

SONOS

The Power of the Sonos System

Investor
Presentation
2Q26 Earnings

May
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 June 27, 2026 and our second 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; 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 and constraints; 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.

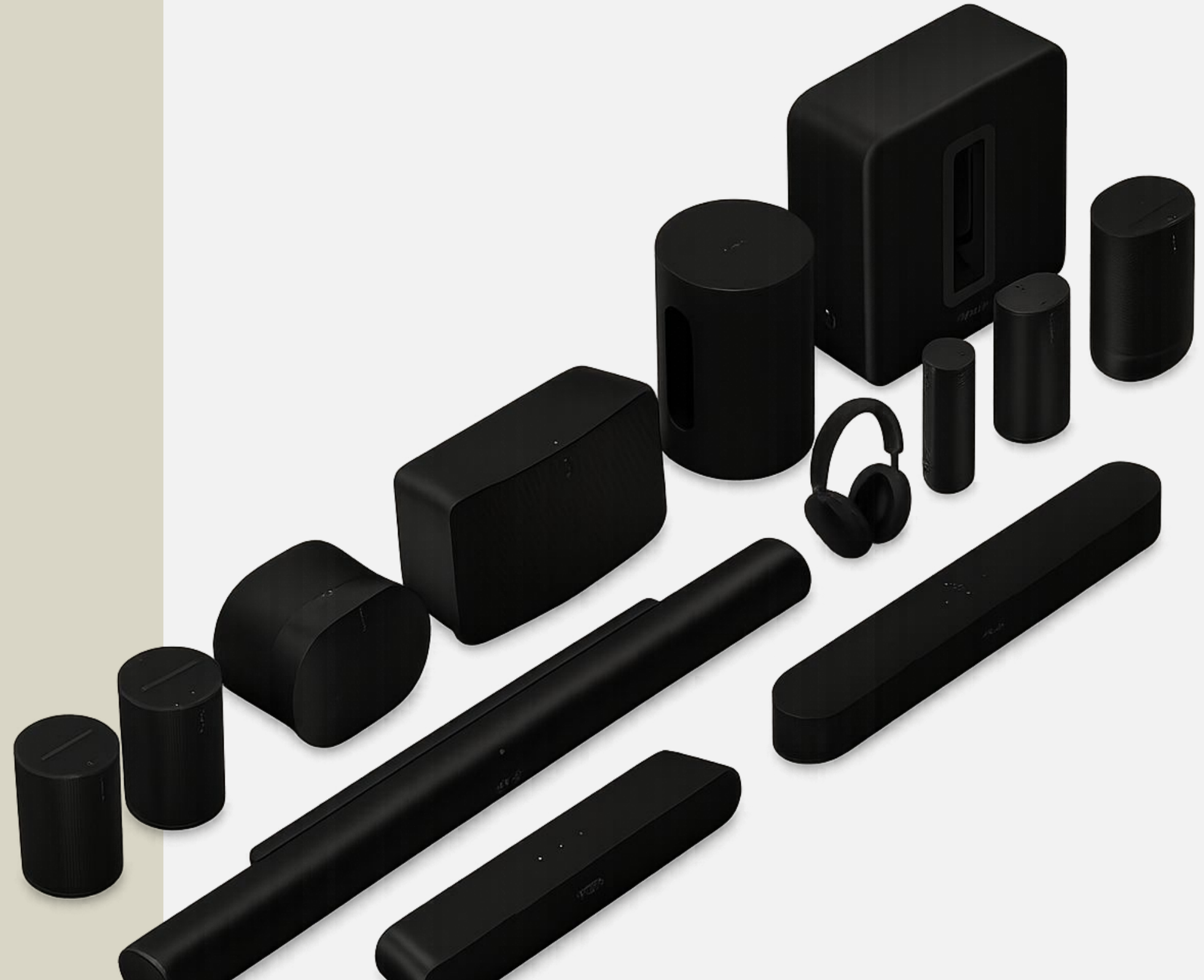
All forward-looking statements herein reflect our opinions only as of the date of this presentation, and we undertake no obligation, and expressly disclaim any obligation, to update forward-looking statements herein in light of new information or future events, except to the extent required by law.

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)
4,900+ Global Patents & Applications

Source: Internal data, Futuresource CY2025, 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 Loss -\$61M (-4.2% margin)

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.

