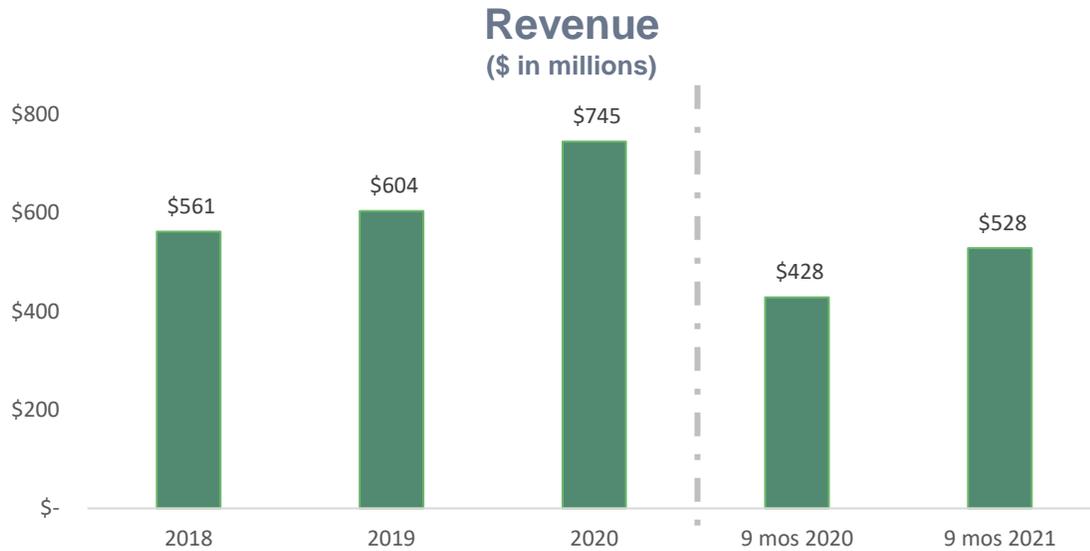




# GLOBAL APPROACH LOCAL STRATEGIES



# United States



## Major Customers



## Highlights

- 75% segment share (2020)
- 90%+ premium segment share (2020)
- Partner with key retailers to create value with digital features
- Scale subscription & services
- Deepen customer relationships
- Develop new channels

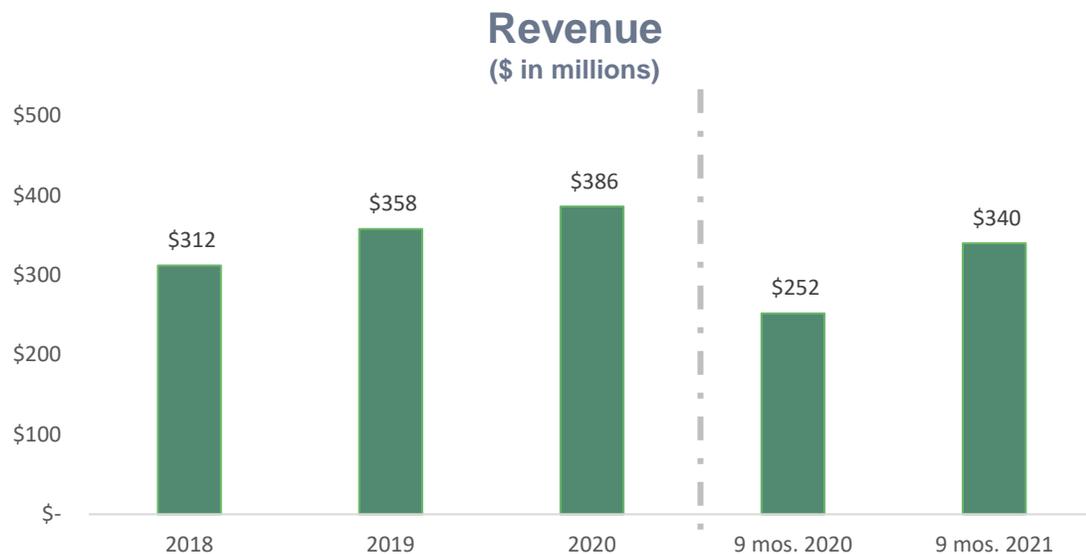
## iRobot holding 8 of top 10 models



Source: Third-party market data and iRobot, through August 2021, \$200+ USD

\* Segment Share Source: 2020 market size for Vacuum Cleaners >\$200 (Third-Party Market Data and iRobot internal estimates).

# EMEA



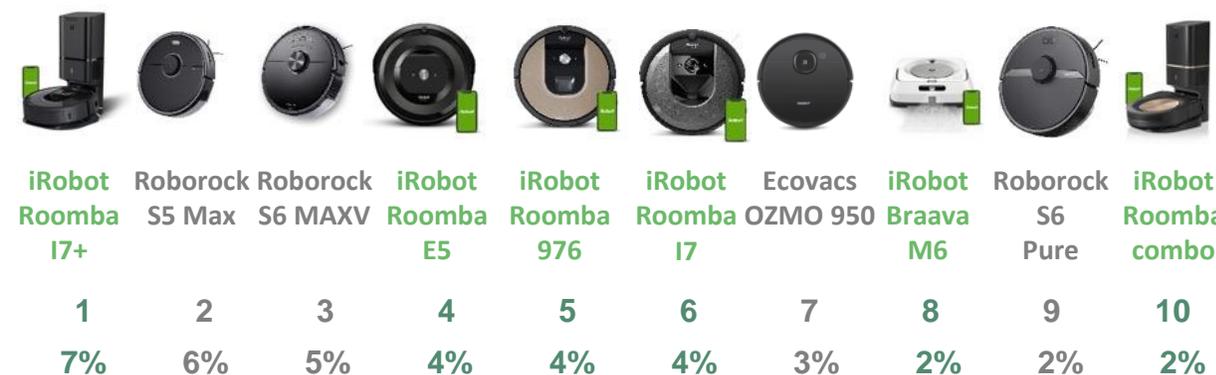
## Major Customers



## Highlights

- Leader with 50% segment share (2020) in a crowded, highly competitive market
- Tailored, omnichannel go-to-market approaches
- Partner with key retailers to create value with digital features
- Continue creating unmatched in-store experiences
- Grow DTC
- Expand our relationships with connected customers

## iRobot holding 6 of top 10 models



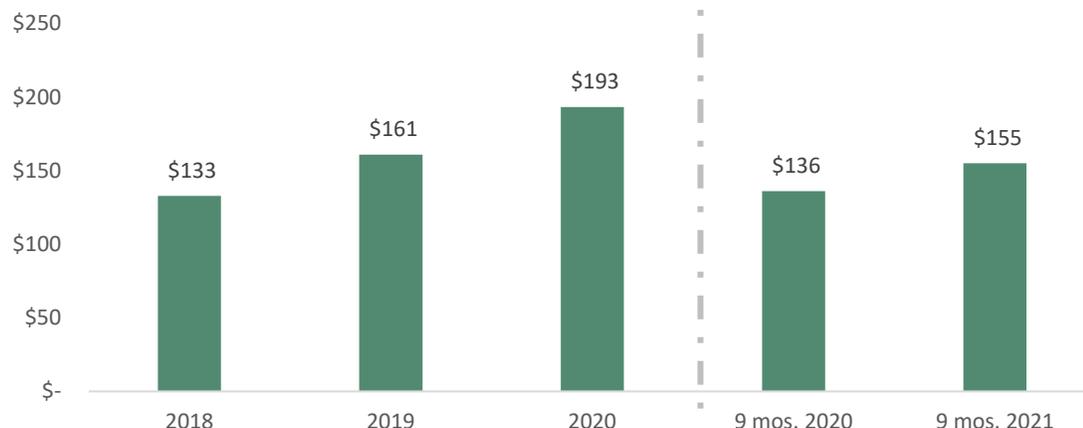
Source: Third-party market data and iRobot, through August 2021, \$200+ USD

\* Segment Share Source: 2020 market size for Vacuum Cleaners >\$200 (Third-Party Market Data and iRobot internal estimates).

# Japan



Revenue  
(\$ in millions)



## Major Customers



## Highlights

- 76% segment share (2020)
- Partner with key retailers to create value with digital features
- Increase household adoption
- Scale Robot Smart Plan subscription program
- Expand our relationships with connected customers

## iRobot holding 8 of top 10 models

Rank	Brand	Model	Market Share
1	Roborock	Trade Model	15%
2	iRobot	Roomba E5	12%
3	iRobot	Roomba i7+	11%
4	iRobot	Roomba i3+	9%
5	iRobot	Roomba S9+	8%
6	iRobot	Trade Model	7%
7	iRobot	Roomba i3	6%
8	iRobot	Braava M6	5%
9	iRobot	Roomba i7	5%
10	Panasonic	MC RSF1000	2%

Source: Third-party market data and iRobot, through August 2021, \$200+ USD

\* Segment Share Source: 2020 market size for Vacuum Cleaners >\$200 (Third-Party Market Data and iRobot internal estimates).

