

SONOS

The Power of the Sonos System

Investor
Presentation
1Q26 Earnings

February
2026



SONOS

The Power of the Sonos System





Forward-looking Statements

This presentation contains forward-looking statements that involve risks and uncertainties. These forward-looking statements include statements regarding our outlook for the fiscal quarter ending March 28, 2026 and our first half of fiscal year 2026; our long-term outlook; our long-term focus, financial, growth, and business strategies and opportunities; tariffs; growth metrics and targets; our ability to manage operating expenses; our business model; product mix, new products, product categories and services; our ability to expand our footprint with existing customers; our ability to add new households; our ability to expand geographically; profitability and gross margins; market growth and our market share; our seasonal sales volume; our total addressable market; our incremental revenue opportunity; our operating model and cost structure, and other factors affecting variability in our financial results.

These forward-looking statements are only predictions and may differ materially from actual results due to a variety of factors, including, but not limited to: difficulties in and effect of implementing improvements to our operating model and cost structure; the risk that restructuring and related charges may be greater than anticipated or not occur in the expected time frame; local law requirements in various jurisdictions regarding elimination of positions; our ability to accurately forecast product demand and effectively forecast and manage owned and channel inventory levels; our ability to successfully introduce software updates, including with respect to our redesigned app; our ability to maintain, enhance, and protect our brand image; the impact of global economic, market, and political events, including tariffs, global trade tensions, continued inflationary pressures, high interest rates and, in certain markets, foreign currency exchange rate fluctuations; changes in consumer income and overall consumer spending as a result of economic or political uncertainty or conditions, including tariffs; changes in consumer spending patterns; our ability to successfully introduce new products and services and maintain or expand the success of our existing products; the success of our efforts to expand our direct-to-consumer channel; the success of our financial, growth, and business strategies; our ability to compete in the market and maintain or expand market share; our ability to maintain relationships with our channel, distribution and technology partners; our ability to meet product demand and manage any product availability delays; supply chain challenges, including shipping and logistics challenges and component supply-related challenges, including memory costs; our ability to protect our brand and intellectual property; our use of artificial intelligence; and the other risk factors identified in our filings with the Securities and Exchange Commission (the “SEC”), including our Annual Report on Form 10-K and subsequent filings. Copies of our SEC filings are available free of charge at the SEC’s website at www.sec.gov, on our investor relations website at <https://investors.sonos.com/reports-and-filings/default.aspx> or upon request from our investor relations department.

All forward-looking statements herein reflect our opinions only as of the date of this presentation, and we undertake no obligation, and expressly disclaim any obligation, to update forward-looking statements herein in light of new information or future events, except to the extent required by law.

Our Purpose

To elevate life
through sound.

Our Product

The Sonos System: unites every
dimension of sound into one
connected platform.



The Sonos System



Home Theater

Bringing sound to life for the most important seats in the home.



Speakers

Designed for every space inside and outside the home.



Headphones

Personalizing home theater and taking Sonos out into the world.



Components

Connecting pros and partners to the Sonos System.



Control & Content

Making the System easier, faster, and more connected.

A Profitable Global Business That's Positioned for Growth

\$1.44B

FY25 Revenue

6%

Share of the Global
Premium Audio Market

43.7%

FY25 GAAP Gross Margin
45.2% FY25 Non-GAAP Gross Margin

\$132M

FY25 Adjusted EBITDA, 9.2% Margin
+23% YoY

17M+

Homes Worldwide

3.13

Products per Household
on Average

45%

Products Registered
to Existing Customers

#4

in Patent Power (IEEE)
4,700+ Global Patents
& Applications

Source: Internal data, Futuresource CY2024, IEEE Spectrum 2025 Patent Scorecard, Premium defined as \$100+ wireless speakers, \$200+ soundbars, \$300+ Hi-Fi systems, \$250+ in-wall/in-ceiling speakers, \$300+ OTE headphones, \$250+ bookshelf speakers (pairs), and all AV receivers, Floor-standing speakers, home theater speakers and home theater in a box products and Hi-Fi separates

Note: Unaudited. Products per household defined as total registrations divided by total households. Percentages have been calculated using actual, non-rounded figures and, therefore, may not recalculate precisely. Adjusted EBITDA, Adjusted EBITDA margin and Non-GAAP Gross Margin are each non-GAAP measures. See Appendix for reconciliation of GAAP to Non-GAAP measures. Global patents and applications as of Nov 3, 2025. FY25 GAAP Net Income -\$61M (-4.2%)

Unique Platform Model

The Sonos System unites every dimension of sound — music, movies, stories and conversations — into one connected platform.

Large Opportunities for Growth

Only 6% penetration of \$24B TAM, with a \$12B revenue opportunity in the installed base.

World Class Innovation

Unrivaled innovation engine underpinned by deep patent moat and software leadership.

Category Defining Brand

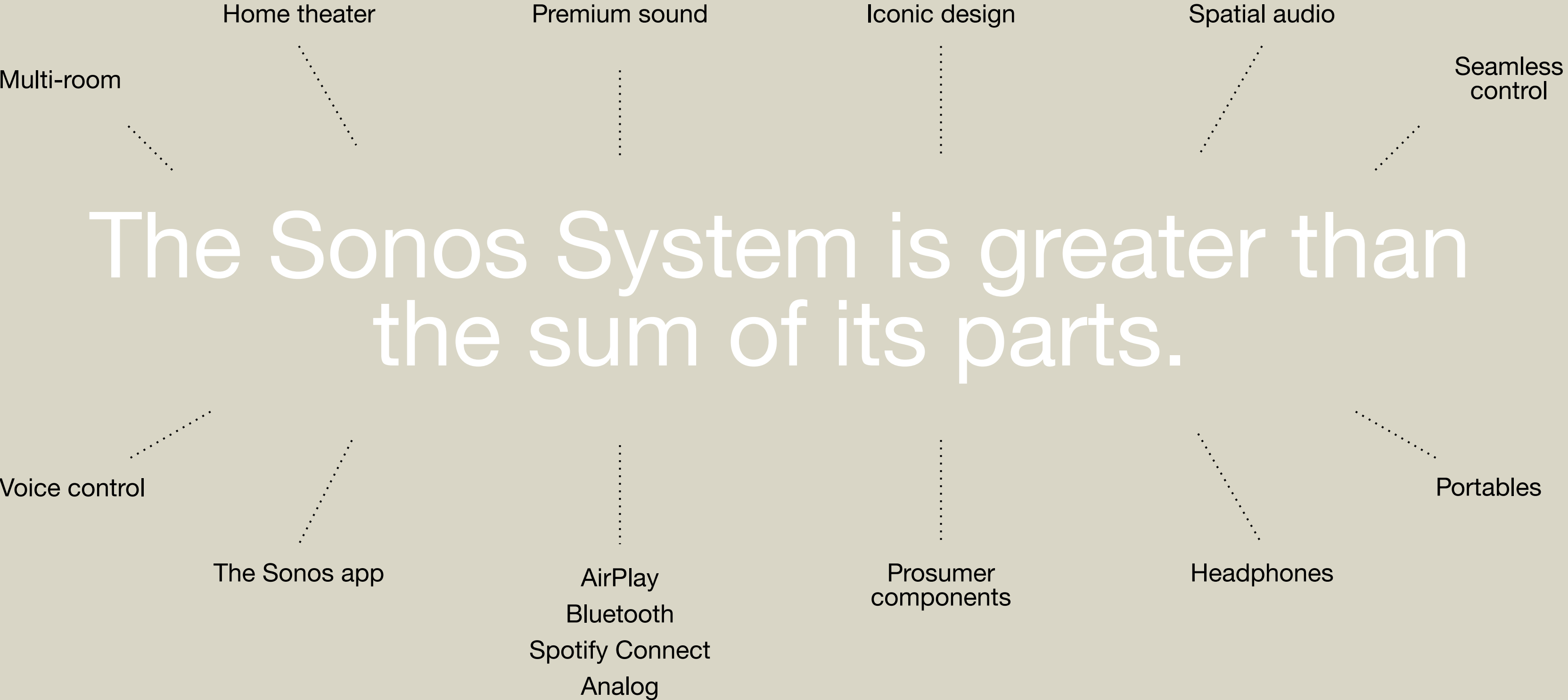
#1 in premium home theater in US, trusted by consumers and professionals alike.

Structurally Improved Profitability

A lean, agile organization with sharp financial discipline.

Source: Circana for US, Futuresource CY2024, Premium defined as \$100+ wireless speakers, \$200+ soundbars, \$300+ Hi-Fi systems, \$250+ in-wall/in-ceiling speakers, \$300+ OTE headphones, \$250+ bookshelf speakers (pairs), and all AV receivers, Floor-standing speakers, home theater speakers and home theater in a box products and Hi-Fi separates
Note: Home Theater includes soundbars and wireless subwoofers