Sonos is Every Dimension in Sound



Sonos is a Platform for Growth

Differentiation

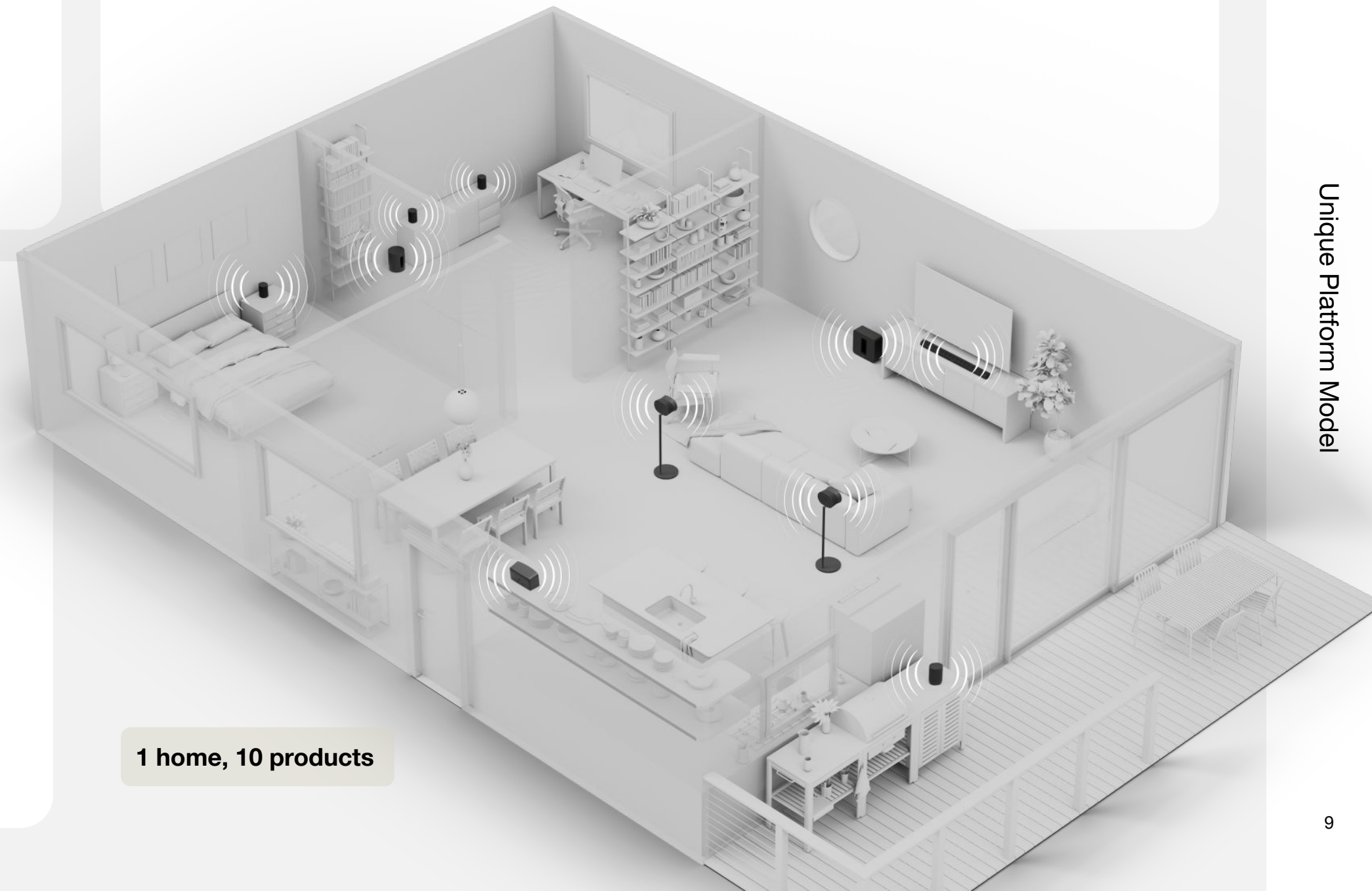
Our portfolio of integrated hardware and software defines our position as the premier platform for sound in the home.

Retention

New products and capabilities deepen engagement and loyalty.