# Summary

- We continue to evolve our capabilities to support the omnichannel requirements of our retail partners worldwide
- We expect robust expansion of our DTC channel through repeat purchases
- We are ready to leverage our selling engine to successfully diversify our product portfolio
- We are well positioned to maintain category leadership and drive growth, including in new markets and new categories





# THANK YOU

**150**

*Square feet  
covered per  
average  
mission*





DECEMBER 9, 2021

INVESTOR DAY

# SUPPLY CHAIN & OPERATIONS

CHARLES KIROL  
Chief Digital Business & Supply Chain Officer



# NUMBERS

## FAST FACTS



183

People in IRBT operations

3.9m

Robots shipped (2021 YTD)

3

Manufacturing partners in China

2.9m

Accessories shipped (2021 YTD)

3

Manufacturing partners in Malaysia

43k/day

robots produced (capacity)

115

Number of Suppliers

85%

Supplier acknowledgment of iRobot Code Of Conduct (2021 YTD)

12.5m

Number of Connected Customers

# Supply Chain “Big Rocks”



## MITIGATE

Successfully Navigate Current Macro Supply Chain Challenges



## GROWTH

Support GET & GROW Elements of Our Strategy



## DISRUPT

Product Flexibility, Product Quality and Time to Market



# Supply Chain “Big Rocks”



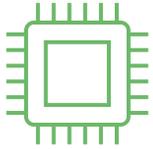
## MITIGATE

Successfully Navigate  
Current Macro Supply  
Chain Challenges





# Navigate Current Macro Supply Chain Challenges



**Semiconductor Chip  
Shortage**



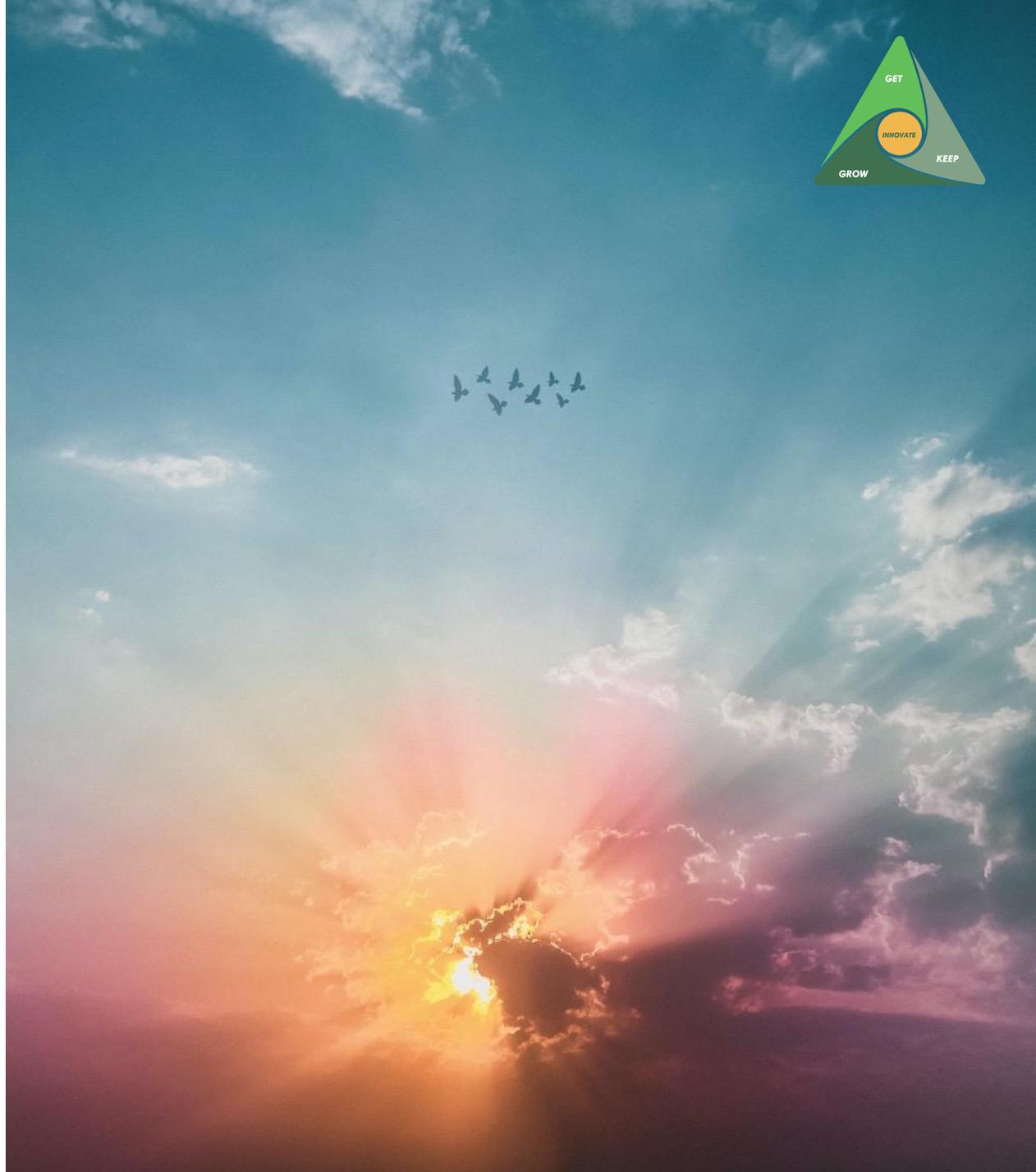
**Rising Raw  
Material Costs**



**Increased Oceanic  
Transport Costs**



**Higher Air  
Freight Costs**



# Solving for Short-Term Supply Constraints while Building Long-Term Supply Flexibility



Supply Diversification



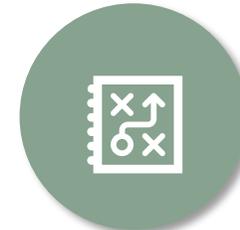
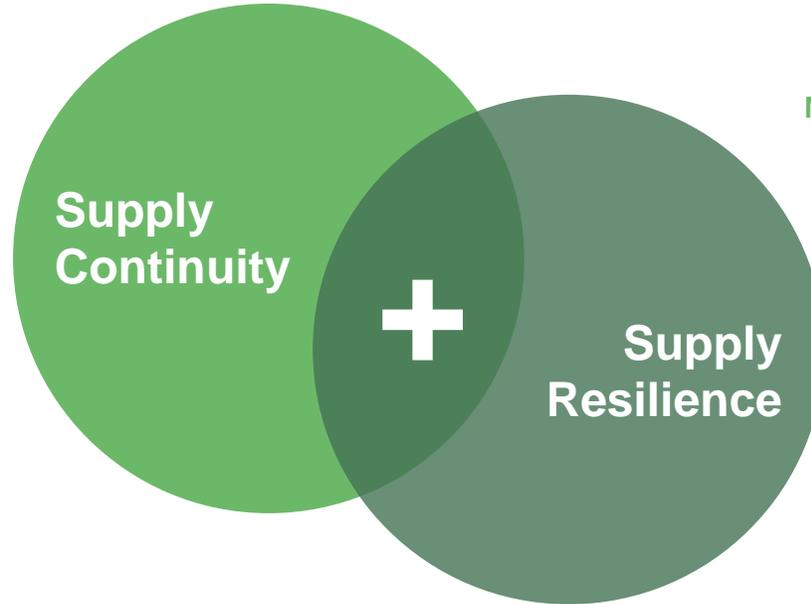
Buying Ahead – Predictability



Extend Forecast Visibility



Increase Raw Materials Safety Stock



Advanced Risk Management Planning



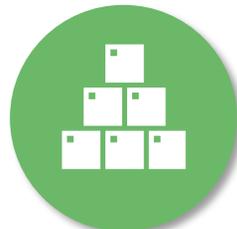
Significant Dual Sourcing for Strategic Components