Sonos is Every Dimension in Sound



Sonos is a Platform for Growth

Differentiation

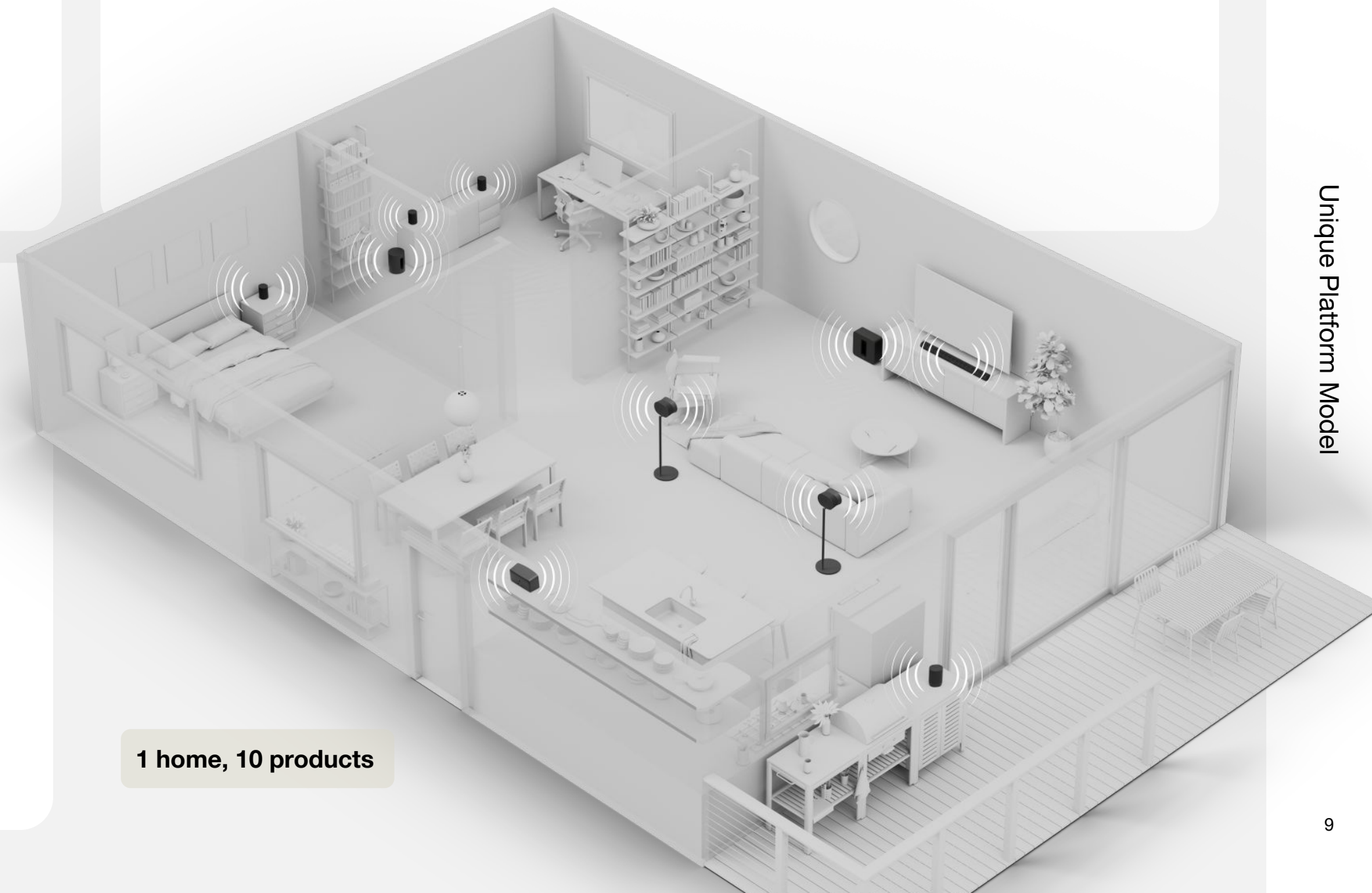
Our portfolio of integrated hardware and software defines our position as the premier platform for sound in the home.

Expansion

Value compounds with every product and room added.

Retention

New products and capabilities deepen engagement and loyalty.



1 home, 10 products

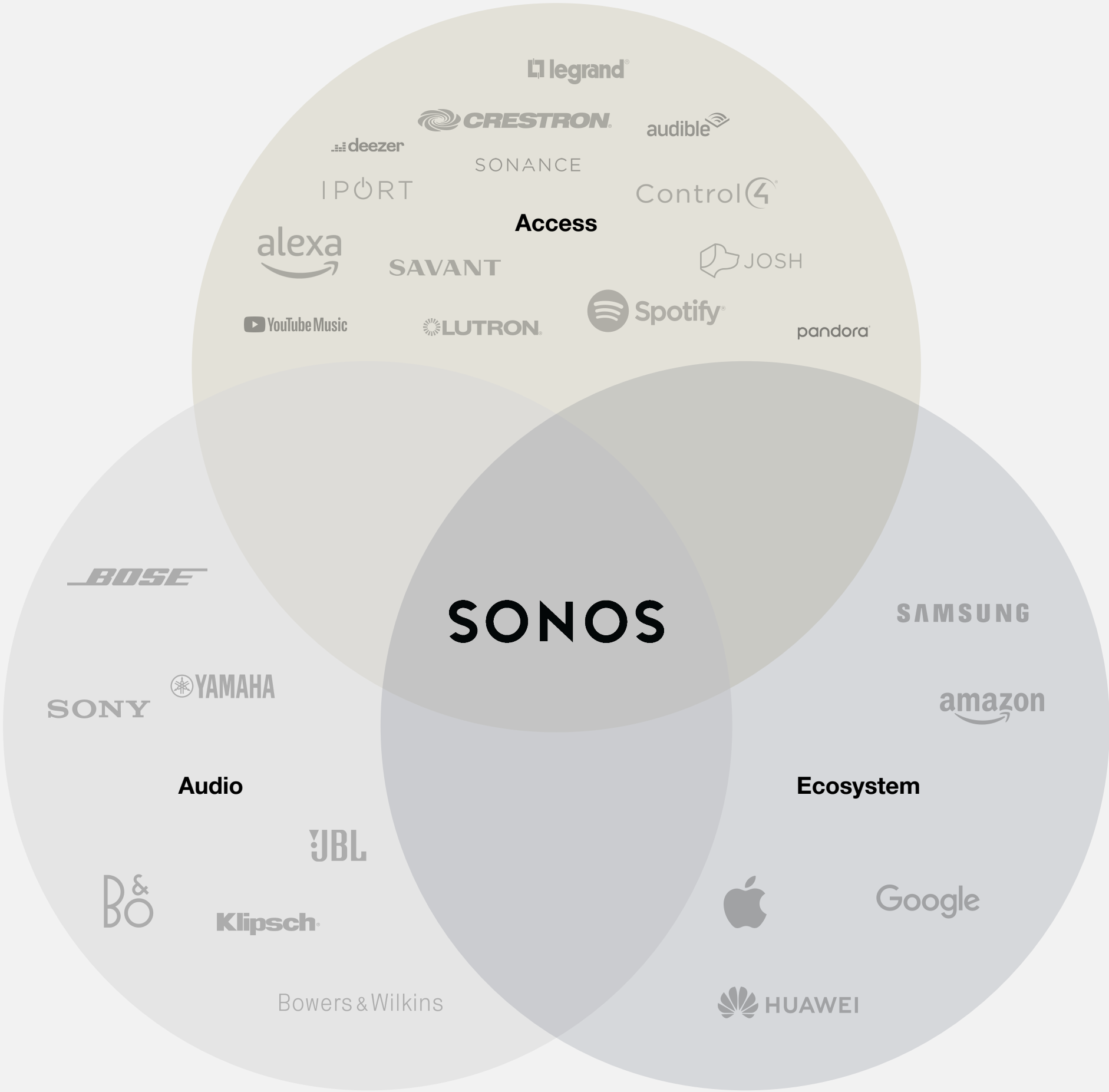
Sonos is the Premier Sound Platform

Audio brands don't build ecosystems.

Tech giants won't open their walled gardens.

Control and content players are isolated islands.

