Q2 Fiscal Year 2025 Financial Results

May 7, 2025

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 June 28, 2025; our long-term outlook; our long-term focus, financial, growth, and business strategies and opportunities; our transformational cost initiative; tariffs; growth metrics and targets; go forward run rate operating expenses; 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; profitability and gross margins; changing component costs and related inventory balances; market growth and our market share; our total addressable market; our incremental revenue opportunity; our operating model and cost structure, our expectations with respect to restructuring and related charges and the timing and amounts of such charges; 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 introduce software updates to our redesigned app on a timely basis and otherwise deliver on our action plan to address issues caused by our redesigned app and our customer commitments; 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; 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.

Non-GAAP Measures

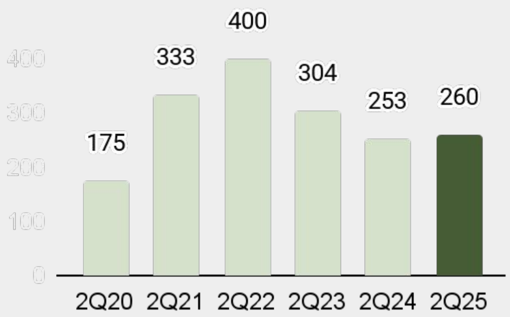
We have provided in this presentation financial information that has not been prepared in accordance with US generally accepted accounting principles ("GAAP"). We use these non-GAAP financial measures to evaluate our operating performance and trends and make planning decisions. We believe that these 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 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 calculate non-GAAP diluted earnings per share excluding stock-based compensation, legal and transaction related fees, amortization of intangibles and restructuring and other charges as net (loss) income less stock-based compensation, legal and transaction related fees, amortization of intangibles and restructuring and other charges divided by our number of shares at fiscal year end.

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.

Fiscal Q2 Financial Summary

NET REVENUE



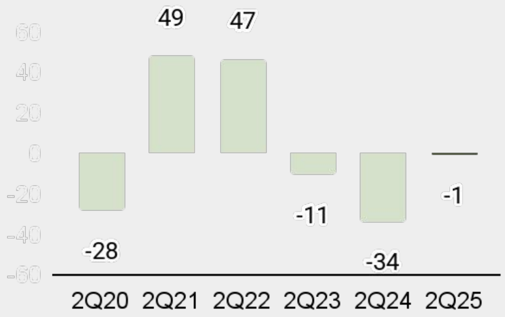
2Q25 revenue increase of +3% y/y driven by home theater strength (Arc Ultra launch) and Ace (launched June 2024), partially offset by softer demand due to challenging market conditions and FX headwinds (-1pt y/y headwind)

GROSS MARGIN

2Q25 GAAP GM declined -60bps y/y primarily due to impact of reorganization efforts, partially offset by lower inventory reserves and better cost

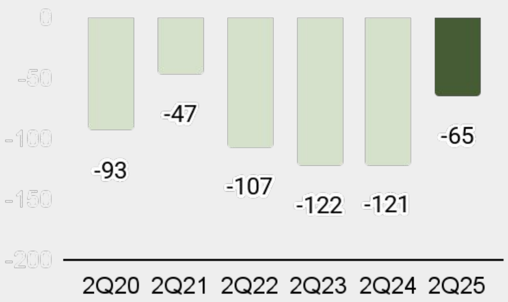
2Q25 Non-GAAP GM increased +210bps y/y due to lower inventory reserves and better cost

ADJUSTED EBITDA



2Q25 Adjusted EBITDA improved by +$33M y/y driven by lower expenses

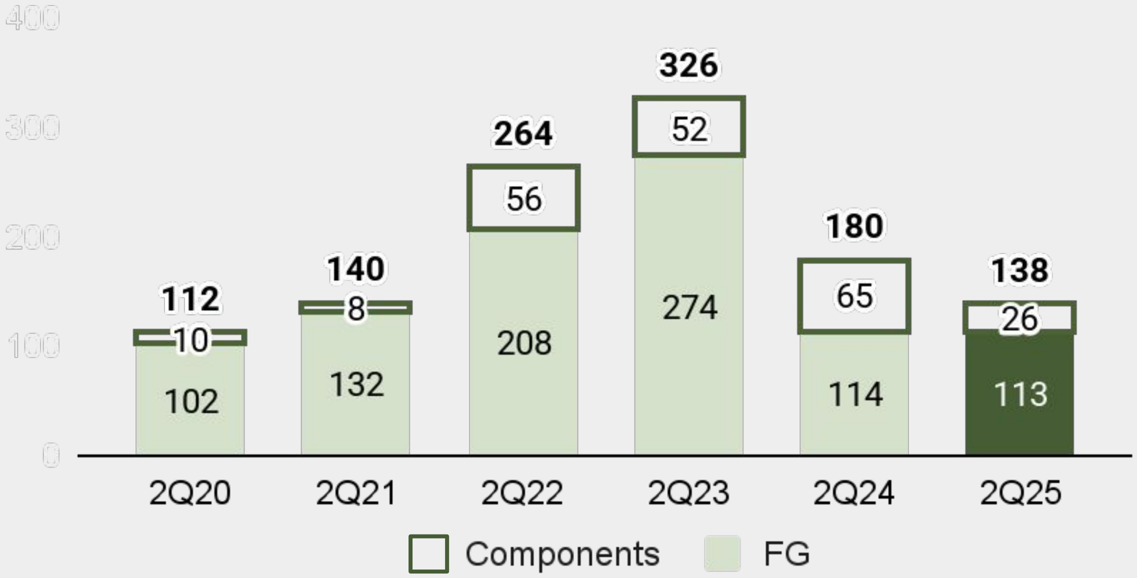
FREE CASH FLOW



2Q25 FCF growth driven by working capital improvements and lower expenses

Note: In $ millions (unless noted). Adjusted EBITDA, non-GAAP gross margin and Free Cash Flow are non-GAAP measures. See appendix for reconciliation of GAAP to non-GAAP measures.

Inventory Trends



- Inventories decreased by $41M, -23% y/y driven by workdown of component inventory
  - Finished goods inventory decreased by $1M y/y, -1%
  - Components balance decreased by $40M y/y, -61%

Note: In $ millions (unless noted), unaudited.
Percentages and comparisons have been calculated using actual, non-rounded figures and, therefore, may not recalculate precisely.