New Product Introduction Multi-source Investments



Diversified | Regional Sourcing Strategy: China, Malaysia



Finished Goods Inventory



Opportunistic Spot Buys



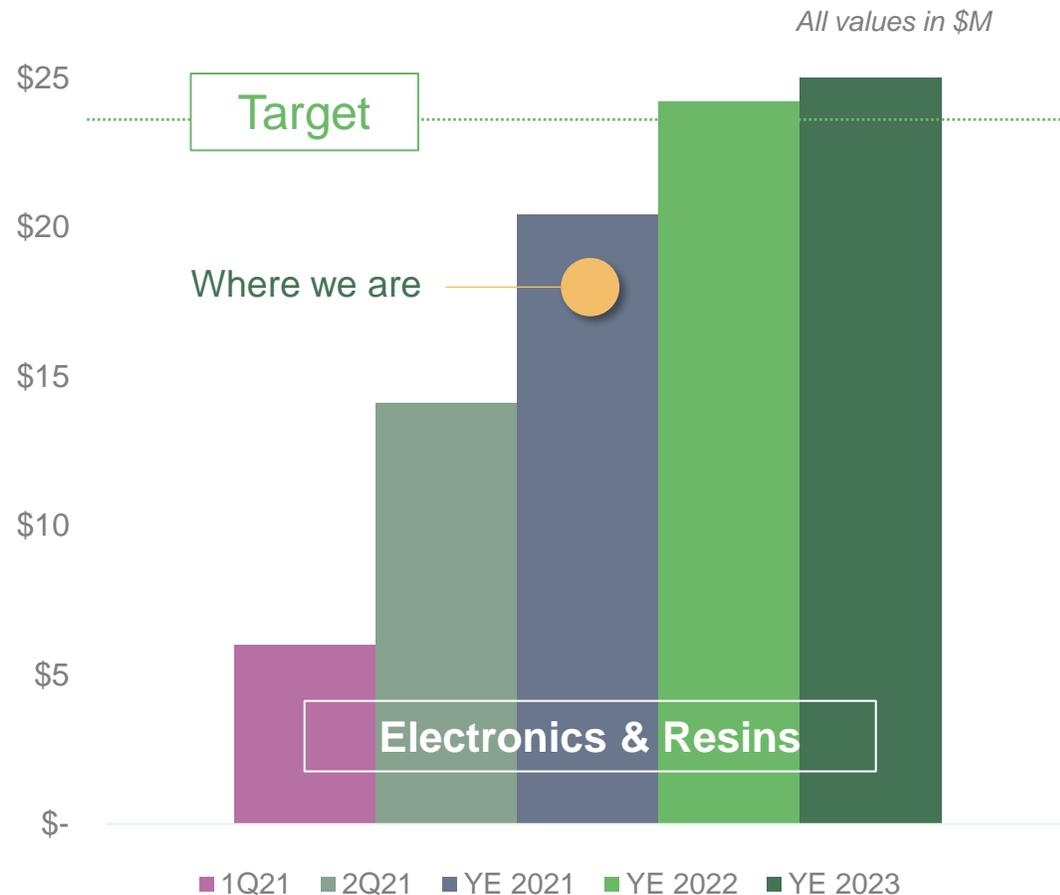
Inventory Commitments

# Two Major Plays for Increased Continuity & Resiliency

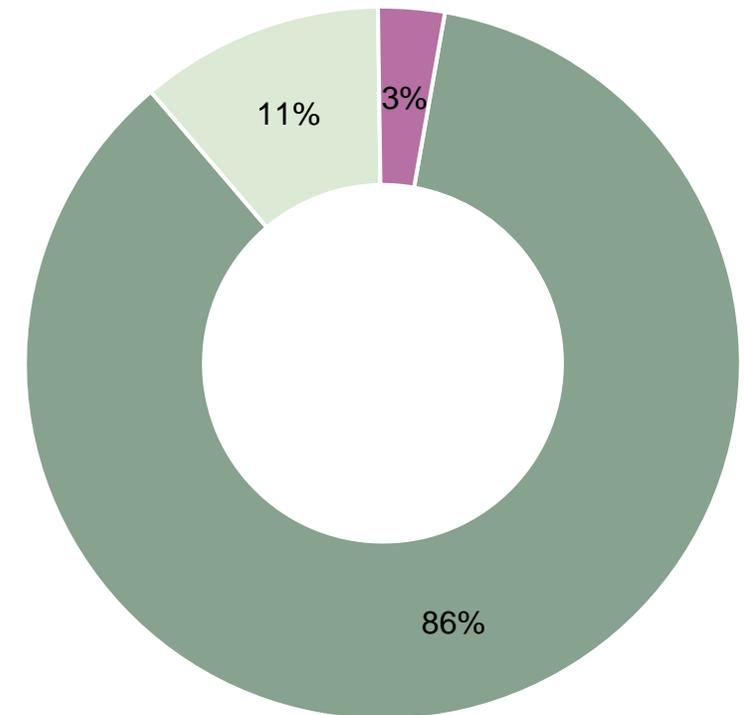
Safety Stock and Dual Qualifications Drive Medium to Long Term Recovery and Supply Chain Stability



## Safety Stock Build Plan



## Critical Component Dual Sourcing



■ Dual Sourcing In Place ■ Not Critical ■ Alternate Sources Est. in '22

# Supply Chain “Big Rocks”



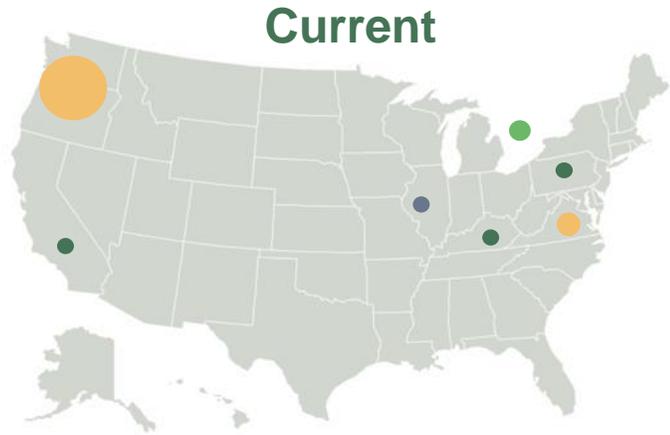
## GROWTH

Support GET & GROW  
Elements of Our Strategy

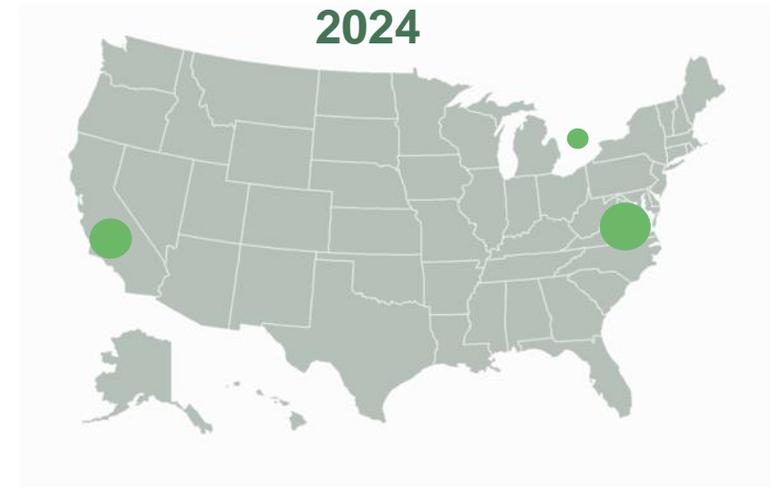


# Scaling DTC

Driving different supply chain requirements



- Pallet 3PL
- Pick/Pack 3PL
- Skilled Reverse 3PL
- Multi-functional 3PL



**2024**

- Unified Commerce
- Same Day Delivery
- Multi-use Facilities Set For Growth
- Automated Order Fulfillment
- Real Time Visibility
- Reduced Transit Times

Improved Customer Service | Reduced Transportation Costs | Supply Chain Risk Reduction

# Commitment to Deliver YOY Operational Efficiencies

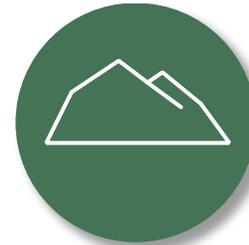
Flexibility for accelerating investment, offsetting unanticipated cost headwinds or delivering profit upside



**Target 3% – 5% savings on total annual cost base**

**Move Fast, Identify Costs Savings,  
INNOVATE AND REINVENT**

# Supply Chain “Big Rocks”



## DISRUPT

Product Flexibility, Product Quality and Time to Market



# Ramping Malaysia Volumes Reduces Tariff & Geographic Risks

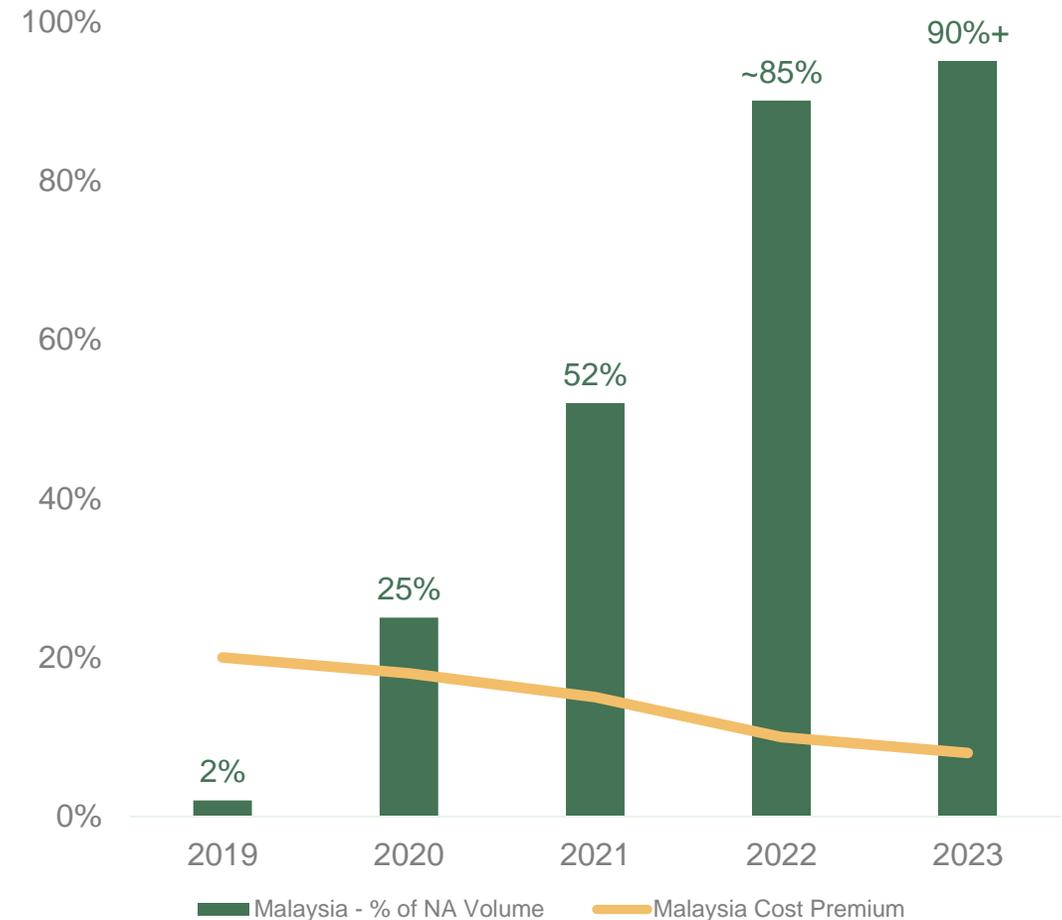


## ✓ Dual Manufacturing Locations In-place



### Focus Shifts to:

- ⌚ Component Localization
- ⌚ Leverage Competition
- ⌚ Scale Volume
- ⌚ Supplier Lean 6 Sigma
- ⌚ Leverage Common Product Platforms