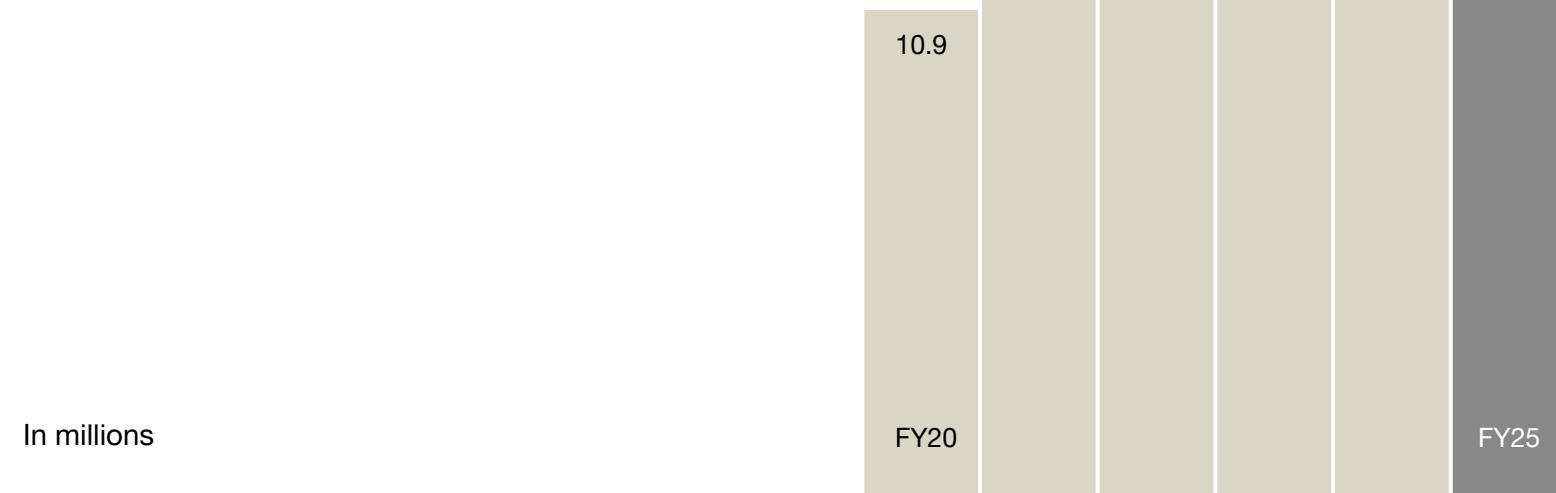
Only Sonos brings them all together



Sonos Platform Growth in FY25

More Households

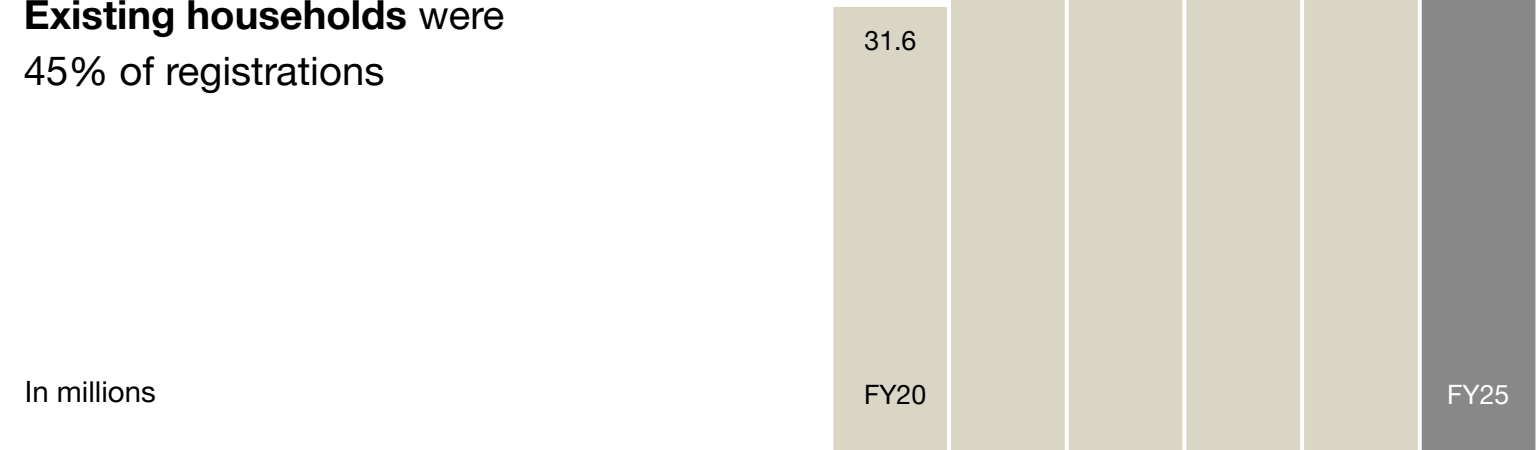
Households grew
+5% YoY to 17.1M



More Devices

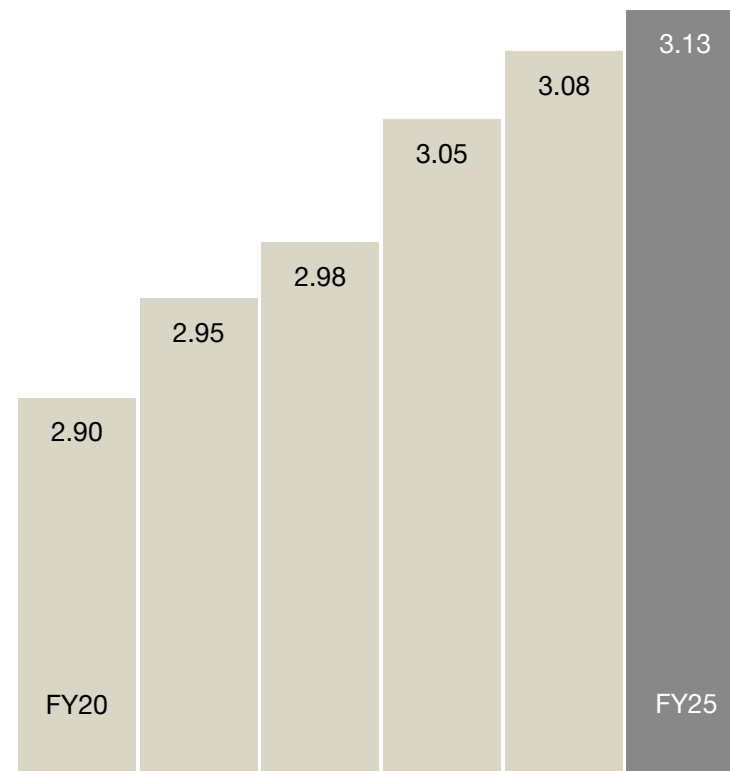
Registered products grew
+6% YoY to 53.4M

Existing households were
45% of registrations

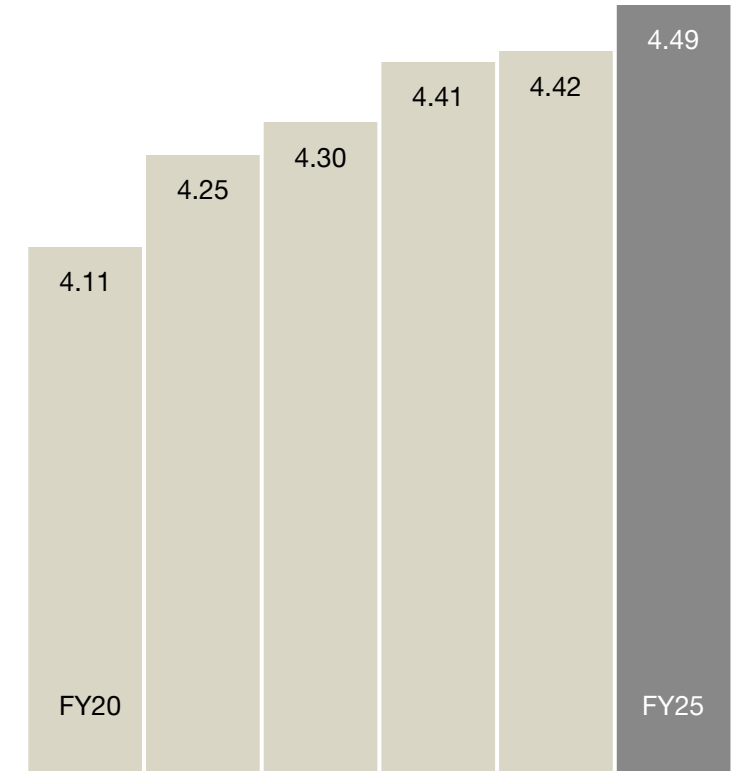


More Expansion

Devices per household grew YoY
3.08 → 3.13



Devices per multi-product household grew YoY
4.42 → 4.49

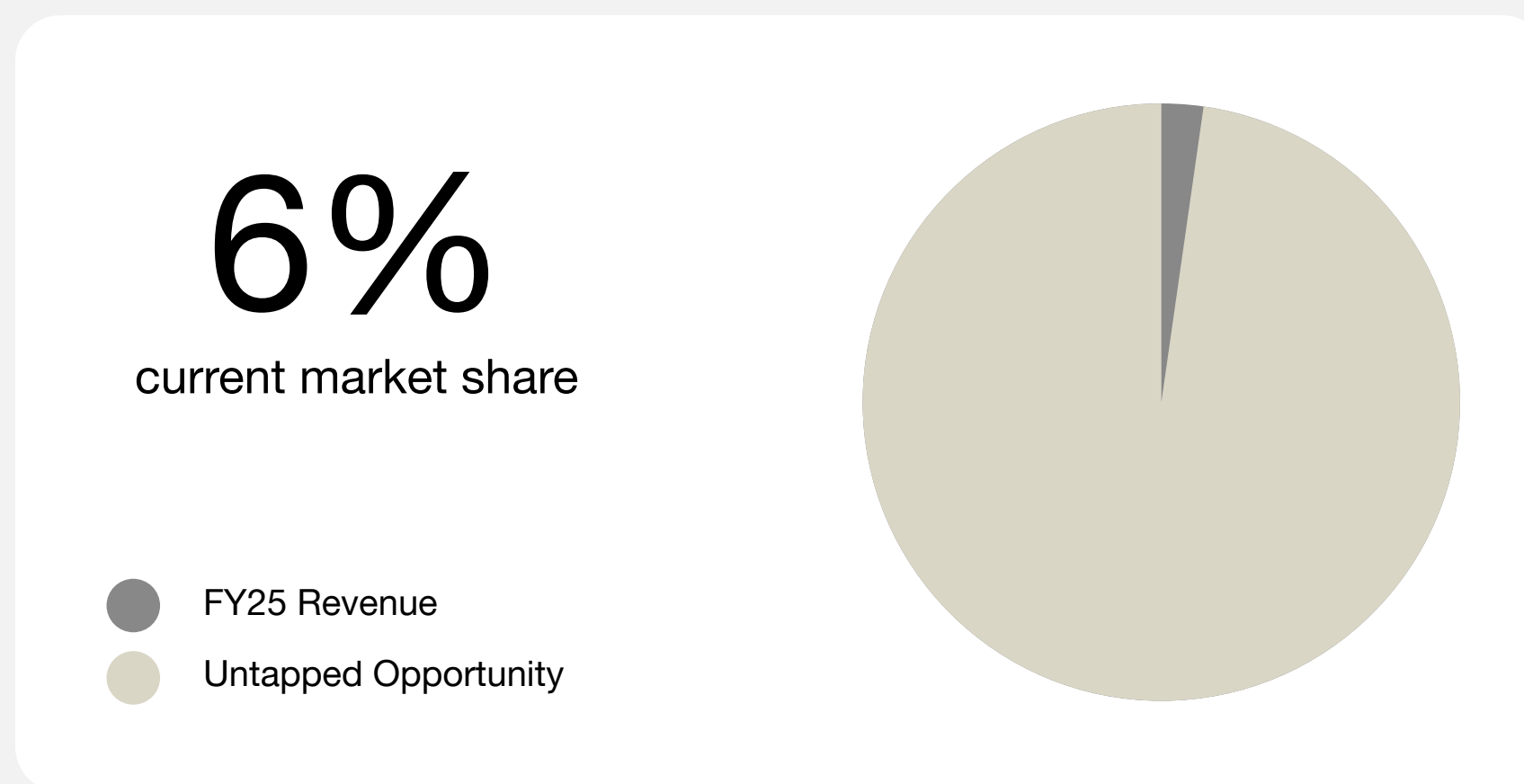


Source: Internal data

Note: Unaudited. Devices per household defined as total registrations divided by total households. Devices per multi-product household defined as products registered less single product households divided by households with >1 product. Percentages have been calculated using actual, non-rounded figures and, therefore, may not recalculate precisely.

Total Addressable Market

The global premium audio market is a \$24B opportunity.



Key Levers to Drive Growth

Add New Households

Launch new products

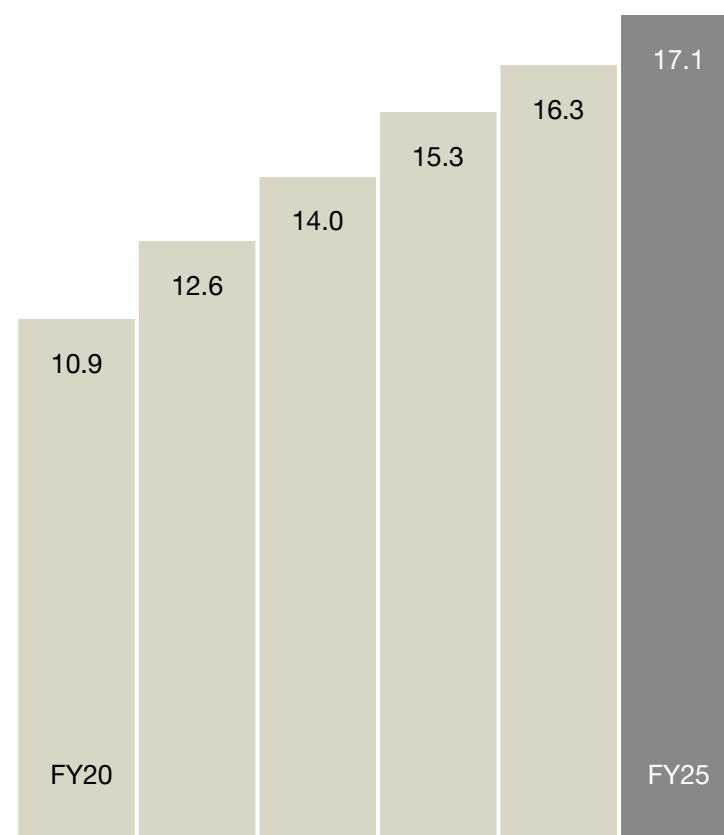
Deepen penetration in existing markets

Geo expansion

New marketing campaigns

Broaden distribution

Grow the installer channel



In millions

Increase Lifetime Value

Grow Revenue per Household (ARPU)

