

iROBOT CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	December 29, 2018	December 30, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 130,373	\$ 128,635
Short term investments	31,605	37,225
Accounts receivable, net	162,166	142,829
Inventory	164,633	106,932
Other current assets	25,660	19,105
Total current assets	514,437	434,726
Property and equipment, net	57,026	44,579
Deferred tax assets	36,979	31,531
Goodwill	118,896	121,440
Intangible assets, net	24,273	44,712
Other assets	15,350	14,534
Total assets	<u>\$ 766,961</u>	<u>\$ 691,522</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 136,742	\$ 116,316
Accrued expenses	71,259	73,647
Deferred revenue and customer advances	5,756	7,761
Total current liabilities	213,757	197,724
Deferred tax liabilities	4,005	9,539
Other long-term liabilities	13,877	13,932
Total long-term liabilities	17,882	23,471
Total liabilities	<u>231,639</u>	<u>221,195</u>
Commitments and contingencies (Note 14)		
Preferred stock, 5,000 shares authorized and none outstanding	—	—
Common stock, \$0.01 par value, 100,000 shares authorized; 27,788 and 27,945 shares issued and outstanding, respectively	278	279
Additional paid-in capital	172,771	190,067
Retained earnings	367,021	277,989
Accumulated other comprehensive (loss) income	(4,748)	1,992
Total stockholders' equity	<u>535,322</u>	<u>470,327</u>
Total liabilities and stockholders' equity	<u>\$ 766,961</u>	<u>\$ 691,522</u>

See accompanying Notes to Consolidated Financial Statements

iROBOT CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)

	Fiscal Year Ended		
	December 29, 2018	December 30, 2017	December 31, 2016
Revenue	\$ 1,092,584	\$ 883,911	\$ 660,604
Cost of revenue:			
Cost of product revenue	518,612	438,114	337,832
Amortization of acquired intangible assets	18,544	12,638	3,457
Total cost of revenue	537,156	450,752	341,289
Gross profit	555,428	433,159	319,315
Operating expenses:			
Research and development	140,629	113,149	79,805
Selling and marketing	210,411	162,110	115,125
General and administrative	97,501	84,771	66,828
Amortization of acquired intangible assets	1,065	439	—
Total operating expenses	449,606	360,469	261,758
Operating income	105,822	72,690	57,557
Other income, net	2,800	3,676	3,804
Income before income taxes	108,622	76,366	61,361
Income tax expense	20,630	25,402	19,422
Net income	\$ 87,992	\$ 50,964	\$ 41,939
Net income per share:			
Basic	\$ 3.18	\$ 1.85	\$ 1.51
Diluted	\$ 3.07	\$ 1.77	\$ 1.48
Number of shares used in per share calculations:			
Basic	27,692	27,611	27,698
Diluted	28,640	28,753	28,292

See accompanying Notes to Consolidated Financial Statements

iROBOT CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Fiscal Year Ended		
	December 29, 2018	December 30, 2017	December 31, 2016
Net income	\$ 87,992	\$ 50,964	\$ 41,939
Other comprehensive income (loss):			
Net foreign currency translation adjustments	(5,896)	1,994	—
Net unrealized (losses) gains on cash flow hedges, net of tax	(327)	490	—
Net gains on cash flow hedge reclassified into earnings, net of tax	(499)	(295)	—
Net unrealized (losses) gains on marketable securities, net of tax	(18)	(46)	85
Total comprehensive income	\$ 81,252	\$ 53,107	\$ 42,024