# Accelerating Supply Chain Strategies to Enhance Product Flexibility, Product Quality & Time to Market

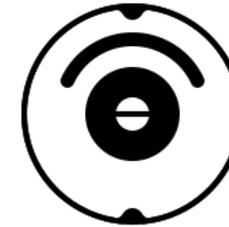


## Modular Architecture & Design:



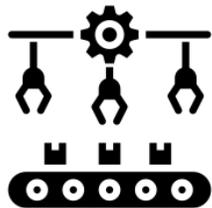
- Platforming
- Bill of Material
- Bill of Process

## Late Point ID:



- Malaysia
- Additional location under consideration

## Manufacturing Agility:



- China
- Malaysia
- Additional location under consideration

## Supply Chain Integrations:



- Cost Synergies
- Optimized Manufacturing
- Logistics Leverage

# Supply Chain “Big Rocks”



## MITIGATE

Successfully Navigate Current Macro Supply Chain Challenges



## GROWTH

Support GET & GROW Elements of Our Strategy



## DISRUPT

Product Flexibility, Product Quality and Time to Market



# Summary



- We are successfully navigating through a very challenging 2021
- We move forward with an offensive mindset across our operations organization
- We will enter 2022 with greater supply chain continuity and resiliency
- Implementation of disruptive supply chain strategies will support execution of our strategy and underpin a new era of profitable growth





# THANK YOU

*Persistent Mapping Floor Care Robots*

**2.7**

*Average Rooms Cleaned*

**40%**

*Missions use Directed Room Clean*





DECEMBER 9, 2021

INVESTOR DAY

# FINANCIAL UPDATE

JULIE ZEILER  
EVP & Chief Financial Officer

# Recap

2021 Investor Day

Successful differentiation  
through software intelligence

Stronger, direct relationships with our  
connected customers

Product diversification

Navigating a stressed  
supply chain environment

***We are  
entering  
into a  
new era  
of value  
creation***

# Q321 Results Highlights & 2021 Outlook

2021 Outlook as of 10/27/21

## Q321 PERFORMANCE

### REVENUE GROWTH OF 7% TO \$441 MILLION

15% growth in EMEA, 5% in U.S. and 2% in Japan

14% growth from mid/premium robots

DTC revenue grew 13%

Gross robot ASPs +3%

### GROSS PROFIT MARGIN\* OF 37%

### OPERATING INCOME\* OF \$48 MILLION, 11% OI MARGIN\*

### EPS\* OF \$1.67

### CASH AND SHORT-TERM INVESTMENTS OF \$248 MILLION, DOWN \$168 MILLION

\$100m ASR plus cash outflows associated with AR and inventory increases

## 2021 OUTLOOK

### EXPECTING FY21 REVENUE BETWEEN \$1.555B AND \$1.59B

FY21 revenue growth of 9% to 11%

Q421 revenue between \$445 million to \$480 million

### ANTICIPATING FY21 GROSS PROFIT MARGIN OF 36%

Q421 gross margin expected to range from 30% - 32%

### ANTICIPATING FY21 OPEX OF ~\$523 MILLION

Q421 opex expected to be in high \$160 million range

### EXPECTING FY21 OPERATING PROFIT RANGING FROM \$36 MILLION TO \$55 MILLION

Q421 operating loss expected to range from (\$17 million) to (\$36 million)

### ANTICIPATING FY21 EPS BETWEEN \$1.15 TO \$1.74

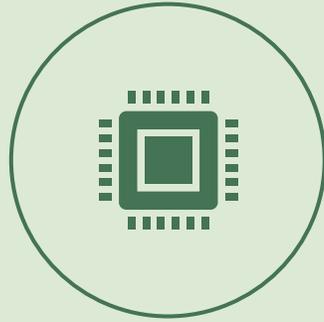
Q421 net loss per share expected to range from (\$0.63) to (\$1.24)

\* Non-GAAP

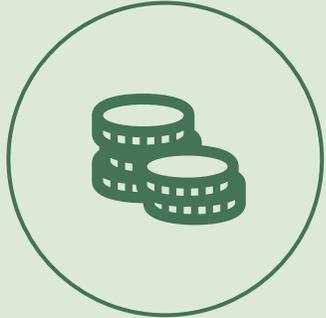
**Acquisition of Aeris not expected to materially impact FY21 outlook**