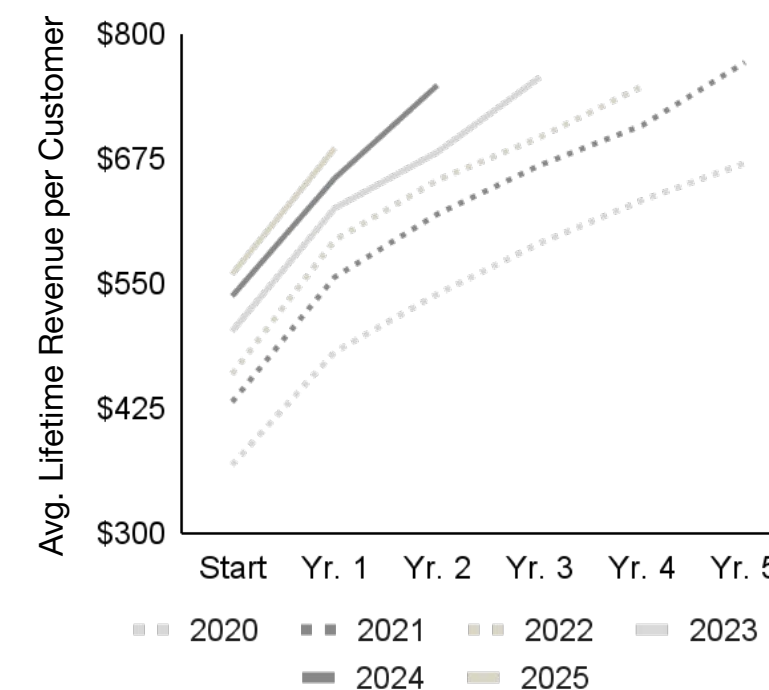
Increase products per household

Convert single product households to multi product households

Extend monetization lifetime

Improve core experience

Drive product upgrade cycle



We have multiple growth vectors to expand our installed base.

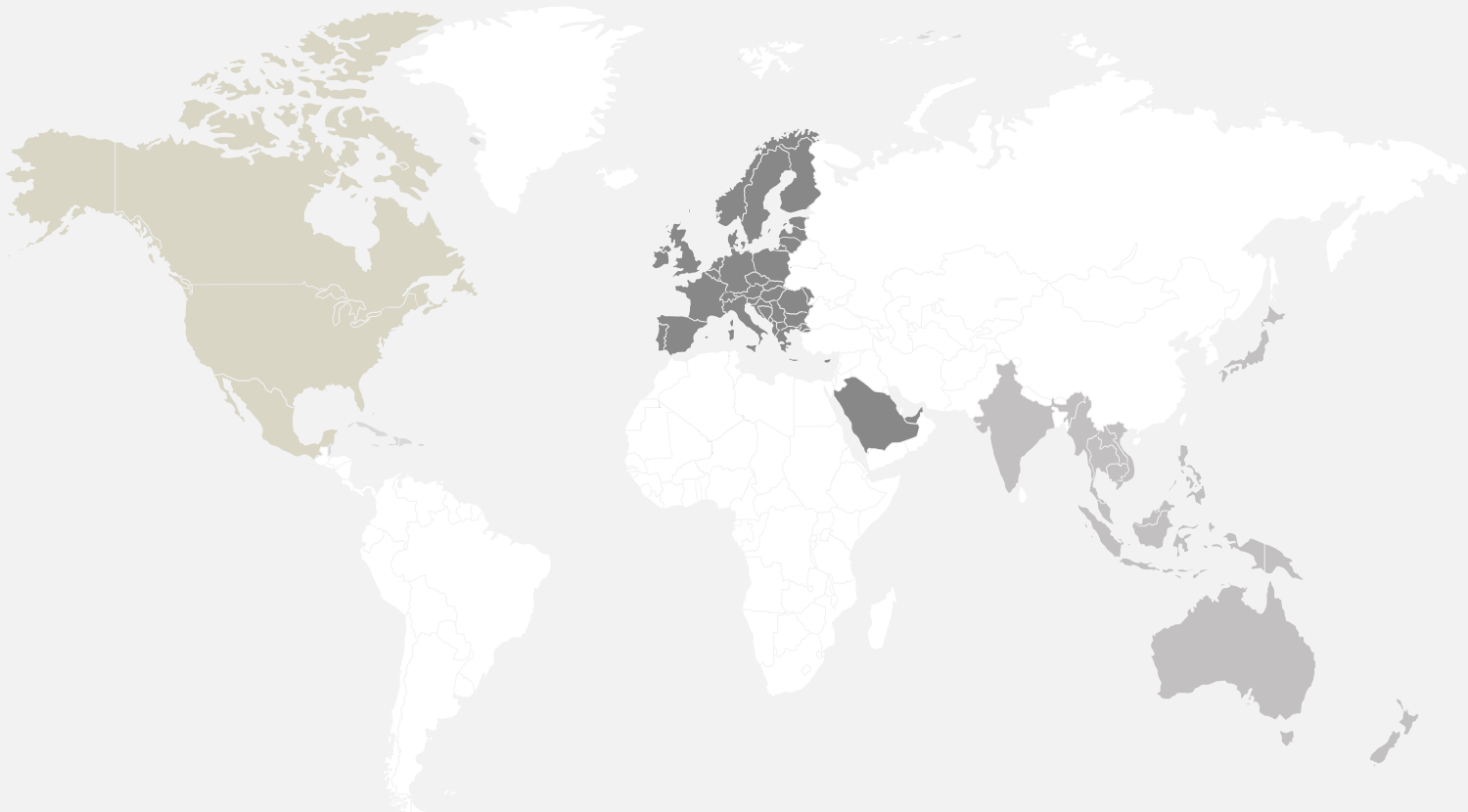
Average lifetime revenue per customer has improved with each successive cohort.

Source: Internal Data.

Note: Unaudited. Cohort defined as average customer acquired in respective fiscal year period

Global Presence

Based on the foundation we’ve built in our existing markets, we see significant opportunity to expand our geographic presence



Distributed in 60+ countries

Source: Circana for US, GfK UK and DE
Notes:
1 - EMEA is UK and DE
2 - Home Theater includes soundbars and wireless subwoofers

#1

in premium home theater² in US

#2

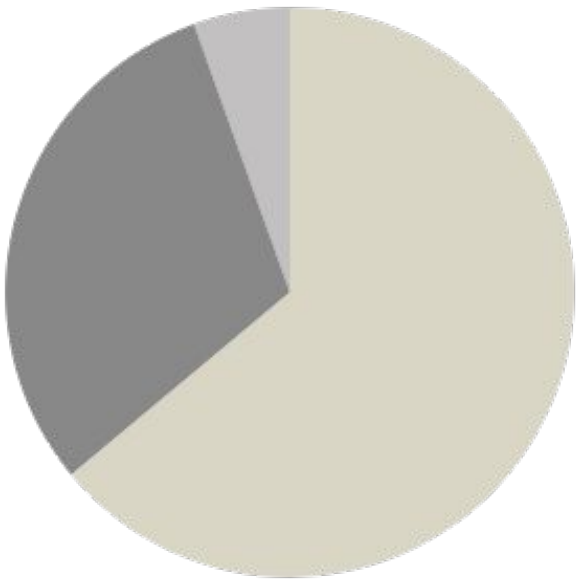
in premium home theater² in EMEA¹

#2

in streaming audio in both US and EMEA¹

FY25 Revenue By Geography

Americas	\$923M	64%
EMEA	\$441M	31%
APAC	\$79M	5%



Large Opportunity Within Existing Households

\$5B

61% of households own multiple products

Growing average multi-product households from
4.49 → 6 = \$5B revenue opportunity

10.4M x 1.51 incremental products x \$312 revenue/product = \$5B

\$7B

39% of households own just one product

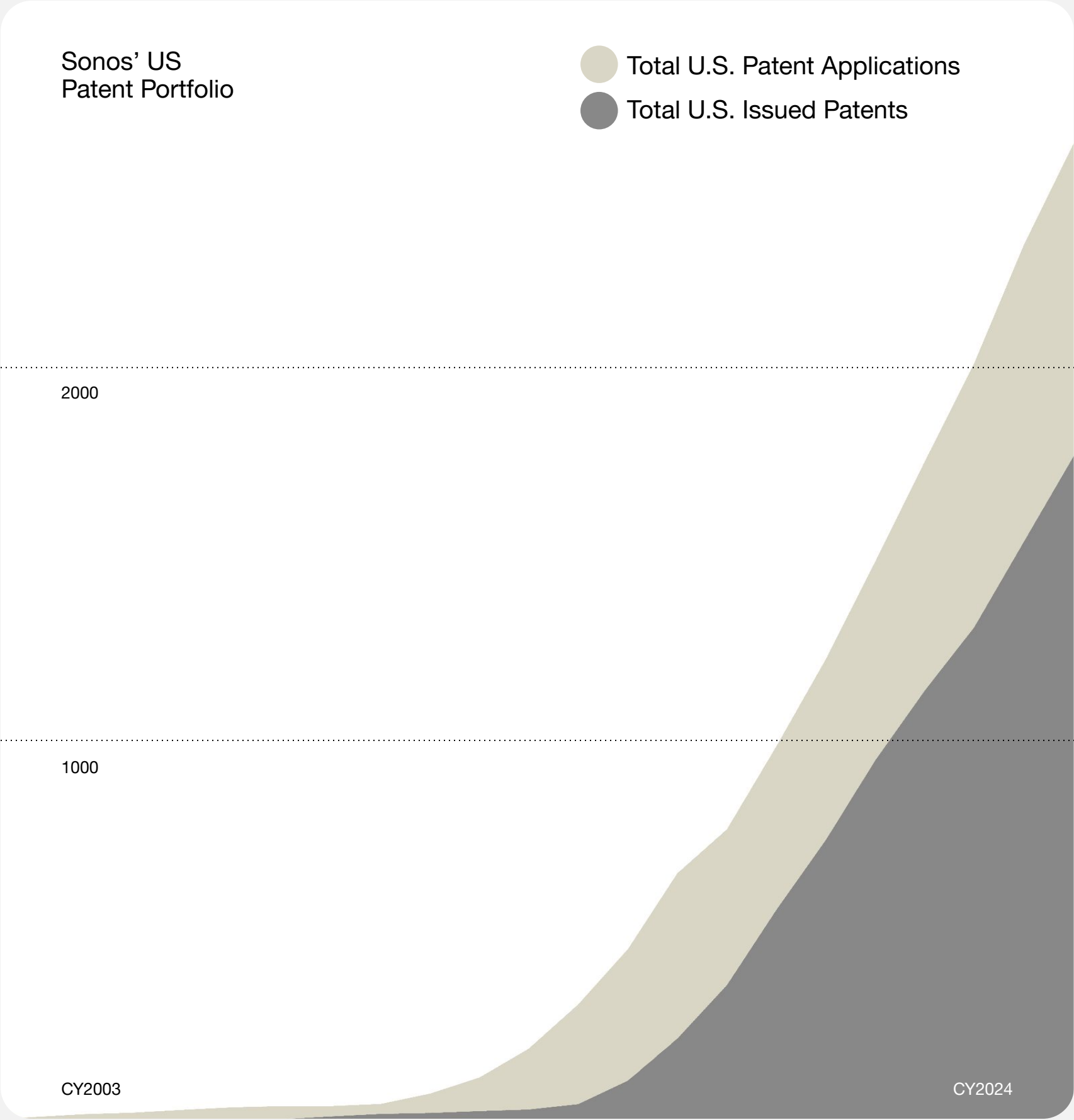
Growing single product households from
1 → 4.49 = \$7B revenue opportunity