Cash Flow & Balance Sheet Highlights

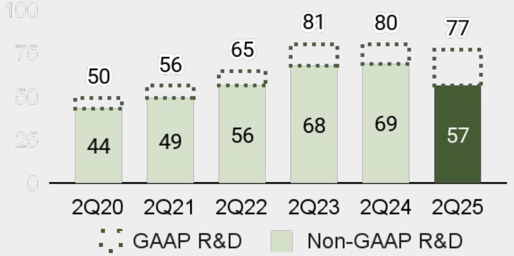
	2Q25	2Q24
Cash flow from operations	**$ (59.7)**	**$ (111.2)**
Capital expenditures	$ (5.6)	$ (10.2)
% of revenue	*(2.1)%*	*(4.0)%*
Free cash flow	**$ (65.2)**	**$ (121.4)**
Free cash flow / Adj EBITDA	*nm*	*nm*
Ending cash & cash equivalents	**$ 173.2**	**$ 246.0**
Marketable securities	50.3	45.6
Total cash, cash equivalents and marketable securities	**$ 223.5**	**$ 291.6**
Total debt	$ -	$ -

- **Cash, cash equivalents & marketable securities of $224M**
  - Includes $50M cash deployed into short duration treasury bills
- **Total liquidity of $321M, includes $97.6M borrowing capacity[1] under $100M undrawn revolving credit facility**
- **2Q25 cash flow from operations of ($60M), +$52M y/y from ($111M) in 2Q24**
  - Driven by primarily by accounts receivable timing and inventory management as well as lower operating expenses
  - 2Q25 cash from operations reduced by $24M one-time items, including $12M of cash restructuring payments and a $11M tax payment for intercompany transfer of IP
- 2Q25 capex of $6M, down $5M y/y due to lower product development investment compared to prior year
- **2Q25 free cash flow of ($65M) +$56M y/y from ($121M) in 2Q24**
  - **Excluding one-time items, 2Q25 free cash flow was ($41M)**
- 2Q25 share repurchases of $33M; $150M remaining on our $150M authorization as of end of 2Q25

Note: $ in millions (unless noted), unaudited. Free cash flow and Adjusted EBITDA are non-GAAP measures.
See appendix for reconciliation of GAAP to non-GAAP measures. Percentages have been calculated using actual, non-rounded figures and, therefore, may not recalculate precisely.
[1] Borrowing capacity net of $2.4M undrawn letters of credit.

Fiscal Q2 Operating Expense Trends

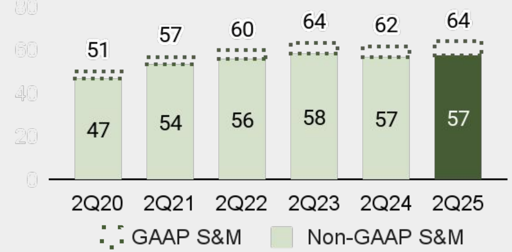
Research and Development



GAAP R&D was $77M ($65M excluding restructuring)

Non-GAAP R&D[1] was $57M, down 18% y/y due to cost optimization efforts

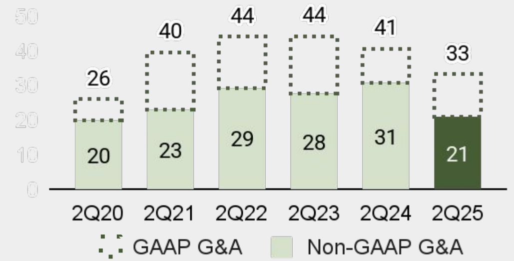
Sales and Marketing



GAAP S&M was $64M ($61M excluding restructuring)

Non-GAAP S&M[1] was $57M, up 1% y/y

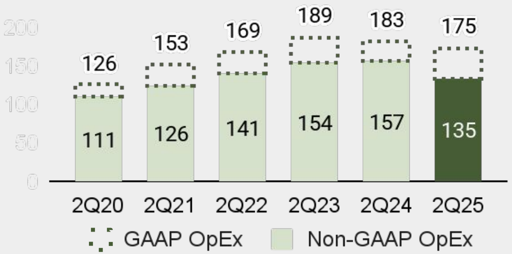
General and Administrative



GAAP G&A was $33M ($29M excluding restructuring)

Non-GAAP G&A[1] was $21M, down 32% y/y due to cost optimization efforts

Total Operating Expenses



GAAP OpEx was $175M ($155M excluding restructuring)