RAW MATERIAL  
COSTS



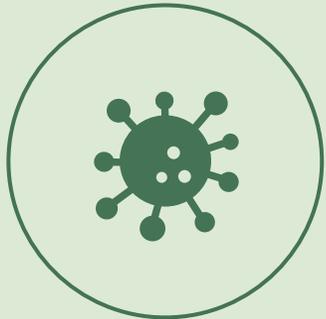
SEMICONDUCTOR  
CHIP SHORTAGE



TARIFFS



TRANSPORATION

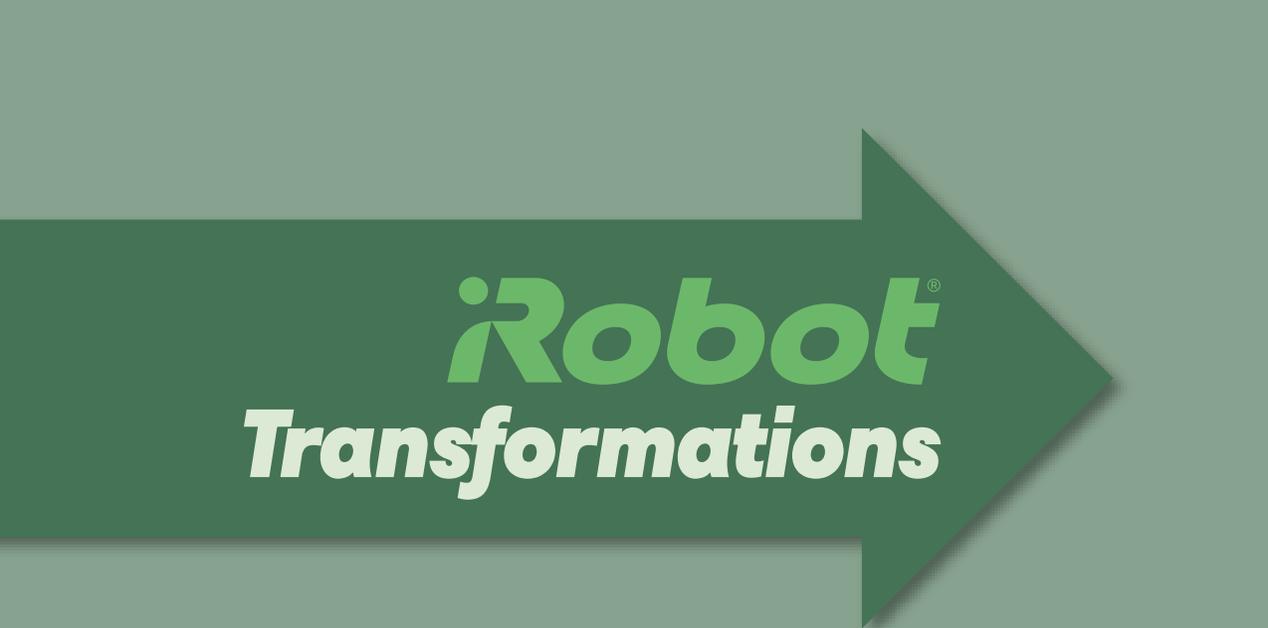


COVID-19 PANDEMIC



COMPETITION

# RESILIENCE & GROWTH WHILE NAVIGATING CHALLENGING MARKET CONDITIONS



***iRobot***<sup>®</sup>  
***Transformations***

**SOFTWARE**

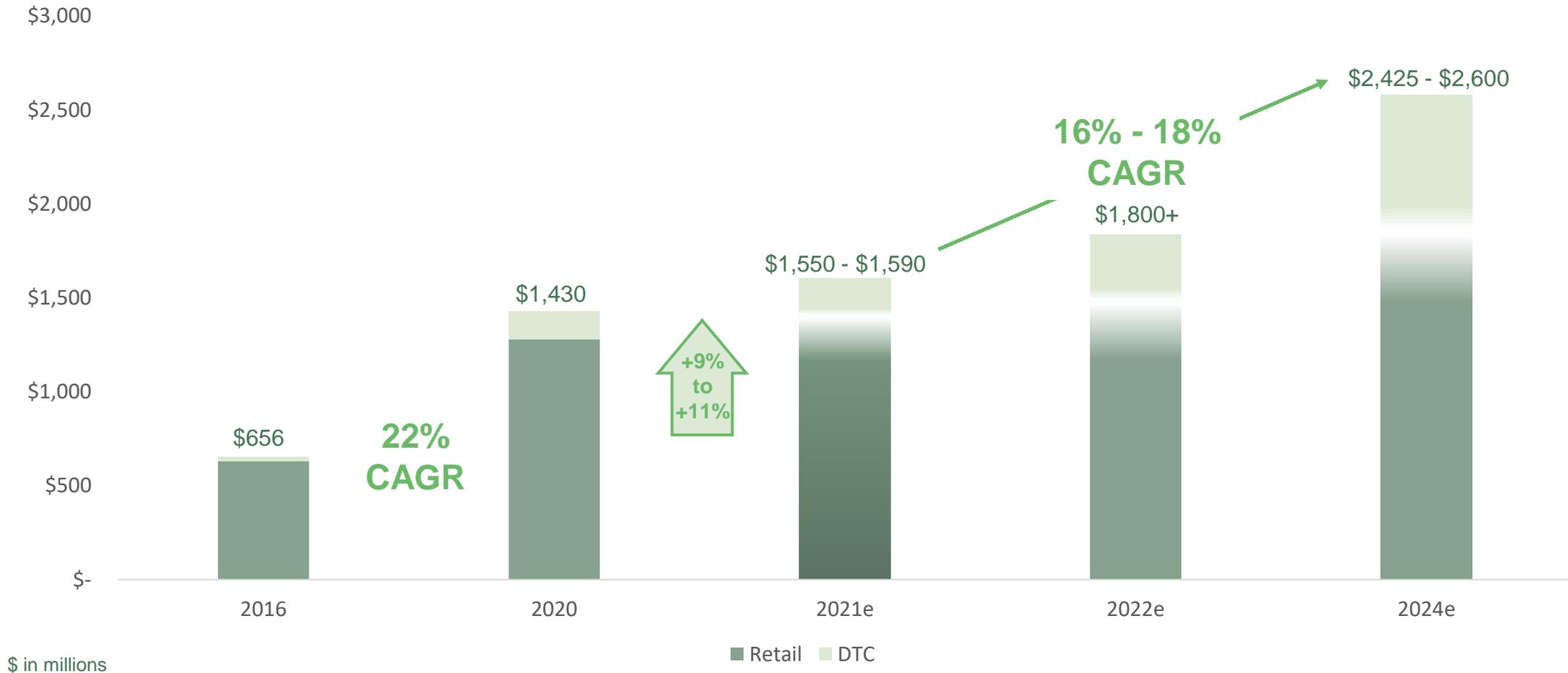
**GO TO  
MARKET**

# 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



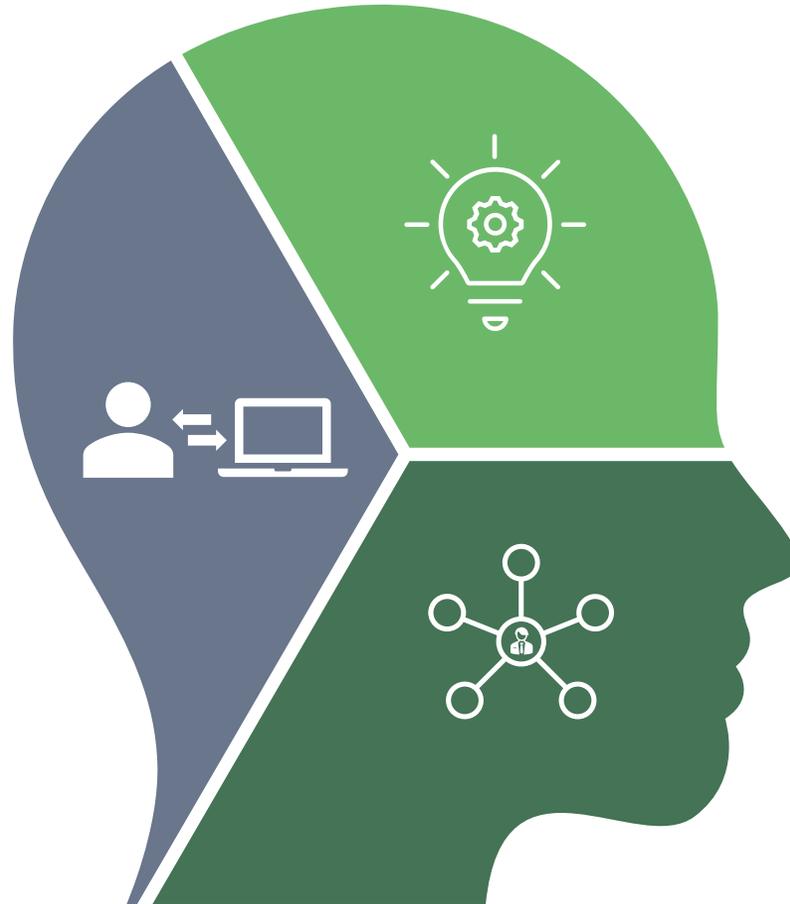
# Adding New Connected Customers

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

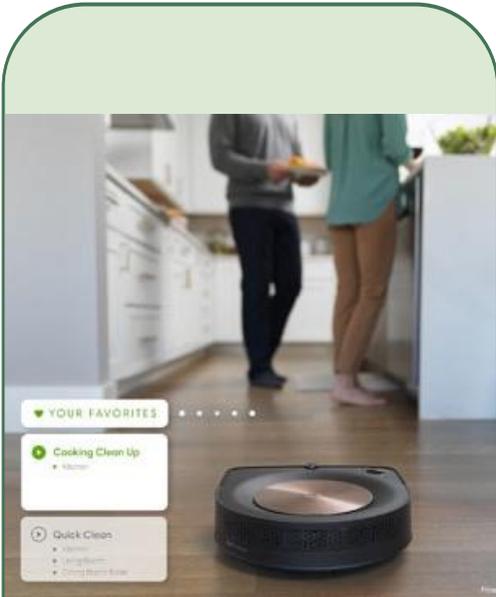
Expands our ability to win first-time buyers, particularly entry level and value-conscious consumers