6.7M x 3.49 incremental products x \$312 revenue/product = \$7B

= \$12B

**Total revenue opportunity
from our installed base**

Broad and Valuable IP Portfolio



Overview of Portfolio

Over 1,900 issued US patents

800+ US applications pending

4,700+ patents globally

Established Value

The Sonos IP portfolio has been tested and proven to have real value in litigation

Rated #4 in Patent Power by IEEE

Featured on IPO's Patent 300 List for 8th consecutive year

Foundational Innovation

Core Playback & Hardware

Wireless & Networking

System Setup & Identity

Control & Interaction

Content, Search & Recommendations

Advanced Audio & Spatial Experience

AI, Interoperability & Verticals

Trust, Rights & Commerce

Source: Internal Data, IEEE Spectrum's Patent Power program, 2024 Intellectual Property Owners Association's "Top 300 Patent Owners"

The Sonos Brand: Premium, Trusted, Loved

Strength

The Standard for Connected Audio

Sonos defines what quality and design mean in modern home audio
Partner of choice to custom installers

Deeply Engaged Customers

45% of registrations come from existing customers
16.1B listening hours in FY25 (+10% YoY)
Households listen an average of 2.6 hours/day (+5% YoY).



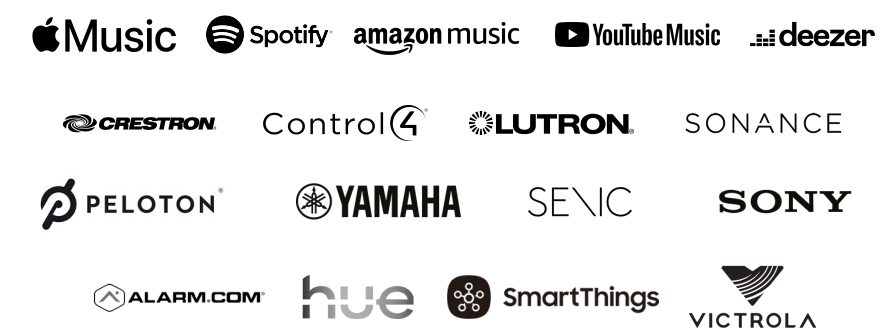
Partnerships

Extended Reach & Reinforced Position

Integrations with 100+ streaming, voice, and smart home service providers

Choice Partner to Leading Home and Content Brands

New partnerships with Peloton and Philips Hue
Works with Sonos program



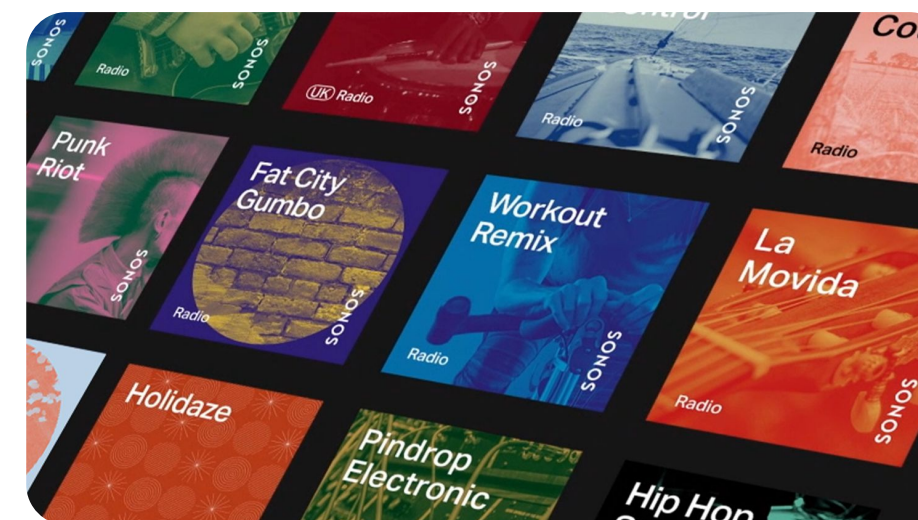
Scale

Global Footprint

17M+ households with 53M+ devices
Distributed in 60+ countries

Market Influence

#1 in premium home theater² in US, #2 in EMEA¹
#2 in streaming audio in US and EMEA¹



Source: Internal data, Circana for US, GfK UK and DE

Notes:

1 - EMEA is UK and DE

2 - Home Theater includes soundbars and wireless subwoofers

Transforming Our Business to Drive Faster Innovation, Stronger Margins, and Greater Efficiency



Research & Development

- Functional reorganization
- Software resource consolidation
- Roadmap prioritization aligned to leverage position in the home



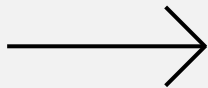
Sales & Marketing

- Prioritization of CAC efficiency; reduced branded spend below return threshold
- Reorganized for efficiency
- Increased investment in geographic expansion
- Deployment of AI solutions in customer service



General & Administration

- Established shared services center for core transactional functions
- Reorganized for efficiency
- Redeploy IT for business impact
- Real estate optimization
- IT tool consolidation and internal AI adoption initiatives



Improved Profitability

FY25 AEBITDA¹
+23% YoY

- FY25 AEBITDA¹ of \$132M, 9.2% of revenue, +210 bps
- FY25 Non-GAAP (NG) EPS¹ of \$0.64, +31% YoY
- FY25 NG OpEx¹ -10% YoY, -17% normalized
- ~25% of FY24 OpEx optimized
- FY25 NG OpEx¹ % of Revenue -230bps YoY
- 4Q25 stock comp of \$17M, -34% vs 1Q25

Across the company

- Simplified leadership structure by reducing management layers
- Optimized workforce footprint through restructuring, cost-efficient locations, and redeployment to improve return on investment
- Reorientation of pricing strategy to drive new customer acquisition and repurchases
- Renegotiated vendor and partner contracts for better pricing and volume efficiency
- Lowered stock comp expense via a leaner, less top-heavy organization

Note: \$ in millions (unless noted), unaudited. Adjusted EBITDA (“AEBITDA”), Non-GAAP Operating Expenses (“OpEx”) and Non-GAAP EPS are each non-GAAP measures. See Appendix for reconciliation of GAAP to non-GAAP measures.
¹ FY25 GAAP Net Income -\$61M (-4.2% margin), GAAP EPS -\$0.51, GAAP OpEx \$681M (-8% YoY)

First Quarter Fiscal 2026 Results



First Quarter Fiscal 2026 Financial Highlights

Revenue

\$546M
-1% YoY

Strength in Plug-ins (led by Era 100), offset by comping over launch of Arc Ultra/Sub 4 in prior year and lower portables. Above mid-point of guidance

Non-GAAP GM¹ %**47.5%**
+280bps YoY

+5% NG gross profit \$ YoY growth driven by cost savings and favorability in one-time items, partly offset by tariffs and unfavorable mix
GAAP \$253M +5% YoY, 46.5% GM, +270bps YoY

Non-GAAP OpEx¹**\$137M**
-19% YoY

Decrease due to transformation efforts to improve efficiency and different seasonality of spending driven by 2H'26 product launches
GAAP \$153M, -21% YoY

Adjusted EBITDA¹**\$132M**
+45% YoY

Margin +760bps to 24.2% due to higher GM and lower OpEx

Non-GAAP EPS¹**\$0.93**
+37% YoY

Attributable to improvements in gross margin and OpEx. **GAAP \$0.75 +87.5% YoY**

Free Cash Flow

\$157M
+\$14M YoY

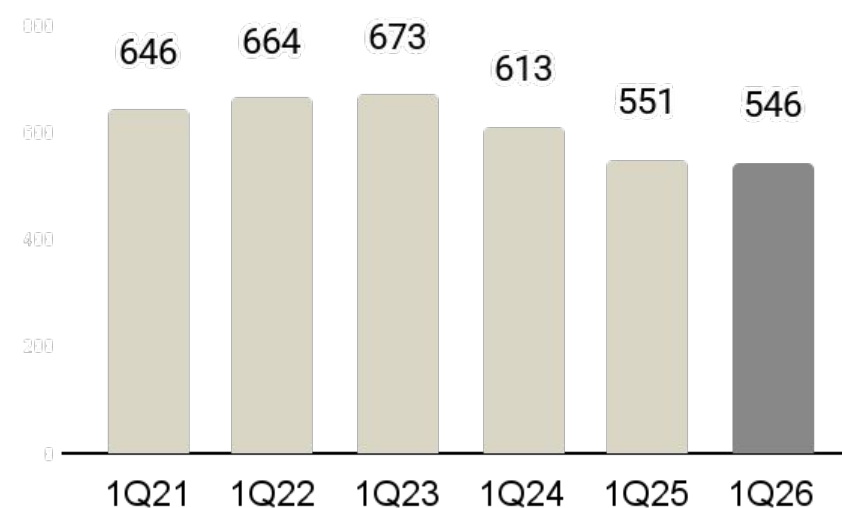
Improvement driven primarily by higher earnings

Note: In \$ millions (unless noted). Adjusted EBITDA, Adjusted EBITDA margin, Non-GAAP Gross Margin, Non-GAAP Operating Expenses, Non-GAAP EPS and Free Cash Flow are Non-GAAP measures. See Appendix for reconciliation of GAAP to Non-GAAP measures.