Non-GAAP OpEx[1] was $135M, down 14% y/y

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

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

3Q25 Outlook

To be provided on 2Q25 earnings call

The Sonos Story

Sonos at a Glance

2002
Founded

$1.52B
FY24 Revenue

16M+
Household Install Base

3.08
FY24 products per Household

44%
Products Registered to Existing Household Install Base

18
Flagship Products

6
Categories

4,300+
US Patents and Applications

Broad Product Portfolio Spanning Variety of Price Points and Use Cases

Home Theater

Ray
$199

Beam
$499

Arc Ultra
$999

Arc
$899

Sub Mini
$429

Sub
$799

Speakers

Era 100
$199

Era 100 Pro
Available Through
Select Installer Partners

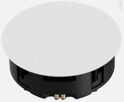
Era 300
$449

Five
$549

Components and Architectural

Amp
$699

Port
$449



Sonos and Sonance 8” In-Ceiling
$999

Sonos and Sonance 6” In-Ceiling
$659

Sonos and Sonance In-Wall
$659

Sonos and Sonance Outdoor
$879

Headphones

Ace
$449

Portables

Roam 2
$179

Move 2
$449

Partnerships

IKEA SYMFONISK

Audi

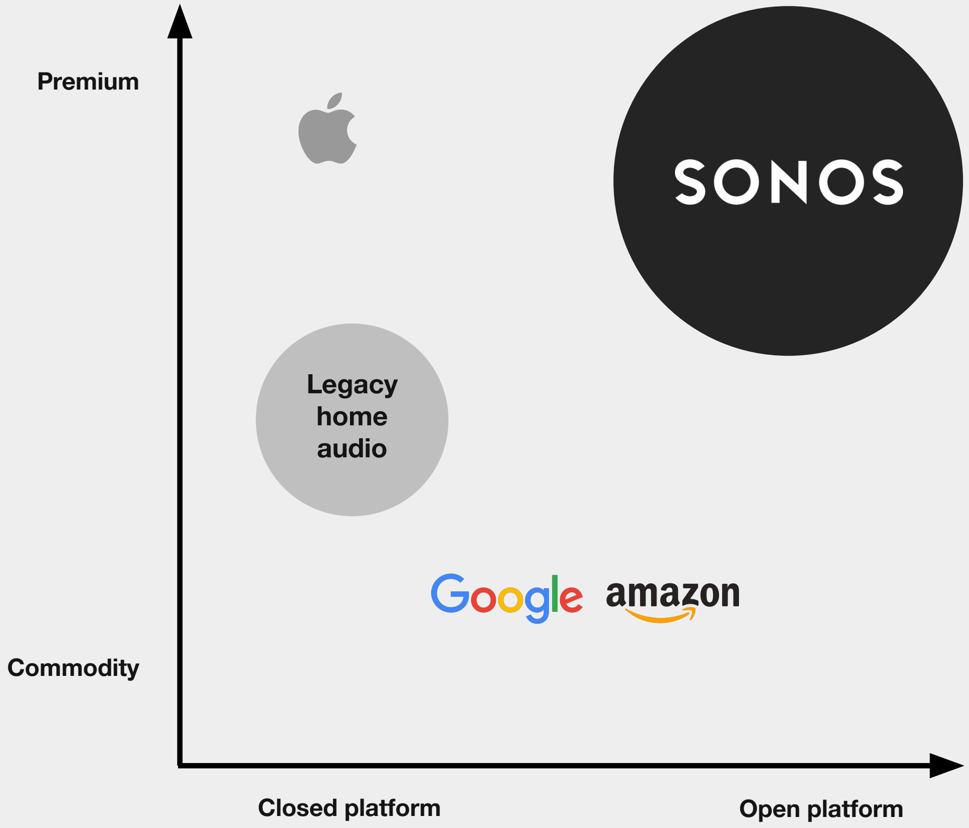
Market Position

Sonos is differentiated by our unique combination of an open content and control platform with high-quality, premium hardware that spans a variety of form factors, use cases, and price points.

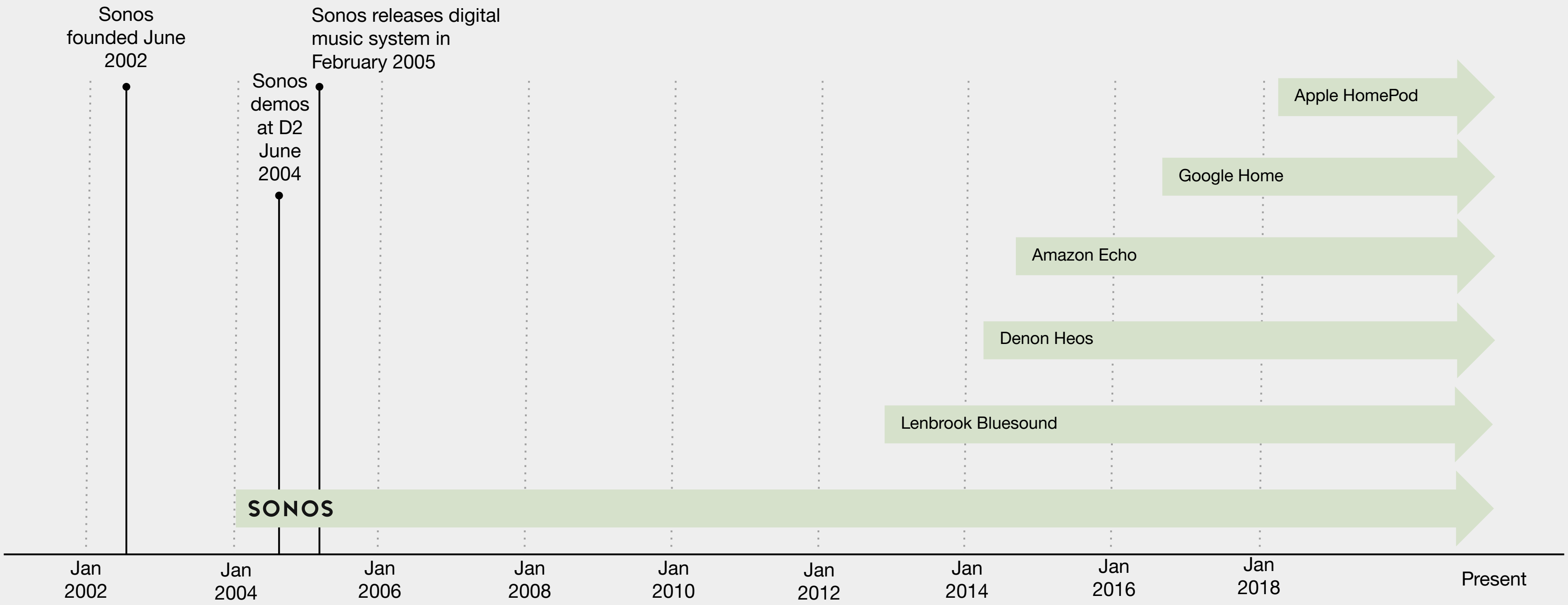
No other company has created an interoperable suite of products serving customers in the home and beyond.

“Big tech” has historically focused on the adoption of their voice assistants through a range of household devices, including more commoditized audio devices that compromise on privacy, design, and sound experience. More recently, we have seen these players reduce their levels of investment here and focus their efforts elsewhere.

Legacy companies have been focused on acoustics and hardware for decades, offering single-product solutions. They lack the software and networking capabilities to compete in the future of audio.



Sonos Audio Innovation Is Widely Adopted



… Yet We Remain the Leader

FY24 Top Ranked Models (by $ share)

United States

$200+ Home Theater[2]	**$150+ Streaming Audio**
Brand Rank: #1	**Brand Rank: #2**
Top Products in Category	**Top Products in Category**
Sonos Arc	Sonos Era 100
Sonos Sub	Sonos Amp
Sonos Beam	Sonos Era 300

EMEA[1]

$200+ Home Theater[2]	**$150+ Streaming Audio**
Brand Rank: #1	**Brand Rank: #2**
Top Products in Category	**Top Products in Category**
Sonos Arc	Sonos Era 100
Sonos Beam	Sonos Era 300
Sonos Sub	Sonos Move 2