~60% of total revenue will come from new customers by 2024

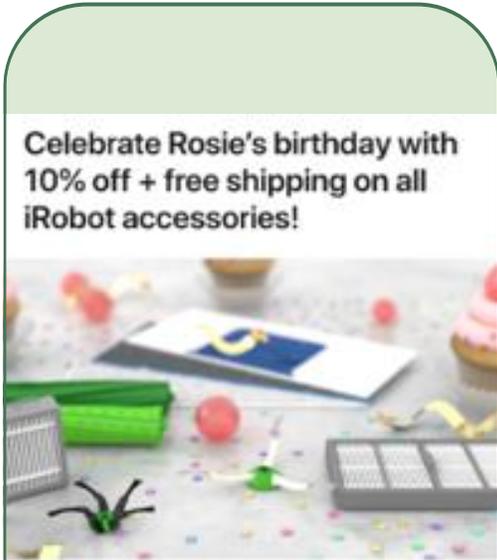


# Happy Customers Will Spend More Directly with Us

Key Initiatives & Milestones



New Genius features & functionality increase engagement and utilization



New CRM capabilities amplifies engagement



Customer care further elevates the iRobot experience

**30m+**  
Connected customers (2024)

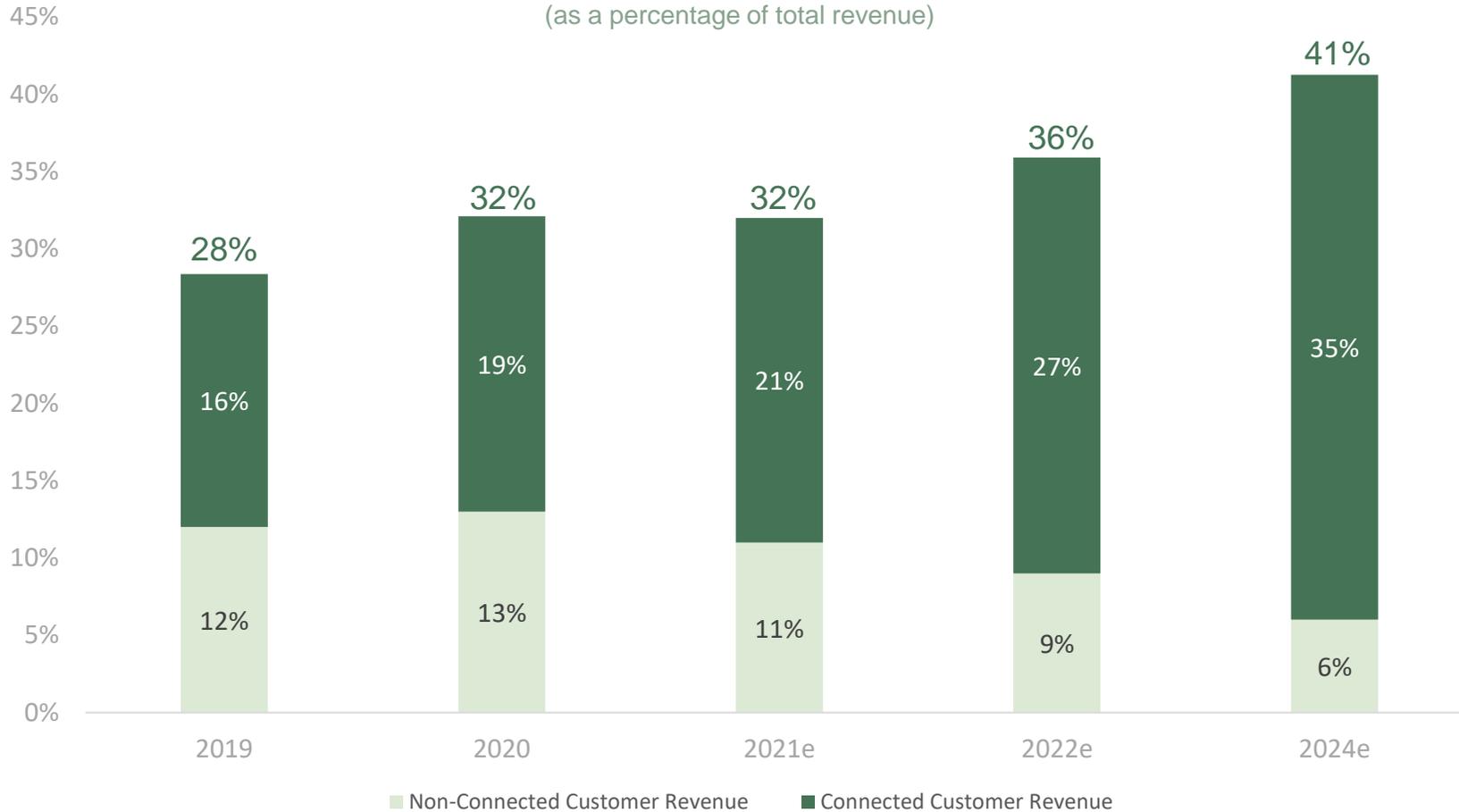
**90%**  
Utilization Rate



# 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.

# 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.

# Framework for driving improved gross margins over time

## Direct-to- Consumer Channel



SUBSCRIPTIONS



CROSS-SELL & UPSELL



FULFILLMENT SCALE &  
EFFICIENCY



SCALE VOLUME IN  
MALAYSIA



HIGHER SOFTWARE CONTENT &  
COST-OPTIMIZED HARDWARE

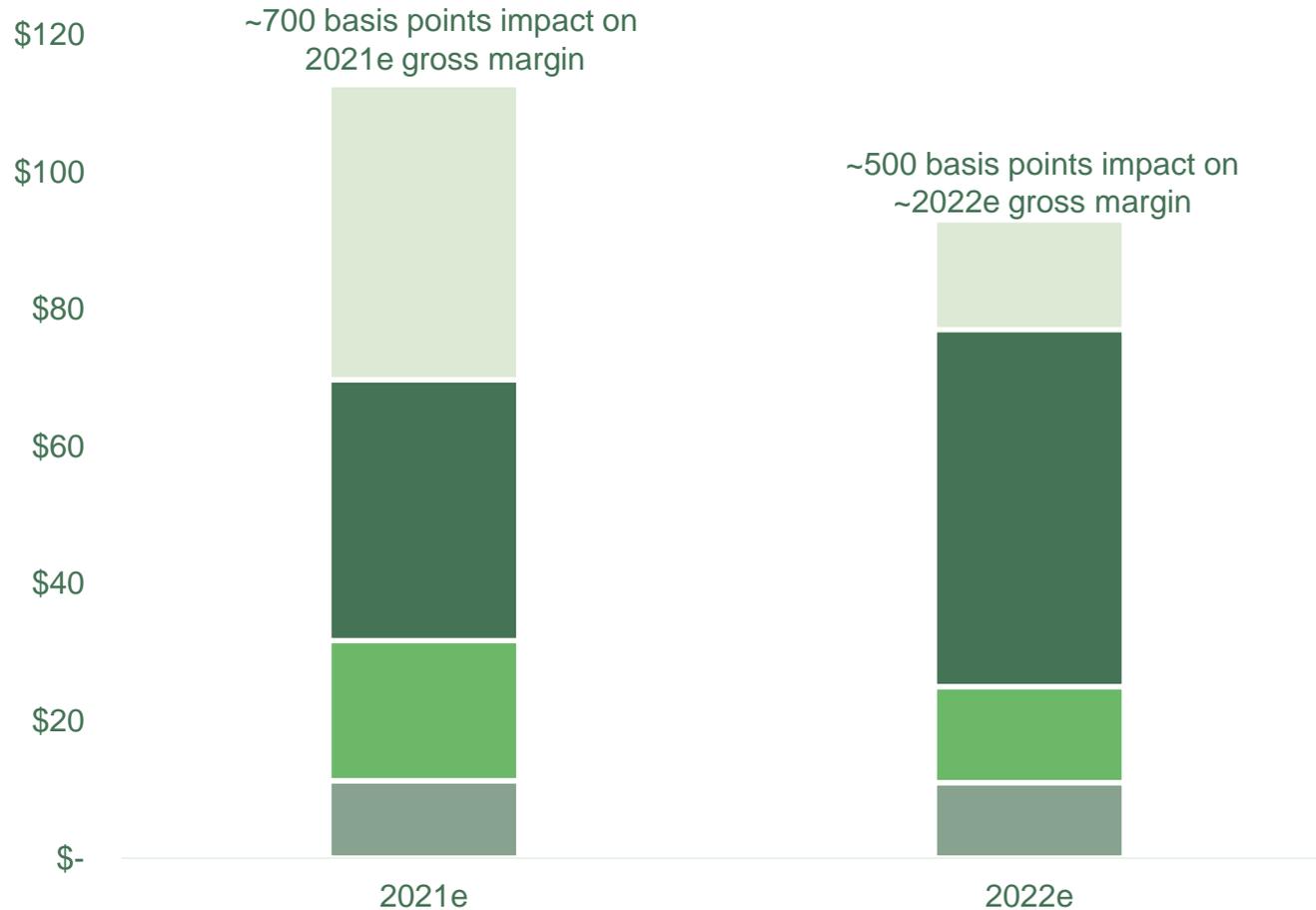


MANUFACTURING SUPPLY  
CHAIN EFFICIENCY

# FY21 Cost Headwinds Expected to Persist in FY22 and Then Dissipate

## Cost Headwinds

(\$ in millions)



■ Raw Materials Inflation ■ Semiconductor Costs ■ Transportation Costs ■ Tariff Costs

## Key Contributors

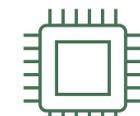
- Modest expected savings in component costs in FY22 with stabilization thereafter
- Oceanic transportation costs anticipated to remain elevated in FY22, more than offsetting lower expected air freight costs
- Meaningful drop in expected tariff costs in FY22