Expansion

Value compounds with every product and room added.



1 home, 10 products

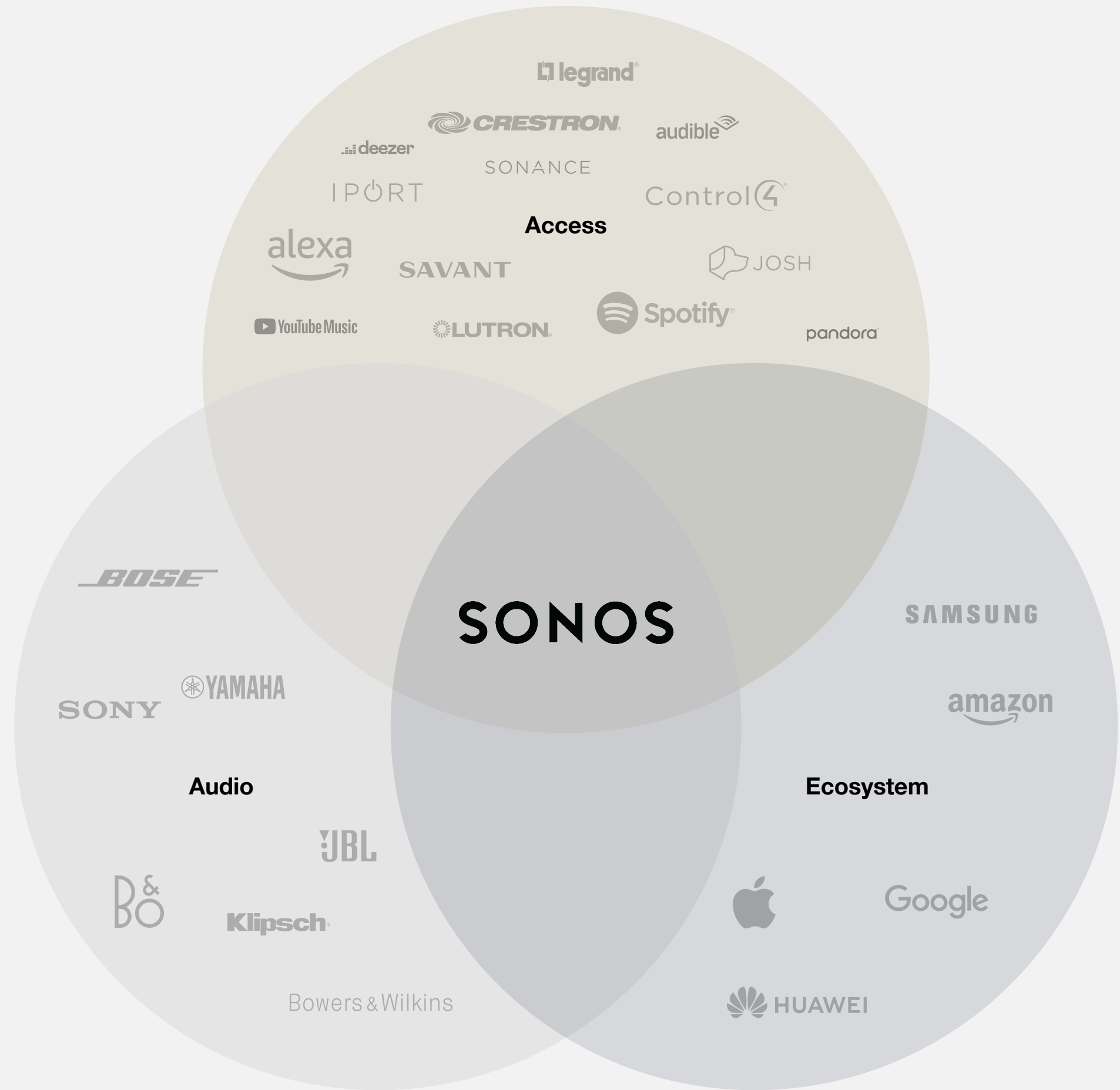
Sonos is the Premier Sound Platform

Audio brands don't build ecosystems.

Tech giants won't open their walled gardens.

Control and content players are isolated islands.