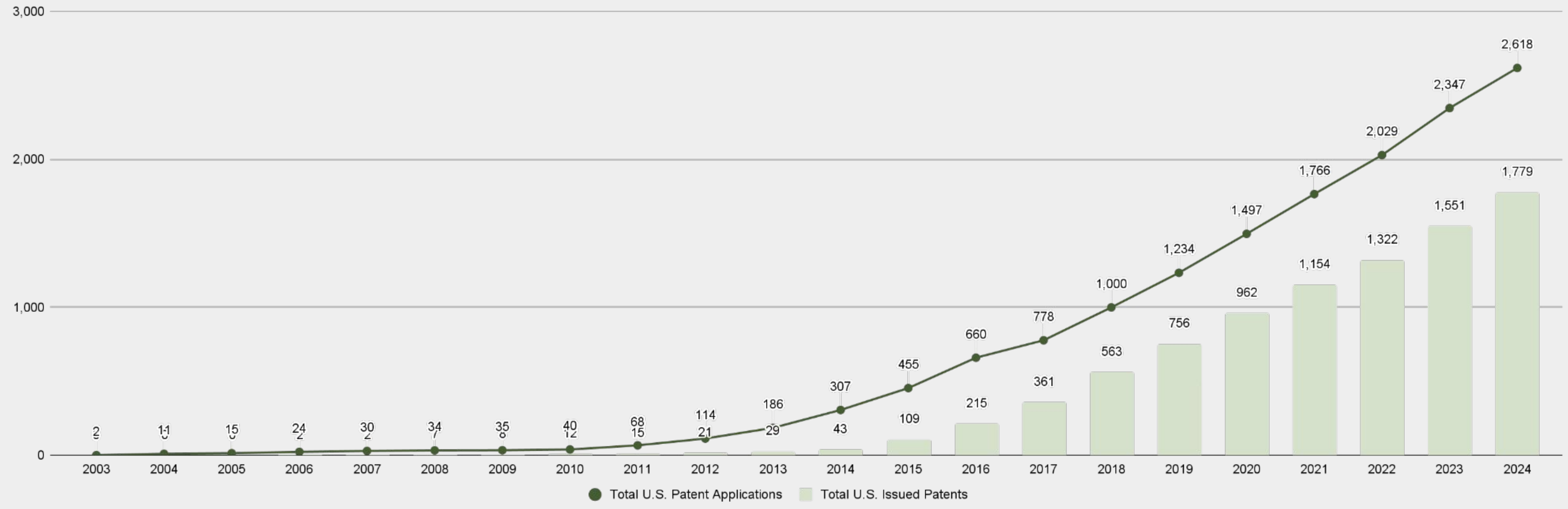
Source: Circana for US, GfK UK and DE
Notes:
1 - EMEA is UK and DE
2 - Home Theater includes soundbars and wireless subwoofers

Why the Sonos Ecosystem Wins

Hardware	+	Software	+	Interoperability
Sound Design Quality Durability		Easy to use Reliable All works together Rich patent portfolio		100+ third-party apps Voice services
=		=		=
Sounds great, looks beautiful, and lasts		**System**		**Open platform and choice**

Our Innovation Is Protected by a Robust and Growing Patent Portfolio

Total Sonos U.S. Patents and Patent Applications
(filed over time, cumulative)