Tariff Costs



Transportation Costs



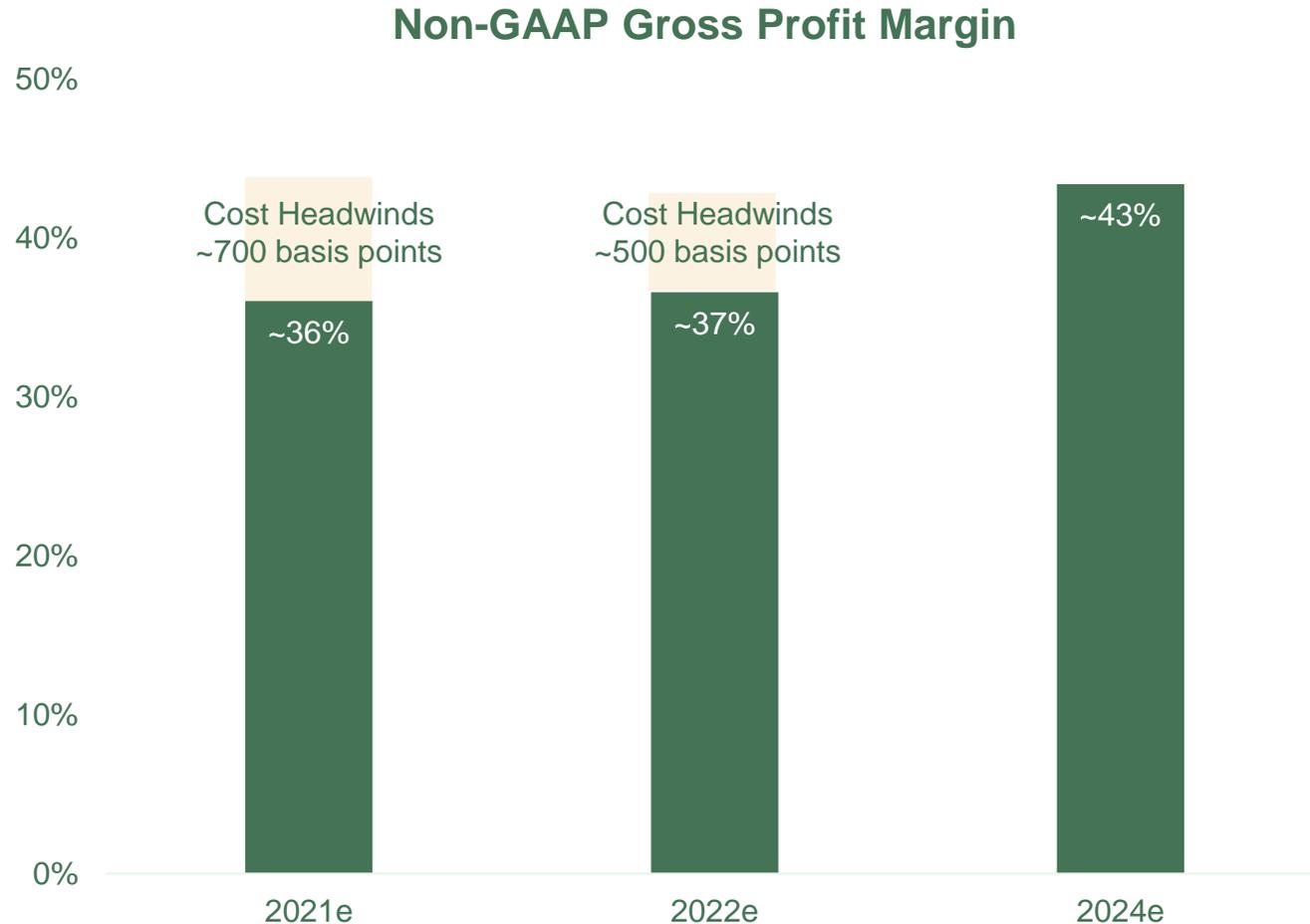
Semiconductor Costs



Raw Materials Inflation

# Non-GAAP Gross Margin

Meaningful improvement as cost headwinds subside



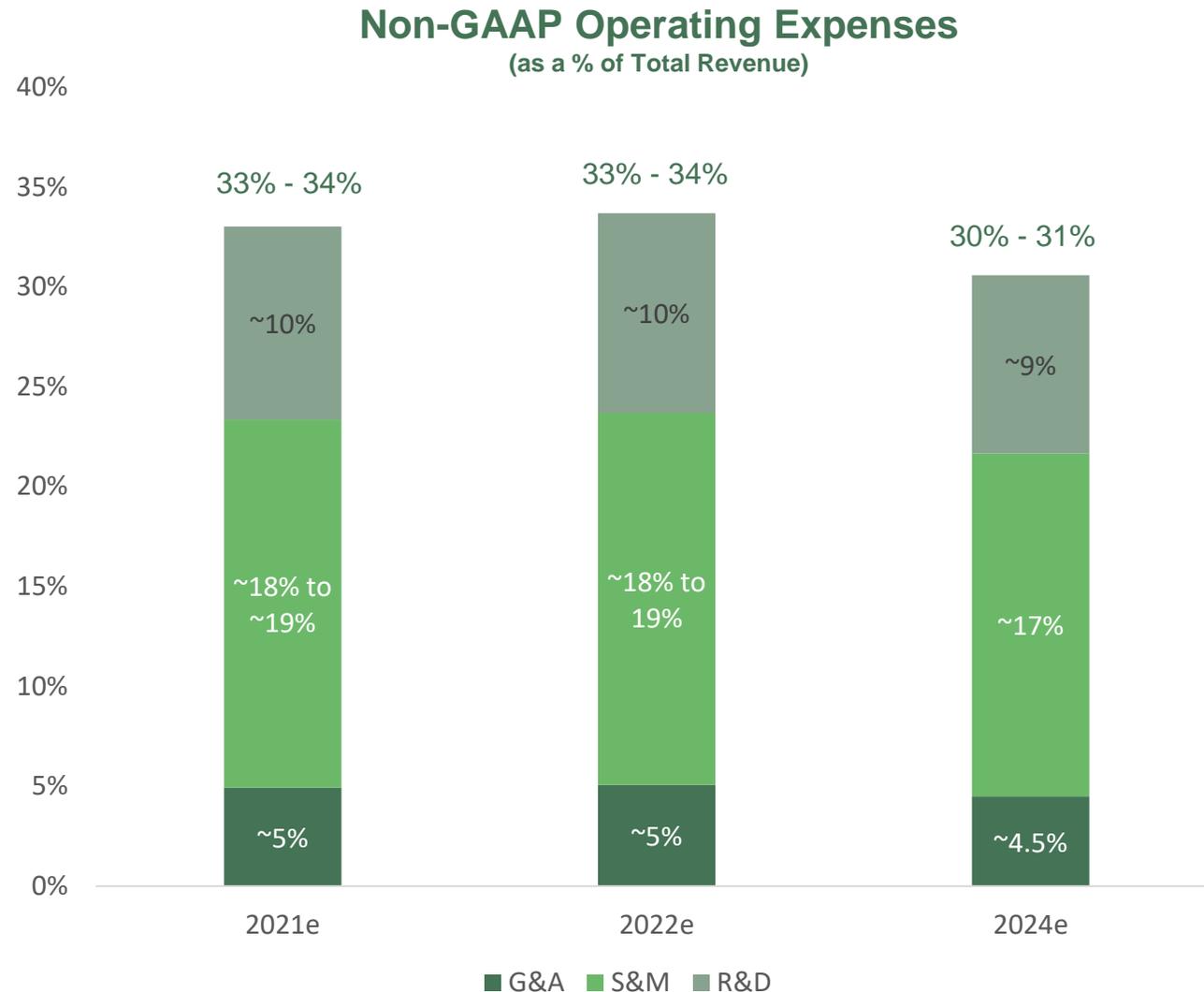
*Reflects only the estimated impact of FY21 and FY22 cost headwinds on estimated FY21 and FY22 non-GAAP gross profit margin. See slide 149 for additional detail on FY21 and FY22 cost headwinds.*

## Key Contributors

- Malaysia at 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

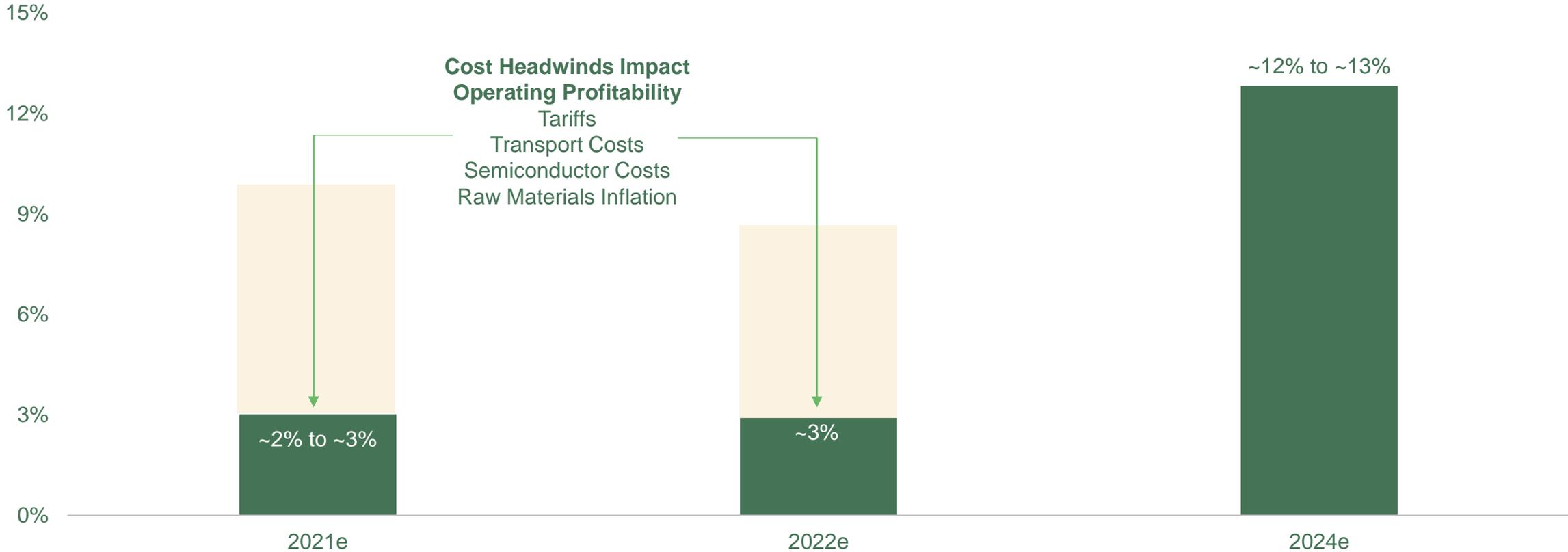


## Key Contributors

- 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

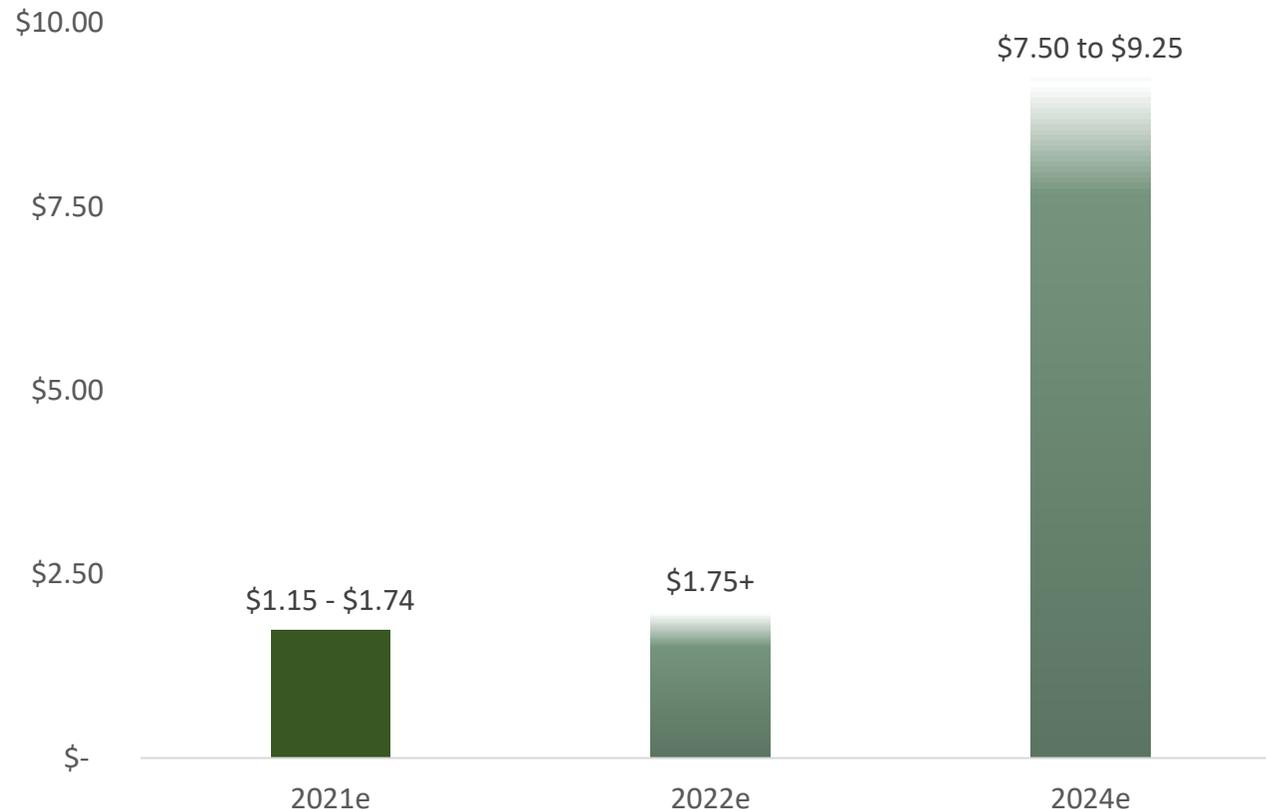


*Reflects only the estimated impact of FY21 and FY22 cost headwinds on estimated FY21 and FY22 non-GAAP operating income margin. See slide 149 for additional detail on FY21 and FY22 cost headwinds.*