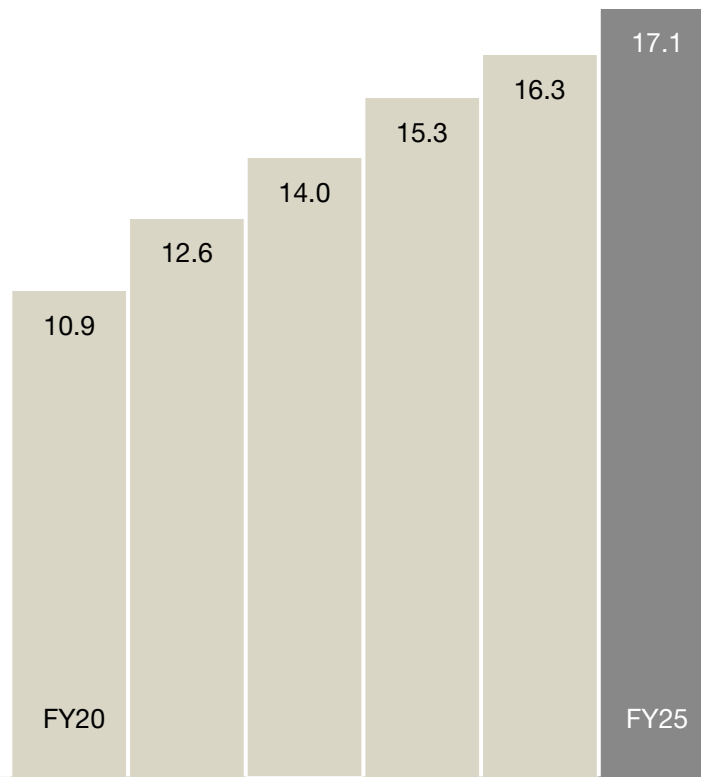
Only Sonos brings them all together



Sonos Platform Growth in FY25

More Households

Households grew +5% YoY to 17.1M

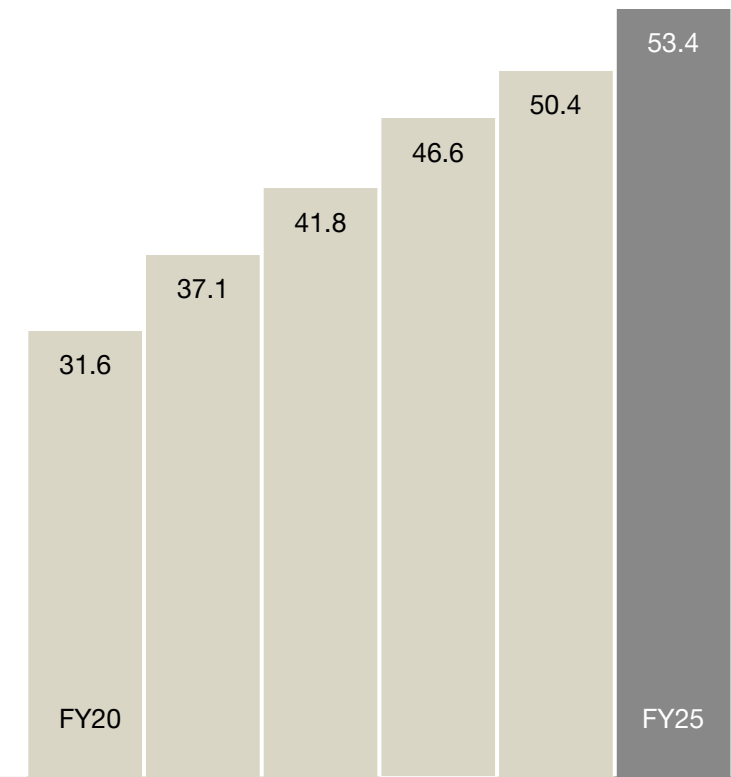


In millions

More Devices

Registered products grew +6% YoY to 53.4M

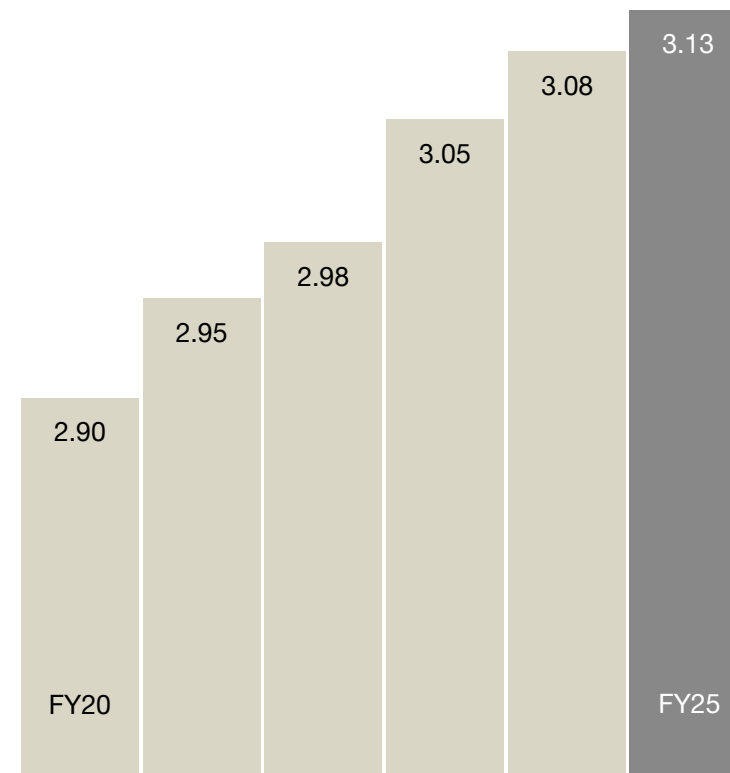
Existing households were 45% of registrations