Source: Internal Data

Open Platform Enables Freedom of Choice

100+ Content Partners

SONOS Radio

Spotify
YouTube Music
audible

pandora
TIDAL
Pocket Casts

deezer
Clubhouse
Calm

amazon music
Music

Home Automation & Home Control Partners

CRESTRON
legrand
SONANCE

Control4
JOSH
brilliant

LUTRON
IPORT
SEVIC

SAVANT
IKEA
hansgrohe

Voice Assistants

Sonos Voice Control

Google Assistant

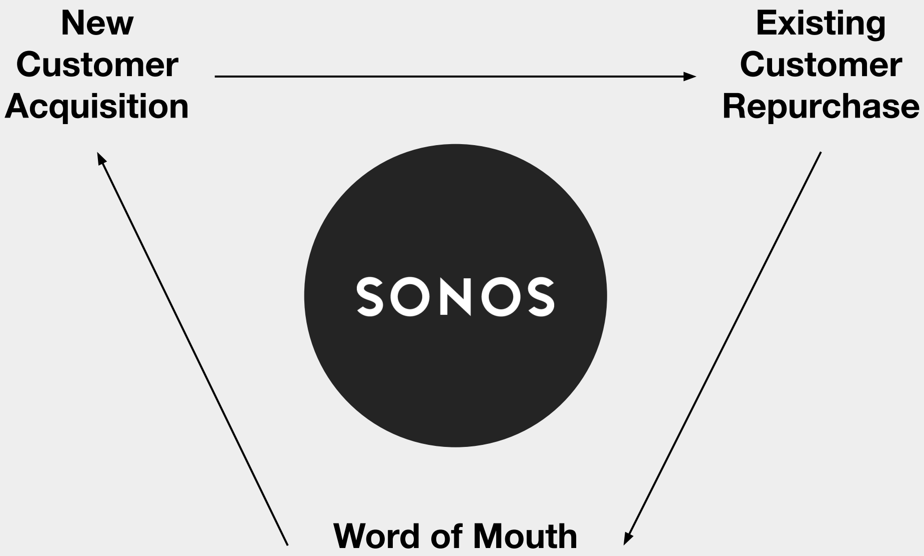
amazon alexa

Key Drivers of Long Term Growth: The Sonos Flywheel

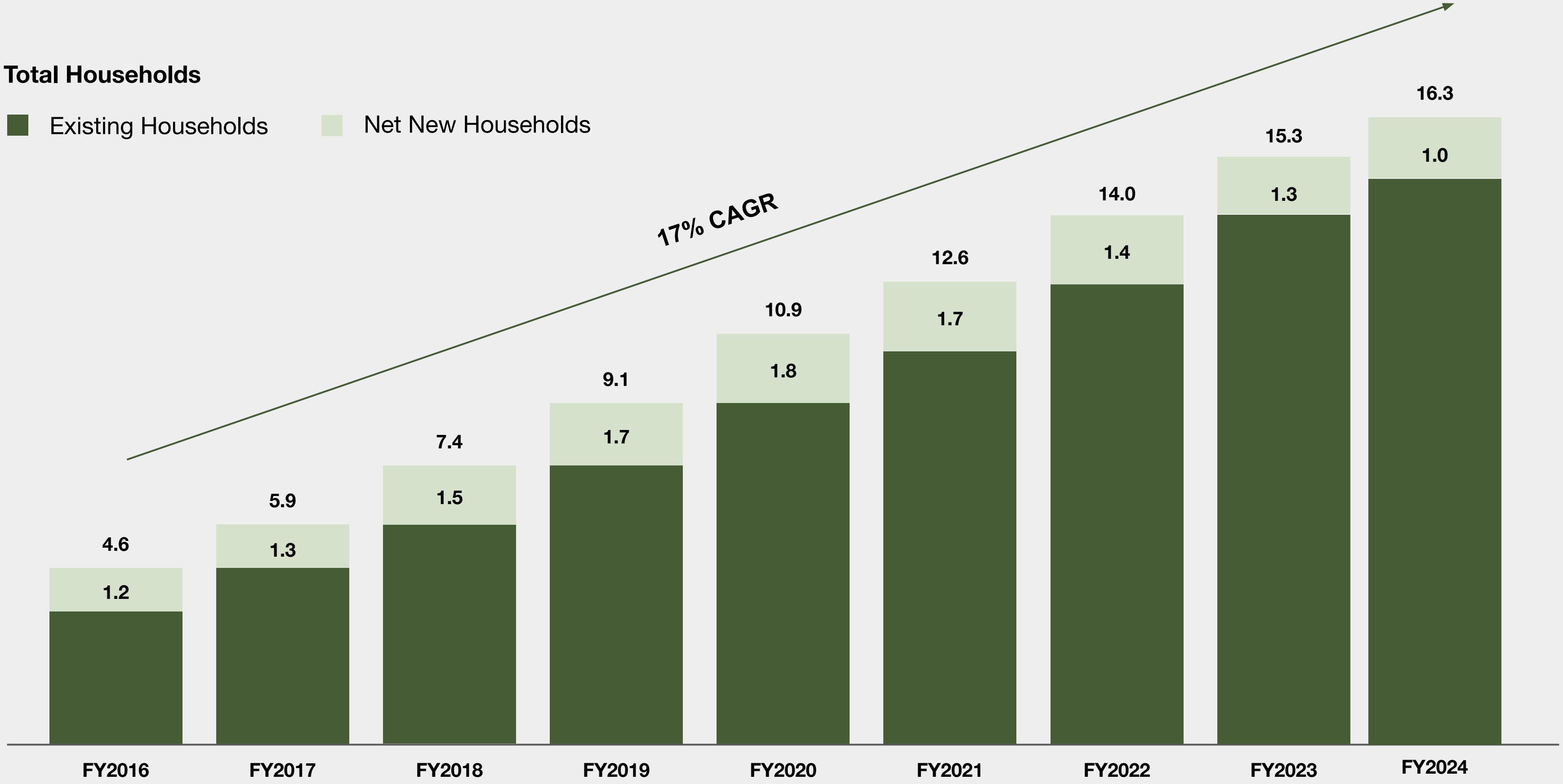
New households enter the Sonos ecosystem, and existing households purchase additional products at a steady rate

Improving the core experience is critical to fueling the Sonos flywheel

1. **Continue to raise the bar in existing product categories**
2. **Enter new product categories**
3. **Expand geographic reach**
4. **Commercial opportunities**

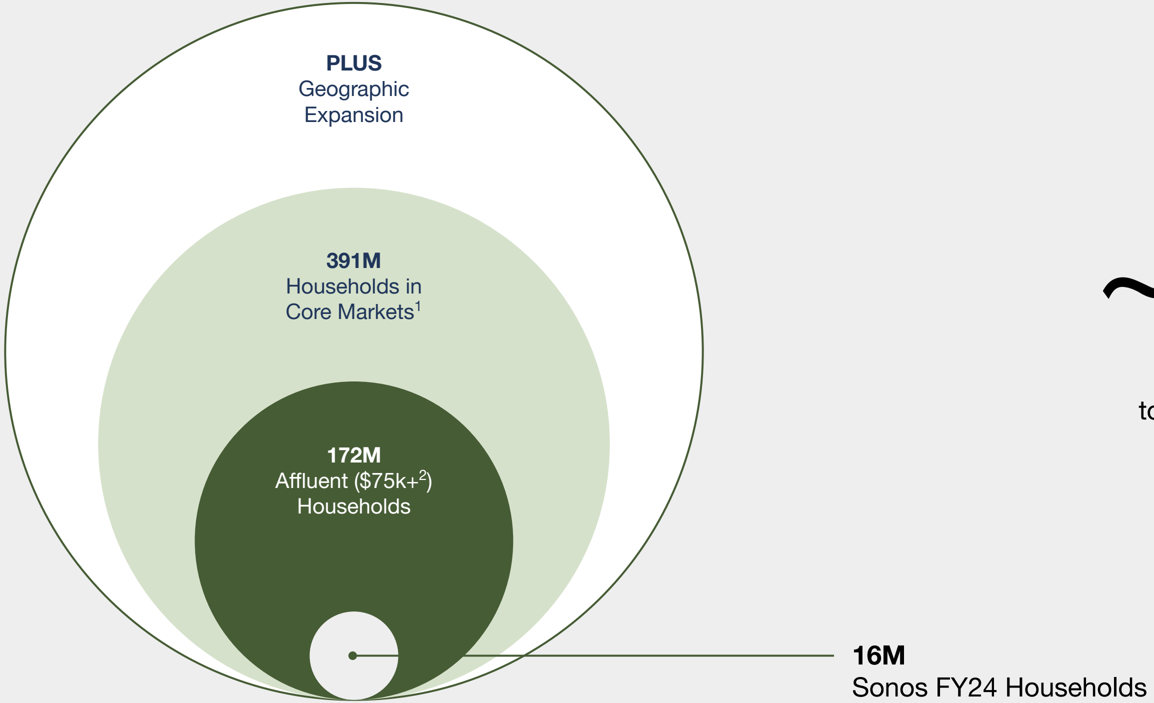


Large and Growing Install Base



Source: Internal Data
Note: Unaudited.

Framing Our Long Term Opportunity: Households



~9%

Current penetration of total affluent households

Source: Euromonitor 2023

1. Core Markets include the United States, Canada, Mexico, Australia, New Zealand, United Kingdom, Germany, Netherlands, Sweden, Denmark, France, Switzerland, Norway, Belgium, Italy, Austria, Spain, Ireland, Finland, Poland and Luxembourg
2. Represents disposable income as defined by the OECD

Our Install Base Continues to Purchase Additional Sonos Products

A significant portion of our annual product registrations come from our existing households (HHs), many of which start with just one product.