See accompanying Notes to Consolidated Financial Statements

iROBOT CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	Common Stock		Additional	Retained	Accumulated	Stockholders'
	Shares	Value	Paid-In	Earnings	Other	Equity
			Capital		Comprehensive	
					Income (Loss)	
Balance at January 2, 2016	29,092	\$ 291	\$ 232,345	\$ 185,011	\$ (236)	\$ 417,411
Issuance of common stock under employee stock plans	456	4	9,340			9,344
Conversion of deferred compensation	7	—	—			—
Vesting of restricted stock units	364	4	(4)			—
Tax benefit of excess stock-based compensation deduction			2,421			2,421
Stock-based compensation			15,995			15,995
Stock withheld to cover tax withholdings requirements upon restricted stock vesting	(40)	—	(1,300)			(1,300)
Other comprehensive income					85	85
Directors' deferred compensation			82			82
Stock repurchases	(2,641)	(27)	(96,994)			(97,021)
Net income				41,939		41,939
Balance at December 31, 2016	27,238	\$ 272	\$ 161,885	\$ 226,950	\$ (151)	\$ 388,956
Issuance of common stock under employee stock plans	367	4	10,569			10,573
Conversion of deferred compensation	15	—	—			—
Vesting of restricted stock units	376	4	(4)			—
Stock-based compensation			19,751			19,751
Stock withheld to cover tax withholdings requirements upon restricted stock vesting	(51)	(1)	(2,982)			(2,983)
Other comprehensive income			—		2,143	2,143
Directors' deferred compensation			65			65
Cumulative effect of a change in accounting principle related to stock-based compensation			783	75		858
Net income				50,964		50,964
Balance at December 30, 2017	27,945	\$ 279	\$ 190,067	\$ 277,989	\$ 1,992	\$ 470,327
Issuance of common stock under employee stock plans	285	3	10,363			10,366
Vesting of restricted stock units	408	4	(4)			—
Stock-based compensation			25,804			25,804
Stock withheld to cover tax withholdings requirements upon restricted stock vesting	(51)	—	(3,532)			(3,532)
Other comprehensive loss					(6,740)	(6,740)
Directors' deferred compensation			65			65
Stock repurchases	(799)	(8)	(49,992)			(50,000)
Cumulative effect of a change in accounting principle related to adoption of ASC 606				1,040		1,040
Net income				87,992		87,992
Balance at December 29, 2018	27,788	\$ 278	\$ 172,771	\$ 367,021	\$ (4,748)	\$ 535,322

See accompanying Notes to Consolidated Financial Statements

iROBOT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Fiscal Year Ended		
	December 29, 2018	December 30, 2017	December 31, 2016
Cash flows from operating activities:			
Net income	\$ 87,992	\$ 50,964	\$ 41,939
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	36,574	25,499	13,606
Gain on business acquisition	—	(2,243)	—
Stock-based compensation	25,804	19,751	15,995
Deferred income taxes, net	(10,848)	(999)	3,557
Tax benefit of excess stock-based compensation deductions	—	—	(2,971)
Deferred rent	1,374	—	—
Other	463	864	(2,361)
Changes in operating assets and liabilities — (use) source			
Accounts receivable	(23,920)	(53,251)	25,682
Inventory	(58,546)	(1,470)	(981)
Other assets	(8,533)	(10,562)	3,187
Accounts payable	22,470	17,457	6,502
Accrued expenses	(3,618)	23,447	10,181
Deferred revenue and customer advances	2,392	2,149	2,996
Long-term liabilities	81	4,709	(908)
Net cash provided by operating activities	71,685	76,315	116,424
Cash flows from investing activities:			
Additions of property and equipment	(32,422)	(23,371)	(10,817)
Change in other assets	(2,363)	(1,542)	(2,093)
Proceeds from sale of equity investments	856	1,267	634
Proceeds from sale of business unit	—	—	23,520
Cash paid for business acquisitions, net of cash acquired	—	(148,765)	—
Purchases of investments	(6,438)	(10,578)	(16,554)
Sales and maturities of investments	14,000	13,066	9,500
Net cash (used in) provided by investing activities	(26,367)	(169,923)	4,190
Cash flows from financing activities:			
Proceeds from employee stock plans	10,366	10,573	9,344
Income tax withholding payment associated with restricted stock vesting	(3,532)	(2,983)	(1,300)
Stock repurchases	(50,000)	—	(97,021)
Tax benefit of excess stock-based compensation deductions	—	—	2,971
Net cash (used in) provided by financing activities	(43,166)	7,590	(86,006)
Effect of exchange rate changes on cash and cash equivalents	(414)	130	—
Net increase (decrease) in cash and cash equivalents	1,738	(85,888)	34,608
Cash and cash equivalents, at beginning of period	128,635	214,523	179,915
Cash and cash equivalents, at end of period	\$ 130,373	\$ 128,635	\$ 214,523
Supplemental disclosure of cash flow information			
Cash paid for income taxes	\$ 39,517	\$ 25,879	\$ 14,061
Non-cash investing and financing activities:			
Additions of property and equipment included in accounts payable	\$ 2,795	\$ 5,001	\$ 1,550

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