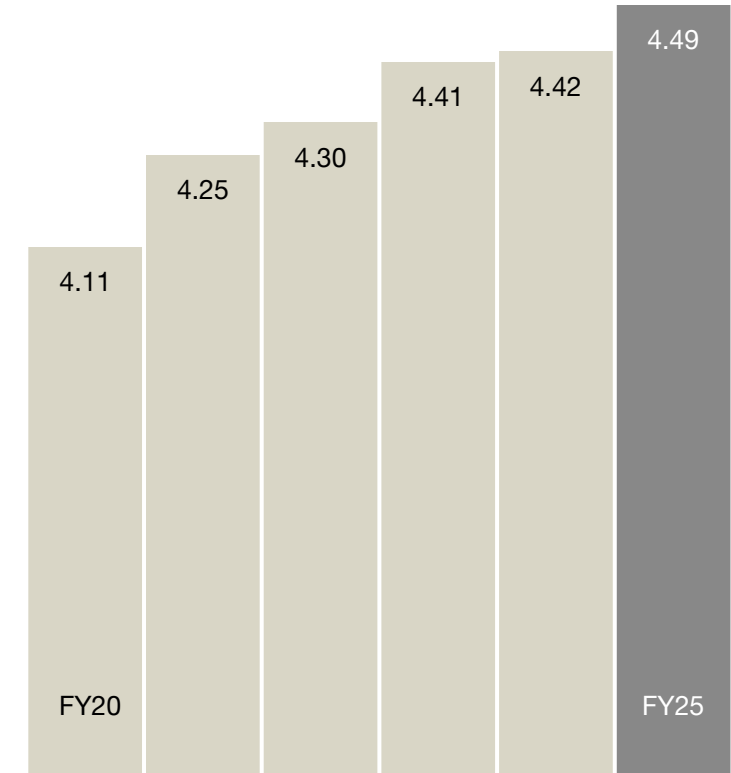
In millions

More Expansion

Devices per household grew YoY 3.08 → 3.13



Devices per multi-product household grew YoY 4.42 → 4.49

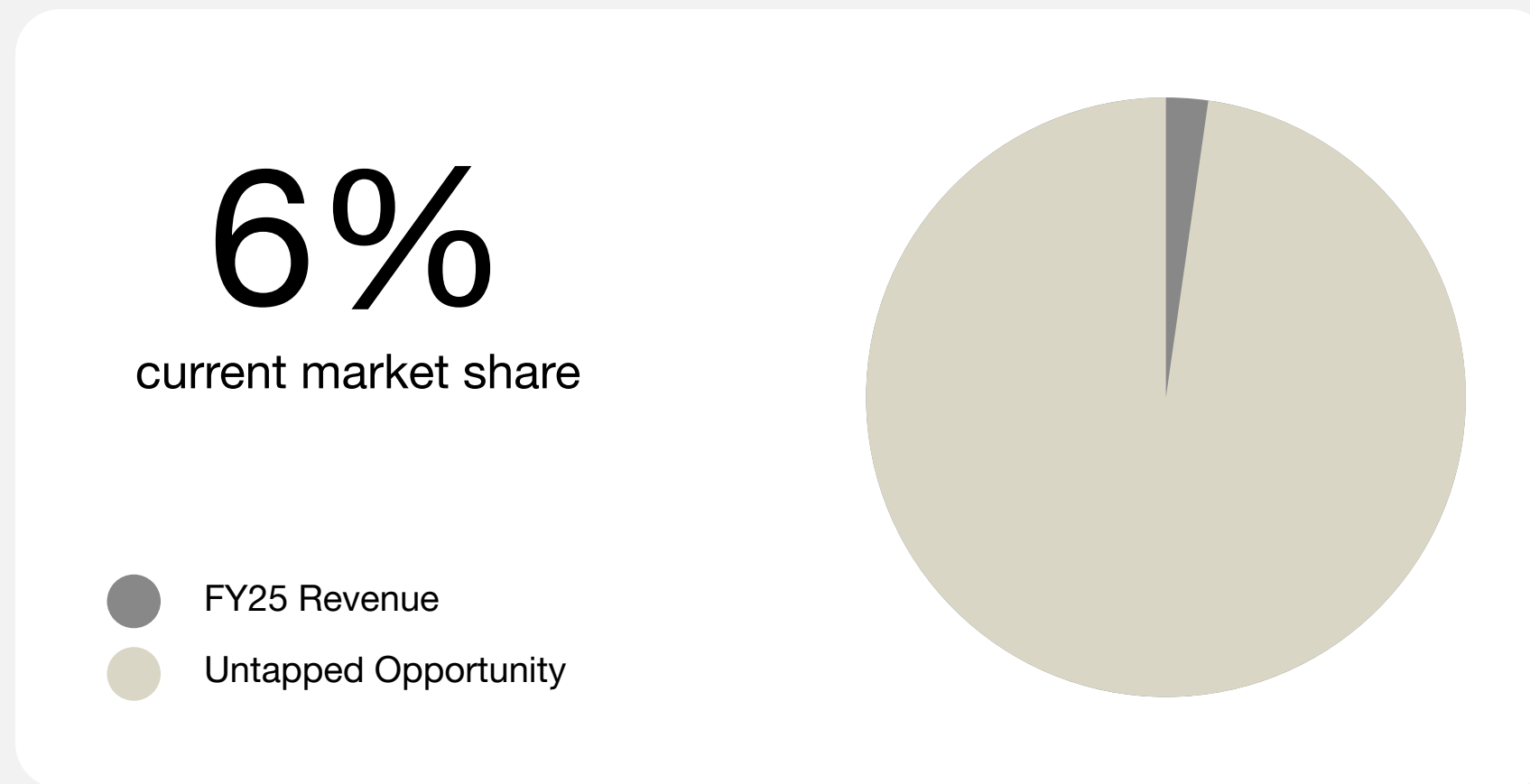


Source: Internal data

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