1 - GAAP GM 46.5%, GAAP OpEx \$153M, GAAP Net Income \$94M (17.2% margin), GAAP EPS \$0.75

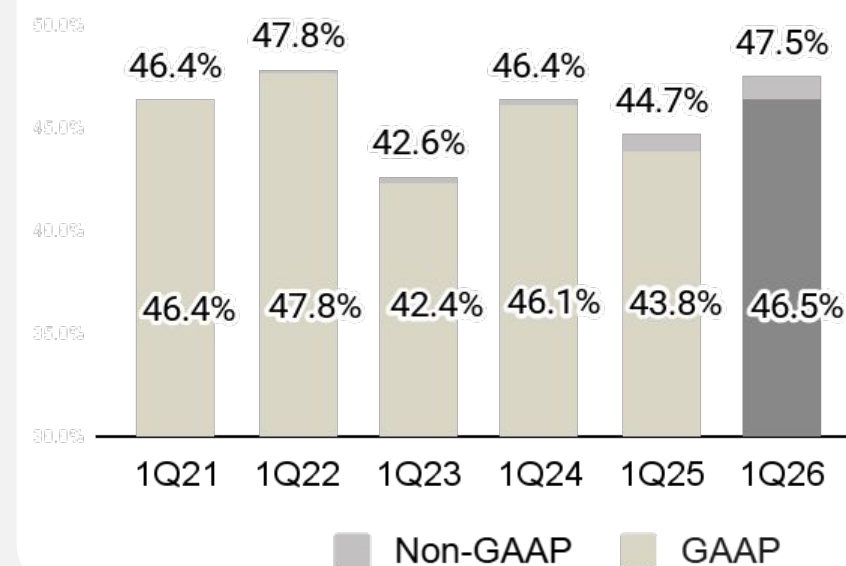
First Quarter Fiscal 2026 Financial Summary

REVENUE



Strength in Plug-ins led by Era 100, offset by comping over launch of Arc Ultra and Sub 4 in prior year and lower portables. Total revenue -1% YoY

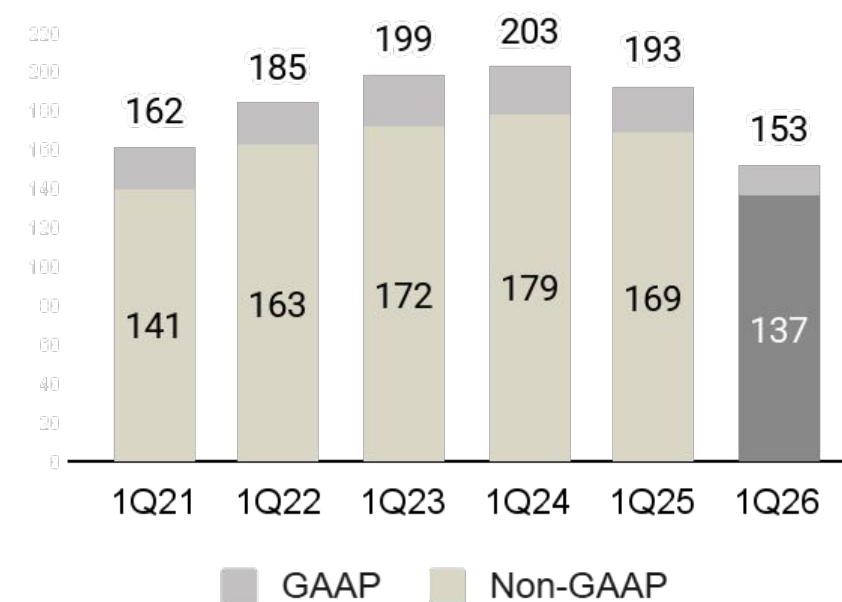
GROSS MARGIN



Gross Profit dollars +5% YoY

Non-GAAP Gross margin expansion of 280bps due to cost savings and favorability in one-time items and FX, partly offset by unfavorable mix and tariffs

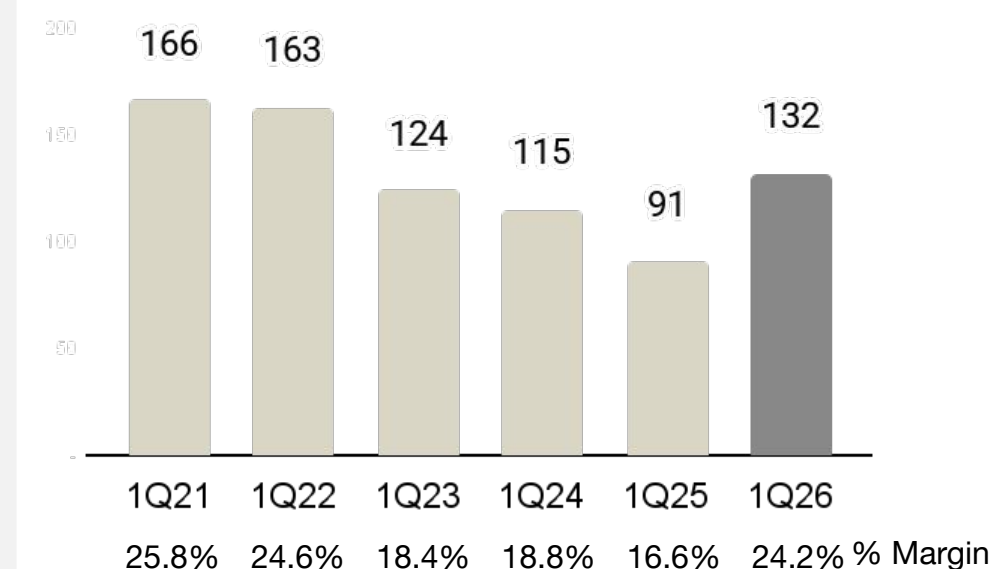
OPERATING EXPENSES



Reduction due to transformation efforts and different seasonality of spend due to 2H'26 product launches:

- GAAP -21% YoY
- Non-GAAP -19% YoY

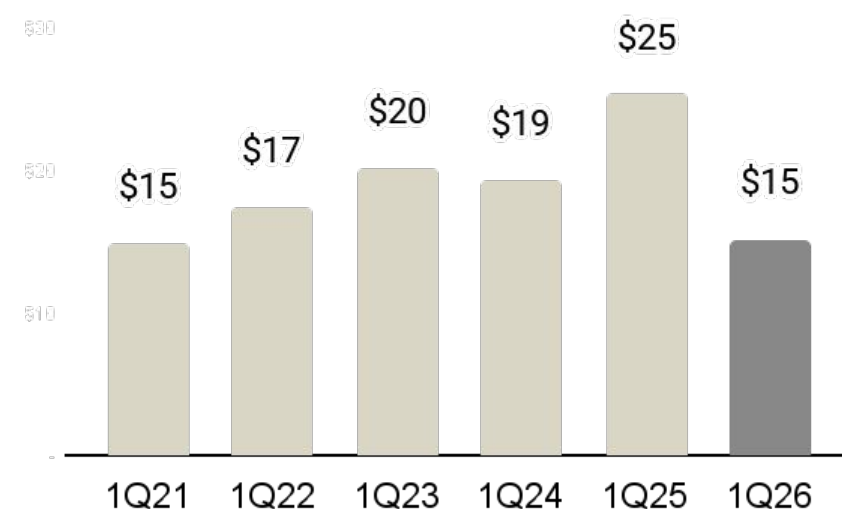
ADJUSTED EBITDA



Adjusted EBITDA improvement due to lower OpEx and gross margin expansion

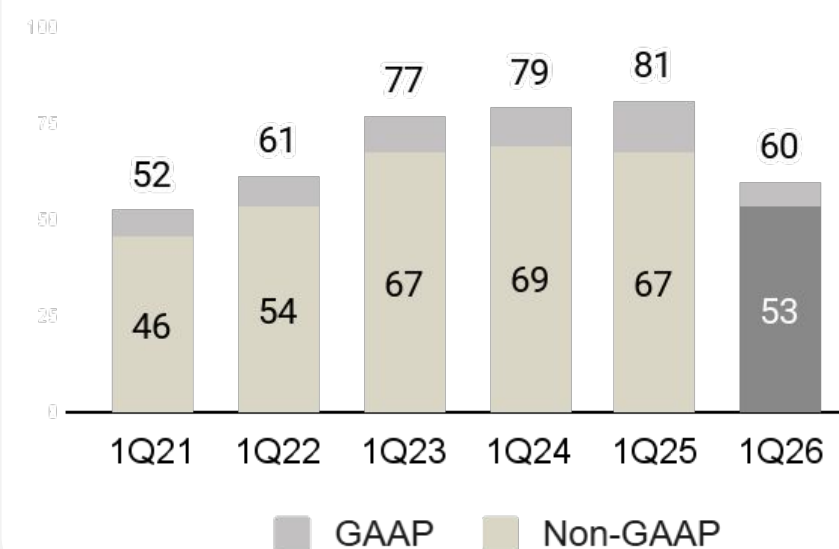
First Quarter Fiscal 2026 Operating Expense Trend

STOCK-BASED COMPENSATION



Down -40% YoY driven by reorganizations that removed senior management layers as well as reduced headcount

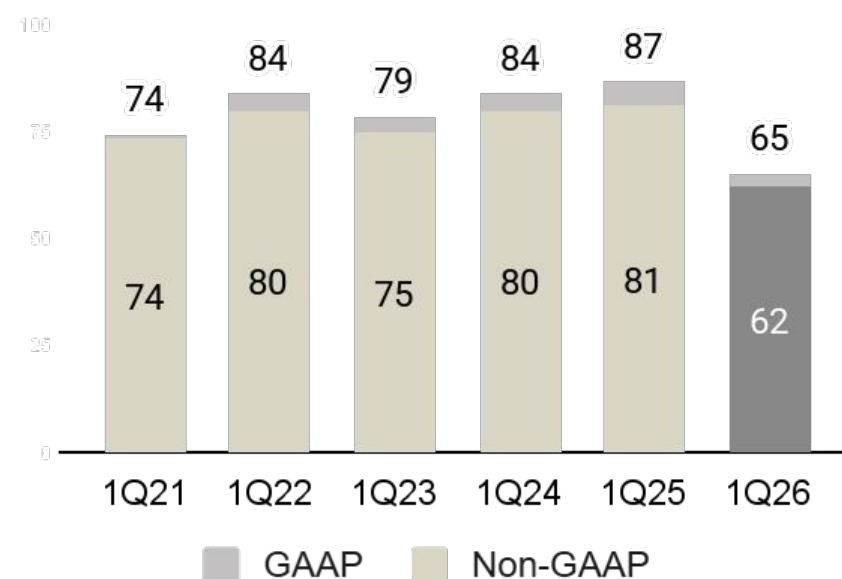
RESEARCH AND DEVELOPMENT



Reduction driven by lower headcount and reorg from transformation efforts:

- GAAP -26% YoY
- Non-GAAP¹ -21% YoY

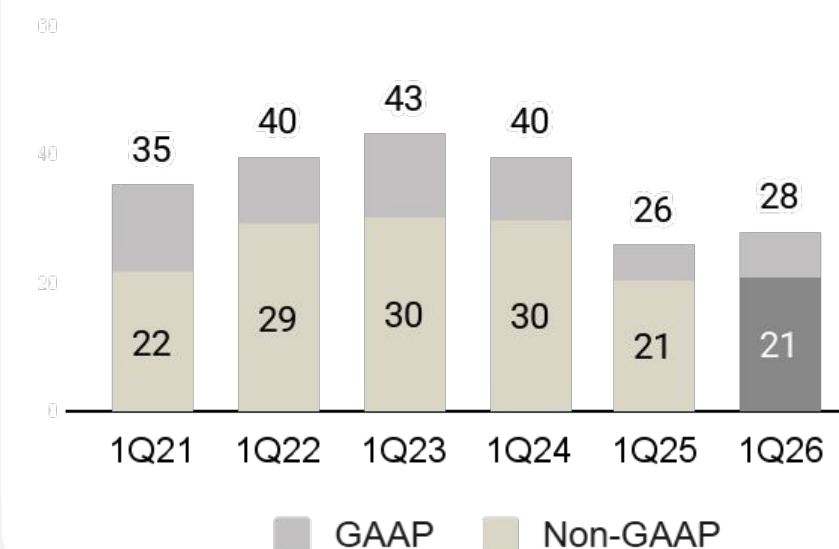
SALES AND MARKETING



Reduction driven by lower marketing spend and headcount due to cost optimization efforts:

- GAAP -25% YoY,
- Non-GAAP¹ -23% YoY

GENERAL AND ADMINISTRATIVE



Increase driven by higher legal expenses, partly offset by lower headcount and other cost optimization efforts:

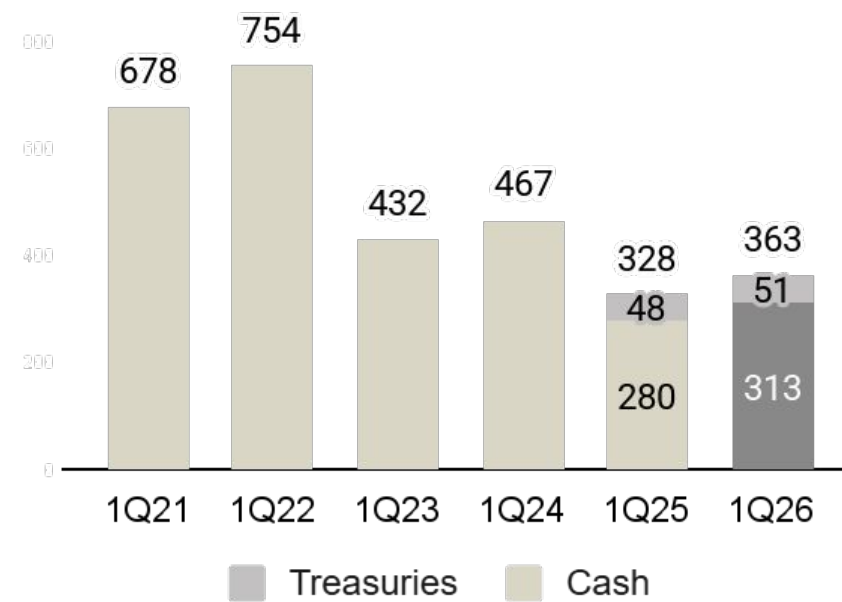
- GAAP +8% YoY
- Non-GAAP¹ +2% YoY

Note: In \$ millions (unless noted). Non-GAAP R&D, Non-GAAP S&M, and Non-GAAP G&A are each Non-GAAP measures. See Appendix for reconciliation of GAAP to Non-GAAP measures.

¹Non-GAAP R&D exclude stock-based compensation, amortization of intangible assets and restructuring and other charges included in the corresponding GAAP measure. Non-GAAP G&A, and Non-GAAP S&M exclude stock-based compensation, amortization of intangible assets, legal and transaction related costs and restructuring and other charges included in the corresponding GAAP measure.

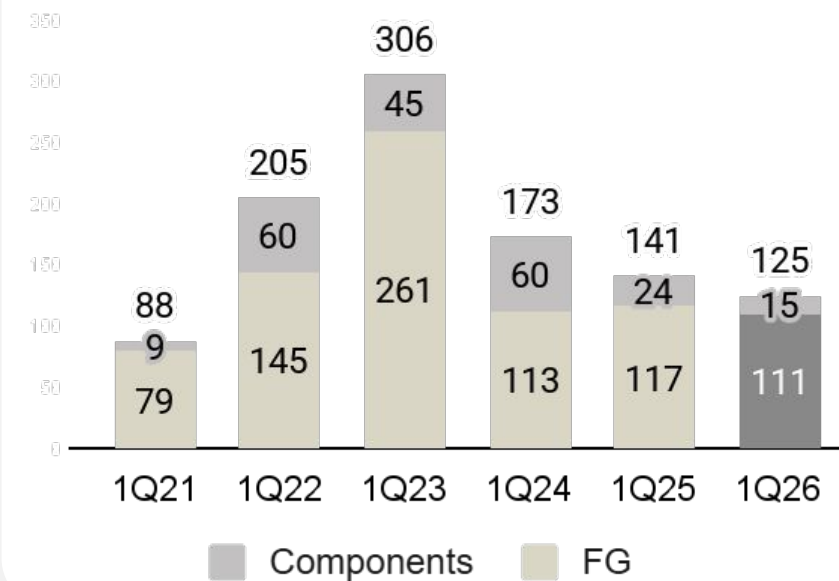
First Quarter Fiscal 2026 Balance Sheet and Cash Flow

CASH BALANCES



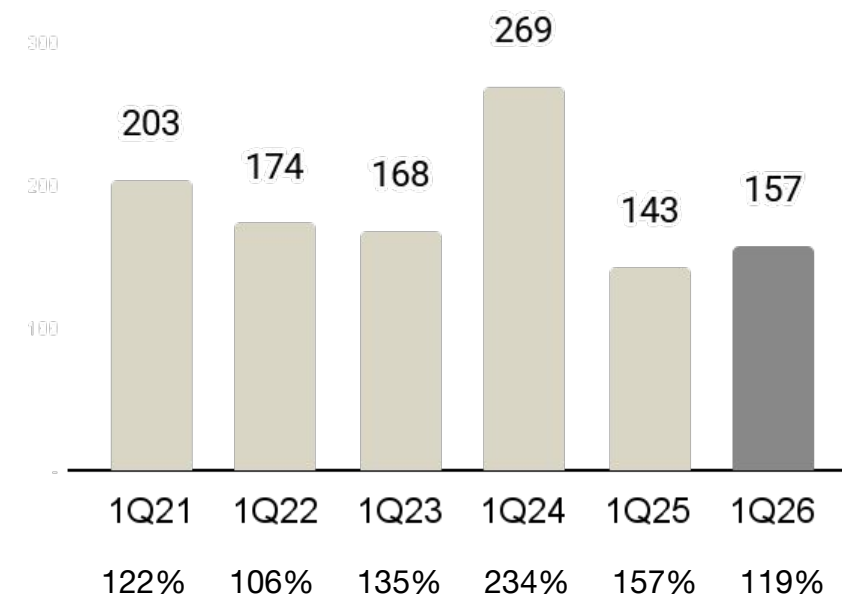
Cash and marketable securities of \$363M (\$51M short duration t-bills)

INVENTORIES



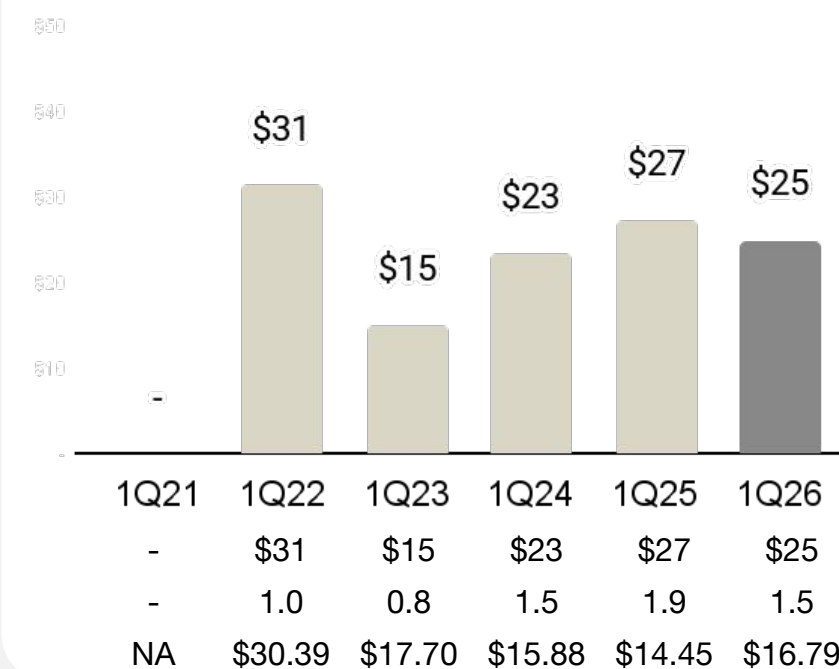
Total inventories decreased -11% YoY primarily due to workdown of component inventory

FREE CASH FLOW



Improvement driven primarily by higher earnings

CAPITAL RETURN



Spent \$25M on share repurchase in 1Q26

Repurchased 1.5M shares at average price of \$16.79 per share

\$105M remaining on authorization

Note: In \$ millions (unless noted and excluding \$/share for share repurchases). Free Cash Flow is a Non-GAAP measure. See Appendix for reconciliation of GAAP to Non-GAAP measures.

¹ Share repurchase figures are inclusive of trading commission and excise tax.

Outlook To Be Provided on 1Q26 Earnings Call



Appendix





Non-GAAP Measures

We have provided in this presentation financial information that has not been prepared in accordance with US generally accepted accounting principles (“GAAP”). We use these Non-GAAP financial measures to evaluate our operating performance and trends and make planning decisions. We believe that these Non-GAAP financial measures help identify underlying trends in our business that could otherwise be masked by the effect of the expenses and other items that we exclude in these Non-GAAP financial measures. Accordingly, we believe that these Non-GAAP financial measures provide useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects, and allowing for greater transparency with respect to a key financial metric used by our management in its financial and operational decision-making. Non-GAAP financial measures should not be considered in isolation of, or as an alternative to, measures prepared in accordance with US GAAP.

We define Adjusted EBITDA as net (loss) income adjusted to exclude the impact of depreciation and amortization, stock-based compensation expense, interest income, interest expense, other expense (income), income taxes, restructuring and other charges, legal and transactional related fees and other items that we do not consider representative of our underlying operating performance. We define Adjusted EBITDA margin as Adjusted EBITDA divided by revenue. We define free cash flow as net cash from operations less purchases of property and equipment. We define non-GAAP gross margin as GAAP gross margin, excluding stock-based compensation and amortization of intangible assets. We define Non-GAAP operating expenses as operating expenses less stock-based compensation expense, legal and transaction related costs, amortization of intangibles, and restructuring and other charges. We calculate constant currency growth percentages by translating our current period financial results using the prior period average currency exchange rates other charges as net income (loss) less stock-based compensation, legal and transaction related fees, amortization of intangibles and restructuring and other charges. We define non-GAAP net (loss) income as GAAP net (loss) income less stock-based compensation, legal and transaction related fees, amortization of intangibles, other expense (income) and restructuring and other charges. We calculate non-GAAP diluted earnings (loss) per share as non-GAAP net (loss) income divided by non-GAAP weighted average diluted shares outstanding during the period.