Lifetime value of customers grows as products per HH increases

	2018	2019	2020	2021	2022	2023	2024
Products registered (M)	**21.0**	**26.1**	**31.6**	**37.1**	**41.8**	**46.6**	**50.4**
% to existing households	36%	36%	41%	46%	44%	44%	44%
Sonos households (M)	**7.4**	**9.1**	**10.9**	**12.6**	**14.0**	**15.3**	**16.3**
New households		*1.7*	*1.8*	*1.7*	*1.4*	*1.3*	*1.0*
Products per HH	**2.82**	**2.87**	**2.90**	**2.95**	**2.98**	**3.05**	**3.08**
Increase		*0.04*	*0.03*	*0.05*	*0.03*	*0.06*	*0.04*
Single product households (M)	**2.8**	**3.5**	**4.2**	**5.0**	**5.6**	**6.1**	**6.4**
% of total	38%	38%	39%	40%	40%	40%	39%
Multi-product households (M)	**4.6**	**5.6**	**6.6**	**7.5**	**8.4**	**9.2**	**10.0**
% of total	62%	62%	61%	60%	60%	60%	61%
Products per >1 household	**3.94**	**4.01**	**4.11**	**4.25**	**4.30**	**4.41**	***4.42***
Increase		*0.07*	*0.10*	*0.14*	*0.05*	*0.11*	*0.01*

Incremental revenue opportunity: single product HH we have today

6.4M
Single product households

×

3.42
Additional products to reach 4.42

×

$304
FY24 revenue per product sold

=

>$6 billion
Incremental revenue opportunity

In addition to converting single product HHs, we believe there is significant room to grow average multi-product HH size **beyond** 4.42 products

Source: Internal Data
Note: Unaudited. Products per household defined as total registrations divided by total households. Products per >1 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.

A Detailed Look at Customer Behavior and Install Base Monetization Over Time

Consistent repurchase behavior across larger cohorts and greater monetization of products sold underscores our conviction to deliver our long term financial targets

Cohorts behave similarly over time, regardless of when first purchased

Steady repurchase participation: after 3 years, over one-third of customers have repurchased

% of customers who have repurchased	6mo	12mo	18mo	24mo	30mo	36mo
2017-2019	17%	25%	29%	33%	36%	38%
2020-2024	**15%**	**22%**	**26%**	**29%**	**31%**	**34%**

Cohort LTV amplified by higher average revenue per product

$220
Average revenue per product, FY17-19

$272
Average revenue per product, FY20-24

+

1.45M
Average net new HH, FY20-24

=

Greater LTV per Cohort

Source: Internal Data.
Note: Unaudited. Cohort defined as average customer/household across respective fiscal year periods.

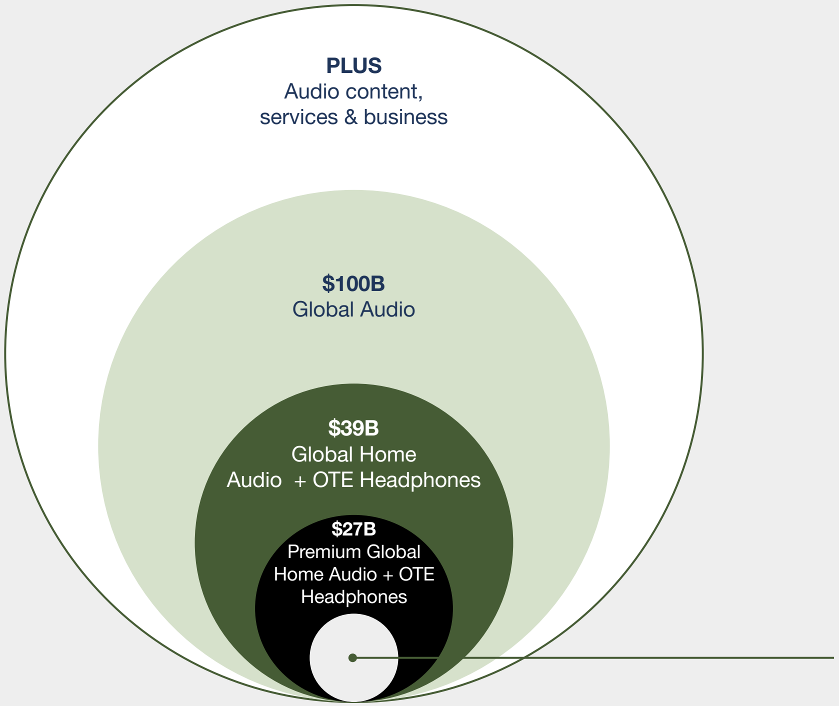
New Product Innovation Drives Household Acquisition & Repurchase Activity

We continue to launch new products across our six current categories

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25 to date
Home Theater	-Beam (Gen 1)		-Arc -Sub (Gen 3)		-Beam (Gen 2) -Ray	-Sub Mini		-Arc Ultra -Sub (Gen 4)
Speakers	-Sonos One	-One SL	-Five			-Era 100 -Era 300	-Era 100 Pro	
Portables			-Move	-Roam	-Roam SL -Roam Colors	-Move 2	-Roam 2	
Components and Architectural	-Amp	-Port -Sonos and Sonance Trio					-Sonos and Sonance 8” In-Ceiling	
Headphones							-Sonos Ace	
Services/Other		-SYMFONISK Table Lamp & Bookshelf	-Sonos Radio -Sonos S2	-Sonos Radio HD -SYMFONISK Picture Frame	-Sonos Voice Control	-Sonos Pro -SYMFONISK Floor Lamp	-Reimagined Sonos App	

NEW: Framing Our Long Term Opportunity: Revenue

Launch of our new premium over-the-ear (OTE) headphones unlocks an incremental $5bn core Premium OTE headphones TAM, +23% increase



$1.52B
Sonos FY24 Revenue

$22bn Premium Global Home Audio TAM + **$5bn** Premium Global over-the-ear (OTE) headphones TAM

=

$27bn
New core TAM for Sonos products between Premium Global Home Audio and OTE Headphones

Source: Futuresource CY2023, 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