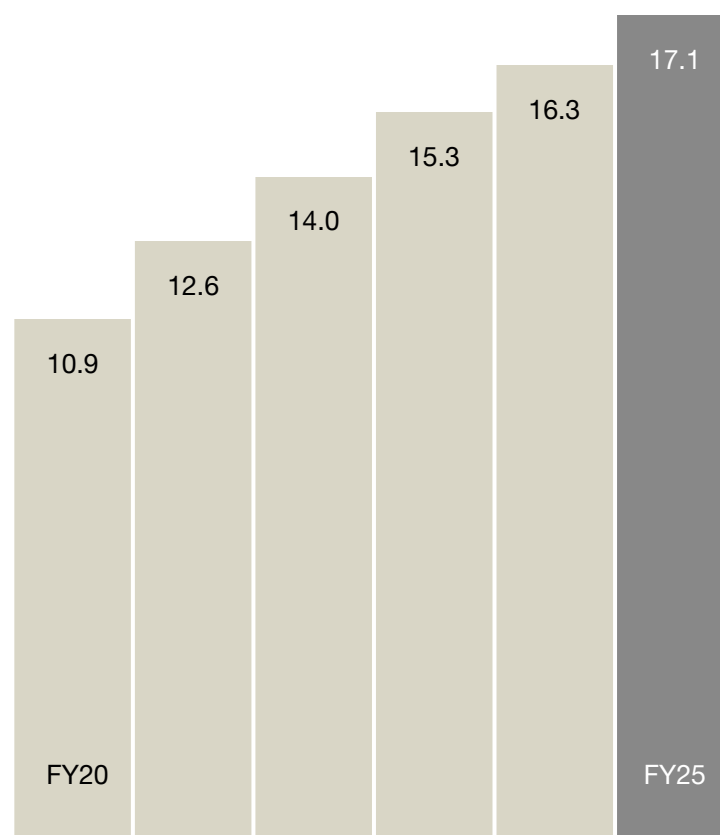
Deepen penetration in existing markets

Geo expansion

New marketing campaigns

Broaden distribution

Grow the installer channel



In millions

Increase Lifetime Value

Grow Revenue per Household (ARPU)