We do not provide a reconciliation of forward-looking Non-GAAP financial measures to their comparable GAAP financial measures because we cannot do so without unreasonable effort due to unavailability of information needed to calculate reconciling items and due to the variability, complexity and limited visibility of the adjusting items that would be excluded from the Non-GAAP financial measures in future periods. When planning, forecasting, and analyzing future periods, we do so primarily on a Non-GAAP basis without preparing a GAAP analysis as that would require estimates for certain items such as stock-based compensation, which is inherently difficult to predict with reasonable accuracy. Stock-based compensation expense is difficult to estimate because it depends on our future hiring and retention needs, as well as the future fair market value of our common stock, all of which are difficult to predict and subject to constant change. In addition, for purposes of setting annual guidance, it would be difficult to quantify stock-based compensation expense for the year with reasonable accuracy in the current quarter. As a result, we do not believe that a GAAP reconciliation would provide meaningful supplemental information about our outlook.

Reconciliation of GAAP to Non-GAAP Gross Margin

	1Q21	1Q22	1Q23	1Q24	1Q25	1Q26
GAAP gross profit	\$ 299,425	\$ 317,385	\$ 285,057	\$ 282,679	\$ 241,406	\$ 253,460
Stock-based compensation expense	214	328	570	654	1,349	1,327
Amortization of intangibles	-	215	1,185	972	3,330	4,381
Restructuring and other charges	-	-	-	-	-	-
Non-GAAP gross profit	\$ 299,639	\$ 317,928	\$ 286,812	\$ 284,305	\$ 246,085	\$ 259,168
GAAP gross margin	46.4%	47.8%	42.4%	46.1%	43.8%	46.5%
Non-GAAP gross margin	46.4%	47.8%	42.6%	46.4%	44.7%	47.5%

Note: \$ in thousands (unless noted), unaudited. Percentages and sums have been calculated using actual, non-rounded figures and, therefore, may not recalculate precisely. Non-GAAP gross margin is a Non-GAAP measure

Reconciliation of Certain GAAP to Non-GAAP Operating Expenses

	1Q21	1Q22	1Q23	1Q24	1Q25	1Q26
GAAP R&D	\$ 52,346	\$ 61,330	\$ 76,940	\$ 79,235	\$ 80,838	\$ 59,762
Less: Stock-based compensation expense	6,258	6,738	9,151	8,979	13,315	6,489
Less: Amortization of intangibles	487	1,071	495	496	178	20
Less: Restructuring and other charges	25	-	-	323	(60)	-
Non-GAAP R&D	\$ 45,576	\$ 53,521	\$ 67,294	\$ 69,437	\$ 67,405	\$ 53,253
GAAP S&M	\$ 74,453	\$ 83,736	\$ 78,696	\$ 83,950	\$ 86,644	\$ 65,273
Less: Stock-based compensation expense	3,408	3,647	4,113	3,815	5,632	2,845
Less: Amortization of intangibles	-	-	-	-	-	-
Less: Restructuring and other charges	(2,636)	-	-	113	-	-
Non-GAAP S&M	\$ 73,681	\$ 80,089	\$ 74,583	\$ 80,022	\$ 81,012	\$ 62,428
GAAP G&A	\$ 35,242	\$ 39,725	\$ 43,117	\$ 39,799	\$ 25,831	\$ 28,009
Less: Stock-based compensation expense	4,964	6,746	6,361	5,910	5,038	4,530
Less: Legal and transaction related costs	8,666	3,873	6,289	3,743	195	2,510
Less: Amortization of intangibles	-	24	24	24	23	24
Less: Restructuring and other charges	-	-	-	132	-	-
Non-GAAP G&A	\$ 21,612	\$ 29,082	\$ 30,443	\$ 29,990	\$ 20,575	\$ 20,945
GAAP Total Operating Expenses	\$ 162,041	\$ 184,791	\$ 198,753	\$ 202,984	\$ 193,313	\$ 153,044
Less: Stock-based compensation expense	14,630	17,131	19,625	18,704	23,985	13,864
Less: Legal and transaction related costs	8,666	3,873	6,289	3,743	195	2,510
Less: Amortization of intangibles	487	1,095	519	520	201	44
Less: Restructuring and other charges	(2,611)	-	-	568	(60)	-
Non-GAAP Operating Expenses	\$ 140,869	\$ 162,692	\$ 172,320	\$ 179,449	\$ 168,992	\$ 136,626

measures

Reconciliation of Operating Income to Adjusted EBITDA

	1Q21	1Q22	1Q23	1Q24	1Q25	1Q26
Operating Income (GAAP)	\$ 137,384	\$ 132,594	\$ 86,304	\$ 79,695	\$ 48,093	\$ 100,416
Stock-based compensation	14,844	17,459	20,195	19,358	25,334	15,191
Legal and transaction related costs (1)	8,666	3,873	6,289	3,743	195	2,510
Amortization of intangibles	487	1,310	1,704	1,492	3,531	4,425
Restructuring and other charges (2)	(2,611)	-		568	(60)	-
Adjusted Operating Income (Non-GAAP)	\$ 158,770	\$ 155,236	\$ 114,492	\$ 104,856	\$ 77,093	\$ 122,542
Depreciation	7,495	7,907	9,428	10,386	14,080	9,597
Adjusted EBITDA (Non-GAAP)	\$ 166,265	\$ 163,143	\$ 123,920	\$ 115,242	\$ 91,173	\$ 132,139

Notes: \$ in thousands, unaudited

1 - Legal and transaction related costs consist of expenses related to our intellectual property litigation against Alphabet Inc. and Google LLC as well as legal and transaction costs associated with our acquisition activity, which we do not consider representative of our underlying operating performance.

2 - On August 14, 2024, we initiated a restructuring plan to reduce our cost base involving approximately 6% of our employees (the "2024 restructuring plan"). Restructuring and other charges for the three months ended December 28, 2024, reflect a gain resulting from the impact of remaining restructuring costs that were lower than our estimated liability under the 2024 restructuring plan.

Reconciliation of Net Income to Adjusted EBITDA

	1Q21	1Q22	1Q23	1Q24	1Q25	1Q26
Net income	\$ 132,292	\$ 123,481	\$ 75,188	\$ 80,947	\$ 50,237	\$ 93,798
Add (deduct):						
Depreciation and amortization	7,982	9,217	11,132	11,878	17,611	14,022
Stock-based compensation expense	14,844	17,459	20,195	19,358	25,334	15,191
Interest income	(36)	(33)	(1,967)	(3,075)	(1,861)	(1,348)
Interest expense	265	98	158	105	110	116
Other (income) expense, net	(4,257)	1,402	(23,576)	(10,274)	6,029	(420)
Provision for (benefit from) income taxes	9,120	7,646	36,501	11,992	(6,422)	8,270
Legal and transaction related costs (1)	8,666	3,873	6,289	3,743	195	2,510
Restructuring and other charges (2)	(2,611)	-		568	(60)	-
Adjusted EBITDA	\$ 166,265	\$ 163,143	\$ 123,920	\$ 115,242	\$ 91,173	\$ 132,139
Revenue	\$ 645,584	\$ 664,481	\$ 672,579	\$ 612,869	\$ 550,857	\$ 545,662
Net income margin	20.5%	18.6%	11.2%	13.2%	9.1%	17.2%
Adjusted EBITDA margin	25.8%	24.6%	18.4%	18.8%	16.6%	24.2%

Notes: \$ in thousands, unaudited

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2 - On August 14, 2024, we initiated a restructuring plan to reduce our cost base involving approximately 6% of our employees (the "2024 restructuring plan"). Restructuring and other charges for the three months ended December 28, 2024, reflect a gain resulting from the impact of remaining restructuring costs that were lower than our estimated liability under the 2024 restructuring plan.

Reconciliation of GAAP Net Income to Non-GAAP Net Income

	1Q21	1Q22	1Q23	1Q24	1Q25	1Q26
GAAP net income	\$ 132,292	\$ 123,481	\$ 75,188	\$ 80,947	\$ 50,237	\$ 93,798
Stock-based compensation	14,844	17,459	20,195	19,358	25,334	15,191
Legal and transaction related costs (1)	8,666	3,873	6,289	3,743	195	2,510
Amortization of intangibles	487	1,310	1,704	1,492	3,531	4,425
Restructuring and other charges (2)	(2,611)	-	-	568	(60)	-
Other (income) expense	(4,257)	1,402	(23,576)	(10,274)	6,029	(420)
Non-GAAP net income	\$ 149,421	\$ 147,525	\$ 79,800	\$ 95,834	\$ 85,266	\$ 115,504
Weighted-average shares GAAP, diluted	130,644,147	142,322,448	131,502,986	126,742,153	124,731,619	124,662,298
Weighted-average shares non-GAAP, diluted	130,644,147	142,322,448	131,502,986	126,742,153	124,731,619	124,662,298
GAAP earnings per share, diluted	\$ 1.01	\$ 0.87	\$ 0.57	\$ 0.64	\$ 0.40	\$ 0.75
Non-GAAP earnings per share, diluted	\$ 1.14	\$ 1.04	\$ 0.61	\$ 0.76	\$ 0.68	\$ 0.93

Notes: \$ in thousands, unaudited

1 - Legal and transaction related costs consist of expenses related to our intellectual property litigation against Alphabet Inc. and Google LLC as well as legal and transaction costs associated with our acquisition activity, which we do not consider representative of our underlying operating performance.

2 - On August 14, 2024, we initiated a restructuring plan to reduce our cost base involving approximately 6% of our employees (the "2024 restructuring plan"). Restructuring and other charges for the three months ended December 28, 2024, reflect a gain resulting from the impact of remaining restructuring costs that were lower than our estimated liability under the 2024 restructuring plan.

Reconciliation of Cash Flows Provided by Operating Activities to Free Cash Flow

	1Q21	1Q22	1Q23	1Q24	1Q25	1Q26
Cash flows provided by operating activities	\$ 214,513	\$ 179,934	\$ 182,286	\$ 275,401	\$ 156,173	\$ 163,307
Less: Purchases of property and equipment	(11,333)	(6,355)	(14,689)	(6,077)	(13,106)	(5,958)
Free cash flow	\$ 203,180	\$ 173,579	\$ 167,597	\$ 269,324	\$ 143,067	\$ 157,349

Note: \$ in thousands, unaudited

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