Differentiated Channel Distribution

Channel mix in FY24 remained relatively flat y/y

	2018	2019	2020	2021	2022	2023	2024
Retail and Other	**830**	**930**	**838**	**1,011**	**987**	**918**	**842**
% yoy		*12%*	*(10%)*	*21%*	*(2%)*	*(7%)*	*(8%)*
DTC	**131**	**154**	**284**	**416**	**395**	**394**	**348**
% yoy		*17%*	*84%*	*47%*	*(5%)*	*(0%)*	*(12%)*
Installer Solutions (IS)	**176**	**176**	**205**	**290**	**371**	**343**	**329**
% yoy		*0%*	*16%*	*41%*	*28%*	*(7%)*	*(4%)*
Total Revenue	**1,137**	**1,261**	**1,326**	**1,717**	**1,752**	**1,655**	**1,518**
% yoy		*11%*	*5%*	*29%*	*2%*	*(6%)*	*(8%)*
% of revenue							
Retail & Other	73%	74%	63%	59%	56%	55%	55%
DTC	12%	12%	21%	24%	23%	24%	23%
IS	15%	14%	15%	17%	21%	21%	22%
% DTC + IS	**27%**	**26%**	**37%**	**41%**	**44%**	**45%**	**45%**

- **Retail & Other (55% of revenue, +0 bps),** -8% y/y
- **DTC (23% of revenue, -100 bps),** -12% y/y
- **Installer Solutions (22% of revenue, +100 bps),** -4% y/y

Note: $ in millions (unless noted), unaudited.
Percentages have been calculated using actual, non-rounded figures and, therefore, may not recalculate precisely.

Summary Financial Overview

	2018	2019	2020	2021	2022	2023	2024
Americas	**603**	**678**	**756**	**981**	**1,044**	**1,048**	**1,005**
% y/y		*12%*	*11%*	*30%*	*6%*	*0%*	(4%)
EMEA	**479**	**485**	**471**	**618**	**578**	**518**	**430**
% y/y		*1%*	*(3%)*	*31%*	*(7%)*	*(10%)*	(17%)
APAC	**55**	**98**	**100**	**117**	**130**	**89**	**83**
% y/y		*78%*	*2%*	*18%*	*11%*	*(32%)*	(7%)
Total Revenue	**1,137**	**1,261**	**1,326**	**1,717**	**1,752**	**1,655**	**1,518**
% y/y		*11%*	*5%*	*29%*	*2%*	*(6%)*	*(8%)*
% y/y - CC		*13%*	*6%*	*26%*	*5%*	*(3%)*	*(9%)*
GAAP Gross Profit	**489**	**527**	**572**	**810**	**796**	**716**	**689**
% GAAP gross margin	*43.0%*	*41.8%*	*43.1%*	*47.2%*	*45.4%*	*43.3%*	*45.4%*
Non-GAAP Gross Profit	**490**	**528**	**573**	**812**	**800**	**723**	**696**
% Non-GAAP gross margin	*43.1%*	*41.9%*	*43.2%*	*47.3%*	*45.7%*	*43.7%*	*45.8%*
Non-GAAP Operating Expenses							
R&D	**128**	**154**	**185**	**204**	**222**	**257**	**259**
% of revenue	*11%*	*12%*	*14%*	*12%*	*13%*	*16%*	17%
S&M	**255**	**235**	**229**	**261**	**265**	**246**	**270**
% of revenue	*22%*	*19%*	*17%*	*15%*	*15%*	*15%*	18%
G&A	**77**	**88**	**85**	**100**	**119**	**108**	**105**
% of revenue	*7%*	*7%*	*6%*	*6%*	*7%*	*7%*	7%
Total Operating Expenses	**460**	**476**	**499**	**565**	**607**	**612**	**634**
% of revenue	*40%*	*38%*	*38%*	*33%*	*35%*	*37%*	42%
Adjusted EBITDA	**69**	**89**	**109**	**279**	**227**	**154**	**108**
% margin	*6.1%*	*7.0%*	*8.2%*	*16.2%*	*12.9%*	*9.3%*	*7.1%*
Cash From/(Used in) Operations	**31**	**121**	**162**	**253**	**(28)**	**100**	**190**
Capex	(36)	(23)	(33)	(46)	(46)	(50)	(55)
Free Cash Flow	**(5)**	**97**	**129**	**208**	**(74)**	**50**	**135**
% of Adjusted EBITDA	*(7%)*	*110%*	*119%*	*75%*	*(33%)*	*33%*	125%

Note: $ in millions (unless noted), CC = constant currency, unaudited. Non-GAAP gross profit/margin exclude stock-based compensation and amortization of intangibles allocated to cost of revenue. Non-GAAP Operating Expense figures exclude stock-based compensation, legal and transaction related fees, amortization of intangibles, and restructuring and other charges. Non-GAAP gross margin excludes amortization of intangible assets and stock-based compensation allocated to GAAP cost of revenue.
Percentages have been calculated using actual, non-rounded figures and, therefore, may not recalculate precisely. Adjusted EBITDA, Adjusted EBITDA margin and free cash flow are non-GAAP measures. *See appendix for reconciliation of GAAP to non-GAAP measures.

Appendix

Reconciliation of GAAP to Non-GAAP Gross Margin

	2Q20	2Q21	2Q22	2Q23	2Q24	2Q25
Reconciliation of GAAP gross profit						
GAAP gross profit	**$ 73,009**	**$ 165,776**	**$ 179,034**	**$ 131,618**	**$ 112,038**	**$ 113,609**
Stock-based compensation expense	278	261	377	581	686	1,606
Amortization of intangibles	-	76	213	973	973	3,144
Restructuring and other charges	-	-	-	-	-	3,935
Non-GAAP gross profit	**$ 73,287**	**$ 166,113**	**$ 179,624**	**$ 133,172**	**$ 113,697**	**$ 122,294**
GAAP gross margin	41.7%	49.8%	44.8%	43.3%	44.3%	43.7%
Non-GAAP gross margin	41.9%	49.9%	44.9%	43.8%	45.0%	47.1%