**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 mid-single digit 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**

# Cash Generation & Capital Structure Considerations



Excellent cash generation characteristics



Minimal capital intensity



Prioritize investments to fund growth initiatives



Opportunistic share repurchase



Work with Board to optimize capital structure

# 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.



# THANK YOU

**2.3B**

*Missions Run*

**96.5B**

*Minutes Spent Cleaning*





# APPENDIX





# 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

Q321 and First Nine Months 2021 GAAP Actuals to Q321 and First Nine Months 2021 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		For the nine months ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
GAAP Revenue	\$ 440,682	\$ 413,145	\$ 1,109,539	\$ 885,563
GAAP Gross Profit	\$ 162,754	\$ 198,841	\$ 424,674	\$ 454,808
Amortization of acquired intangible assets	225	225	675	1,695
Stock-based compensation	284	331	929	1,150
Tariff refunds	(270)	-	(270)	(40,017)
Non-GAAP Gross Profit	\$ 162,993	\$ 199,397	\$ 426,008	\$ 417,636
Non-GAAP Gross Margin	37.0%	48.3%	38.4%	47.2%
GAAP Operating Expenses	\$ 122,256	\$ 117,847	\$ 380,829	\$ 323,756
Amortization of acquired intangible assets	(251)	(256)	(661)	(764)
Stock-based compensation	(1,789)	(9,512)	(15,266)	(19,754)
Net merger, acquisition and divestiture (expense) income	(635)	-	(1,274)	566
IP litigation expense, net	(4,569)	(1,607)	(9,292)	(3,360)
Restructuring and other	-	(200)	(213)	(2,063)
Non-GAAP Operating Expenses	\$ 115,012	\$ 106,272	\$ 354,123	\$ 298,381
Non-GAAP Operating Expenses as a % of Non-GAAP Revenue	26.1%	25.7%	31.9%	33.7%
GAAP Operating Income	\$ 40,498	\$ 80,994	\$ 43,845	\$ 131,052
Amortization of acquired intangible assets	476	481	1,336	2,459
Stock-based compensation	2,073	9,843	16,195	20,904
Tariff refunds	(270)	-	(270)	(40,017)
Net merger, acquisition and divestiture expense (income)	635	-	1,274	(566)
IP litigation expense, net	4,569	1,607	9,292	3,360
Restructuring and other	-	200	213	2,063
Non-GAAP Operating Income	\$ 47,981	\$ 93,125	\$ 71,885	\$ 119,255
Non-GAAP Operating Margin	10.9%	22.5%	6.5%	13.5%

GAAP Income Tax Expense	
Tax effect of non-GAAP adjustments	(8,905)
Other tax adjustments	156
Non-GAAP Income Tax Expense	\$ 1,118
GAAP Net Income	\$ 57,216
Amortization of acquired intangible assets	476
Stock-based compensation	2,073
Tariff refunds	(270)
Net merger, acquisition and divestiture expense (income)	635
IP litigation expense, net	4,569
Restructuring and other	-
Gain on strategic investments	(27,141)
Income tax effect	8,749
Non-GAAP Net Income	\$ 46,307

GAAP Net Income Per Diluted Share	\$ 2.06
Amortization of acquired intangible assets	0.02
Stock-based compensation	0.08
Tariff refunds	(0.01)
Net merger, acquisition and divestiture expense (income)	0.02
IP litigation expense, net	0.16
Restructuring and other	-
Gain on strategic investments	(0.98)
Income tax effect	0.32
Non-GAAP Net Income Per Diluted Share	\$ 1.67

Number of shares used in diluted per share calculation

	For the three months ended		For the nine months ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
GAAP Income Tax Expense	\$ 9,867	\$ 29,982	\$ 8,083	\$ 39,156
Tax effect of non-GAAP adjustments	(8,905)	(12,119)	(5,995)	(15,842)
Other tax adjustments	156	290	2,929	(888)
Non-GAAP Income Tax Expense	\$ 1,118	\$ 18,153	\$ 5,017	\$ 22,426
GAAP Net Income	\$ 57,216	\$ 93,252	\$ 61,901	\$ 133,733
Amortization of acquired intangible assets	476	481	1,336	2,459
Stock-based compensation	2,073	9,843	16,195	20,904
Tariff refunds	(270)	-	(270)	(40,017)
Net merger, acquisition and divestiture expense (income)	635	-	1,274	(1,241)
IP litigation expense, net	4,569	1,607	9,292	3,360
Restructuring and other	-	200	213	2,063
Gain on strategic investments	(27,141)	(43,480)	(26,929)	(43,567)
Income tax effect	8,749	11,829	3,066	16,730
Non-GAAP Net Income	\$ 46,307	\$ 73,732	\$ 66,078	\$ 94,424
GAAP Net Income Per Diluted Share	\$ 2.06	\$ 3.27	\$ 2.17	\$ 4.69
Amortization of acquired intangible assets	0.02	0.02	0.05	0.08
Stock-based compensation	0.08	0.34	0.57	0.73
Tariff refunds	(0.01)	-	(0.01)	(1.40)
Net merger, acquisition and divestiture expense (income)	0.02	-	0.04	(0.04)
IP litigation expense, net	0.16	0.06	0.33	0.12
Restructuring and other	-	-	0.01	0.07
Gain on strategic investments	(0.98)	(1.52)	(0.95)	(1.53)
Income tax effect	0.32	0.41	0.11	0.59
Non-GAAP Net Income Per Diluted Share	\$ 1.67	\$ 2.58	\$ 2.32	\$ 3.31
Number of shares used in diluted per share calculation	27,803	28,539	28,475	28,502

# GAAP-Non-GAAP Reconciliation

Full-Year 2020 and Full-Year 2019 GAAP Actuals and Full-Year 2020 and Full-Year 2019 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

## 2021 Outlook and Long-Term Financial Model for 2022 and 2024 (Gross Profit and Operating Expense)

	<b>FY-21</b>	<b>FY-22</b>	<b>FY-24</b>
Revenue	\$1.555-\$1.590 billion	\$1.800+ billion	\$2.425-\$2.600 billion
GAAP Gross Profit	\$556 - \$576 million	~\$657+ million	\$1.033 - \$1.113 billion
Amortization of acquired intangible assets	~\$1 million	~\$1 million	-
Stock-based compensation	~\$1 million	~\$2 million	~\$2 million
Tariff refunds	---		
Total adjustments	~\$2 million	~\$3 million	~\$2 million
Non-GAAP Gross Profit	\$558 - \$578 million	~\$660+ million	\$1.035 - \$1.115 billion
	<b>FY-21</b>	<b>FY-22</b>	<b>FY-24</b>
GAAP Operating Expenses	~\$558 - \$559 million	~\$648 - \$643 million	~\$804 - \$834 million
Amortization of acquired intangible assets	~\$0.7 million	~\$3 million	~\$4 million
Stock-based compensation	~\$22.6 million	~\$33 million	~\$43 million
Net merger, acquisition and divestiture expense (income)	~\$1.3 million	-	-
IP litigation expense, net	~\$11.2 million	~\$7 million	~\$7 million
Restructuring and other	~\$(0.1) million	-	-
Non-GAAP Operating Expense	\$522 - 523 million	\$600 - 605 million	\$750 - 780 million

# GAAP-Non-GAAP Reconciliation

## 2021 Outlook and Long-Term Financial Model for 2022 and 2024 (Operating Income and Net Income Per Diluted Share)

	<u>FY-21</u>	<u>FY-22</u>	<u>FY-24</u>
GAAP Operating (Loss) Income	(\$1) - \$17 million	~\$9 - \$14 million	~\$229 - \$279 million
Amortization of acquired intangible assets	~\$1.7 million	~\$4 million	~\$4 million
Stock-based compensation	~\$23.6 million	~\$35 million	~\$45 million
Tariff refunds	---		
Net merger, acquisition and divestiture expense (income)	~\$1.3 million	-	-
IP litigation expense, net	~\$11.2 million	~\$7 million	~\$7 million
Restructuring and other	~(\$0.1) million	-	-
Total adjustments	<u>~\$37.7 million</u>	<u>~\$46 million</u>	<u>~\$56 million</u>
Non-GAAP Operating Income	<u>\$36 - \$55 million</u>	<u>\$55 - \$60 million</u>	<u>\$285 - \$335 million</u>

	<u>FY-21</u>	<u>FY-22</u>	<u>FY-24</u>
GAAP Net Income Per Diluted Share	\$0.81 - \$1.37	\$0.24+	\$5.87 - \$7.60
Amortization of acquired intangible assets	~\$0.06	~\$0.14	~\$0.14
Stock-based compensation	~\$0.84	~\$1.25	~\$1.54
Net merger, acquisition and divestiture expense (income)	~\$0.04	-	-
IP litigation expense, net	~\$0.39	~\$0.25	~\$0.24
Restructuring and other	-	-	-
Gain on strategic investments	~(\$0.95)	-	-
Income tax effect	<u>(\$0.04) - (\$0.01)</u>	<u>~(\$0.14)</u>	<u>(\$0.29) - (\$0.27)</u>
Total adjustments	<u>\$0.34 - \$0.37</u>	<u>~\$1.51</u>	<u>\$1.63 - \$1.65</u>
Non-GAAP Net Income Per Diluted Share	<u>\$1.15 - \$1.74</u>	<u>\$1.75+</u>	<u>\$7.50 to \$9.25</u>

Number of shares used in diluted per share calculations	~28.2 million	~27.9 million	~29.2 million
---	---------------	---------------	---------------