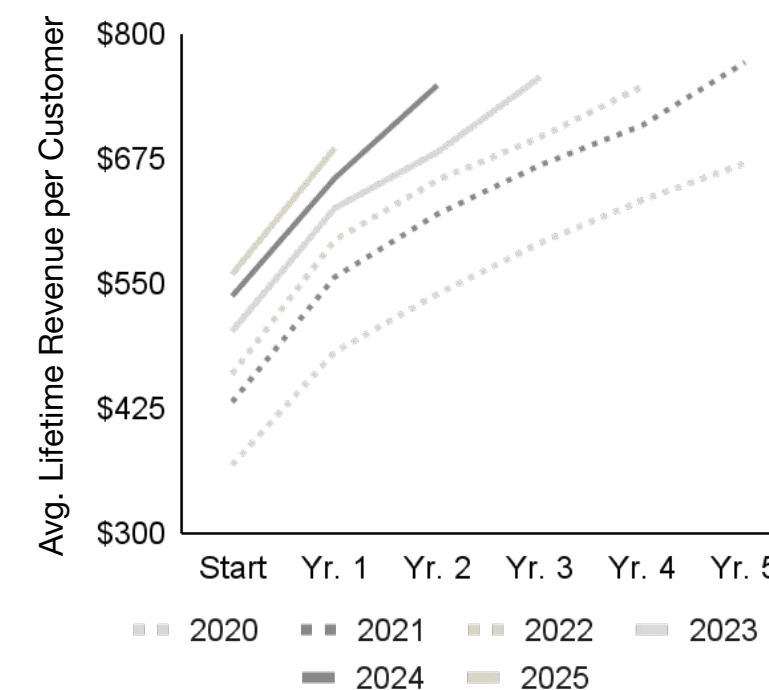
Increase products per household

Convert single product households to multi product households

Extend monetization lifetime

Improve core experience

Drive product upgrade cycle



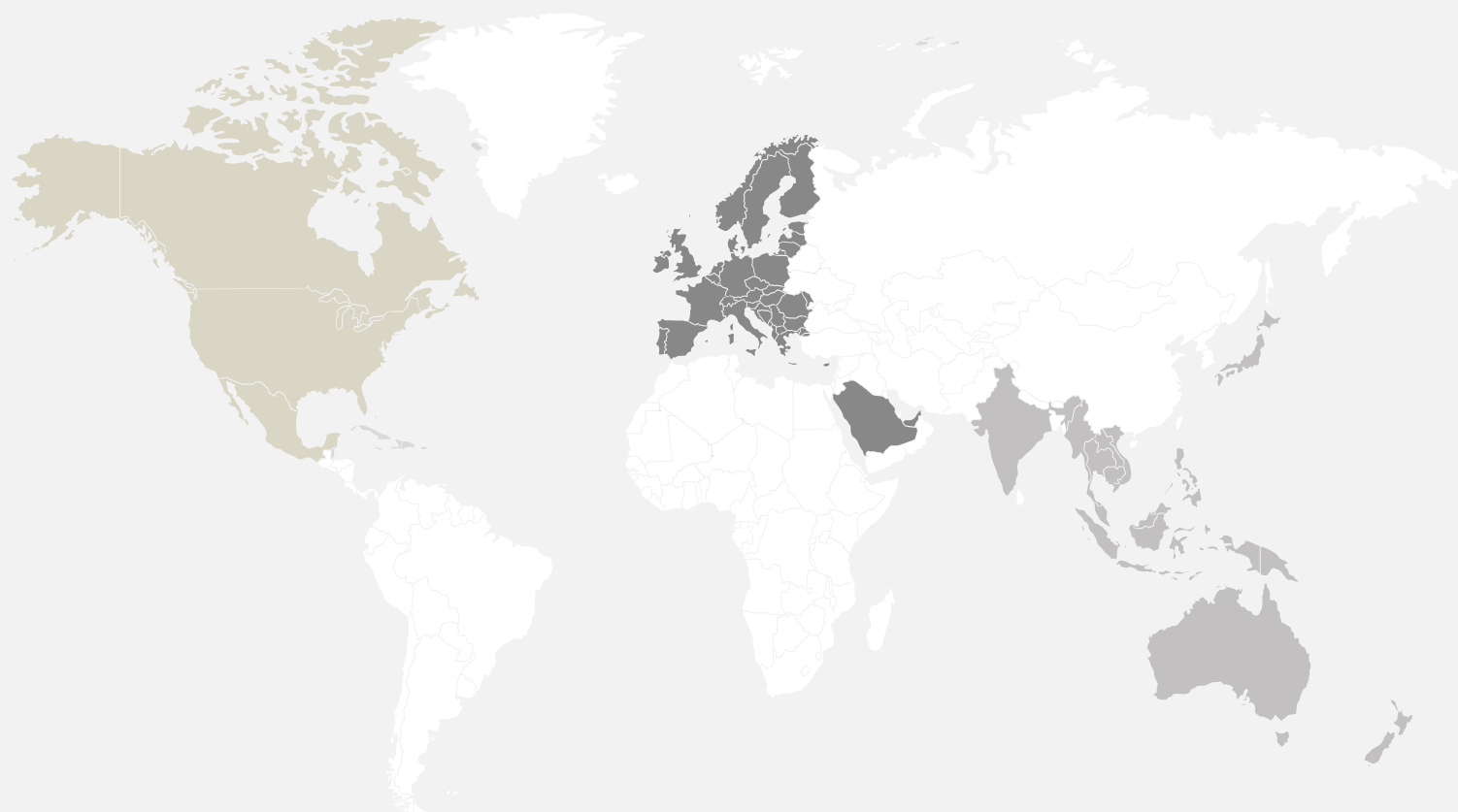
We have multiple growth vectors to expand our installed base.

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 / Retail Tracking Service for US, NIQ for