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

	2Q20	2Q21	2Q22	2Q23	2Q24	2Q25
GAAP R&D	**$ 49,593**	**$ 56,370**	**$ 64,947**	**$ 80,785**	**$ 80,322**	**$ 77,423**
Less: Stock-based compensation expense	$ 5,427	$ 6,683	$ 8,091	$ 9,565	$ 10,419	$ 8,021
Less: Amortization of intangibles	$ 529	$ 414	$ 737	$ 495	$ 496	$ 18
Less: Restructuring and other charges	$ -	$ -	$ -	$ 2,682	$ -	$ 12,766
Non-GAAP R&D	**$ 43,637**	**$ 49,273**	**$ 56,119**	**$ 68,043**	**$ 69,407**	**$ 56,618**
GAAP S&M	**$ 50,504**	**$ 57,205**	**$ 59,955**	**$ 63,621**	**$ 61,835**	**$ 64,210**
Less: Stock-based compensation expense	$ 3,407	$ 3,632	$ 4,177	$ 4,475	$ 4,972	$ 3,980
Less: Amortization of intangibles	$ -	$ -	$ -	$ -	$ -	$ -
Less: Restructuring and other charges	$ -	$ -	$ -	$ 1,034	$ -	$ 2,792
Non-GAAP S&M	**$ 47,097**	**$ 53,573**	**$ 55,778**	**$ 58,112**	**$ 56,863**	**$ 57,438**
GAAP G&A	**$ 26,119**	**$ 39,806**	**$ 44,090**	**$ 44,438**	**$ 40,841**	**$ 33,200**
Less: Stock-based compensation expense	$ 4,282	$ 5,787	$ 8,580	$ 6,404	$ 7,596	$ 6,495
Less: Legal and transaction related costs	$ 1,705	$ 11,013	$ 6,012	$ 9,018	$ 2,395	$ 1,429
Less: Amortization of intangibles	$ 7	$ -	$ 24	$ 24	$ 24	$ 24
Less: Restructuring and other charges	$ -	$ -	$ -	$ 1,130	$ 6	$ 4,207
Non-GAAP G&A	**$ 20,125**	**$ 23,006**	**$ 29,474**	**$ 27,862**	**$ 30,820**	**$ 21,045**
GAAP Total Operating Expenses	**$ 126,216**	**$ 153,381**	**$ 168,992**	**$ 188,844**	**$ 182,998**	**$ 174,833**
Less: Stock-based compensation expense	$ 13,116	$ 16,102	$ 20,848	$ 20,444	$ 22,987	$ 18,496
Less: Legal and transaction related costs	$ 1,705	$ 11,013	$ 6,012	$ 9,018	$ 2,395	$ 1,429
Less: Amortization of intangibles	$ 536	$ 414	$ 761	$ 519	$ 520	$ 42
Less: Restructuring and other charges	$ -	$ -	$ -	$ 4,846	$ 6	$ 19,765
Non-GAAP Operating Expenses	**$ 110,859**	**$ 125,852**	**$ 141,371**	**$ 154,017**	**$ 157,090**	**$ 135,101**

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 R&D, Non-GAAP S&M, Non-GAAP G&A, and Non-GAAP Operating Expenses are each non-GAAP measures

Reconciliation of Operating (Loss) Income to Adjusted EBITDA

	2Q20	2Q21	2Q22	2Q23	2Q24	2Q25
Operating (Loss) Income (GAAP)	**$ (53,207)**	**$ 12,395**	**$ 10,042**	**$ (57,226)**	**$ (70,960)**	**$ (61,224)**
Stock-based compensation	13,394	16,363	21,225	21,025	23,673	20,102
Legal and transaction related costs (1)	1,705	11,013	6,012	9,018	2,395	1,429
Amortization of intangibles	536	414	974	1,492	1,493	3,186
Restructuring and other charges (2)	-	-	-	4,846	6	23,700
Operating (Loss) Income (Non-GAAP)	**$ (37,572)**	**$ 40,185**	**$ 38,253**	**$ (20,845)**	**$ (43,393)**	**$ (12,807)**
Depreciation	9,190	8,328	8,601	10,221	9,750	11,981
Adjusted EBITDA (Non-GAAP)	**$ (28,382)**	**$ 48,513**	**$ 46,854**	**$ (10,624)**	**$ (33,643)**	**$ (826)**

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 February 5, 2025, we initiated a restructuring plan to reduce our cost base involving 12% of our employees (the "2025 restructuring plan"). Restructuring and other charges for the three months ended March 29, 2025, primarily reflect costs associated with our cost transformation initiatives including the 2025 restructuring plan and rationalization of our product roadmap, as well as non-recurring CEO transition costs related to modifications to equity awards.

Reconciliation of Net (Loss) Income to Adjusted EBITDA

	2Q20	2Q21	2Q22	2Q23	2Q24	2Q25
(In thousands, except percentages)						
Net (loss) income	$ (52,320)	$ 17,221	$ 8,566	$ (30,652)	$ (69,709)	$ (70,144)
Add (deduct):						
Depreciation and amortization	9,726	8,742	9,575	11,713	11,243	15,167
Stock-based compensation expense	13,394	16,363	21,225	21,025	23,673	20,102
Interest income	(874)	(44)	(123)	(3,181)	(3,933)	(1,973)
Interest expense	374	182	90	152	122	109
Other expense (income), net	1,423	1,578	2,281	2,832	3,303	(193)
(Benefit from) provision for income taxes	(1,810)	(6,542)	(772)	(26,377)	(743)	10,977
Legal and transaction related costs (1)	1,705	11,013	6,012	9,018	2,395	1,429
Restructuring and other charges (2)	-	-	-	4,846	6	23,700
Adjusted EBITDA	**$ (28,382)**	**$ 48,513**	**$ 46,854**	**$ (10,624)**	**$ (33,643)**	**$ (826)**
Revenue	$ 175,098	$ 332,949	$ 399,781	$ 304,173	$ 252,662	$ 259,756
Net (loss) income margin	-29.9%	5.2%	2.1%	-10.1%	-27.6%	-27.0%
Adjusted EBITDA margin	-16.2%	14.6%	11.7%	-3.5%	-13.3%	-0.3%

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 February 5, 2025, we initiated a restructuring plan to reduce our cost base involving 12% of our employees (the "2025 restructuring plan"). Restructuring and other charges for the three months ended March 29, 2025, primarily reflect costs associated with our cost transformation initiatives including the 2025 restructuring plan and rationalization of our product roadmap, as well as non-recurring CEO transition costs related to modifications to equity awards.

Reconciliation of Cash Flows Provided by (Used in) Operating Activities to Free Cash Flow

	2Q20	2Q21	2Q22	2Q23	2Q24	2Q25
Cash flows (used in) provided by operating activities	$ (83,472)	$ (38,560)	$ (97,562)	$ (112,962)	$ (111,244)	$ (59,666)
Less: Purchases of property and equipment	(9,886)	(8,594)	(9,310)	(8,714)	(10,186)	(5,556)
Free cash flow	**$ (93,358)**	**$ (47,154)**	**$ (106,872)**	**$ (121,676)**	**$ (121,430)**	**$ (65,222)**

Note: $ in thousands, unaudited.

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