UK and DE, 12 months ending Sept. 2025, by dollar share. "Premium Home Theater" defined by Sonos as \$150+ ASP

Notes:

1 - Home Theater includes soundbars and wireless subwoofers

2 - EMEA is UK and DE

#1

in premium home theater¹ in US




#2

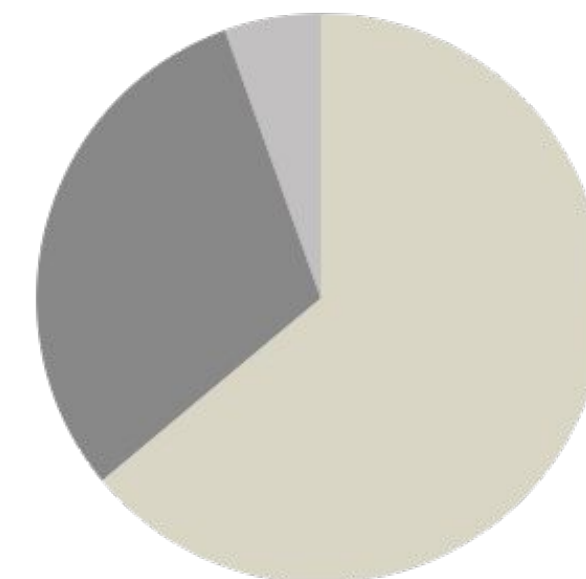
in premium home theater¹ in EMEA²

#2

in streaming audio in both US and EMEA²

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

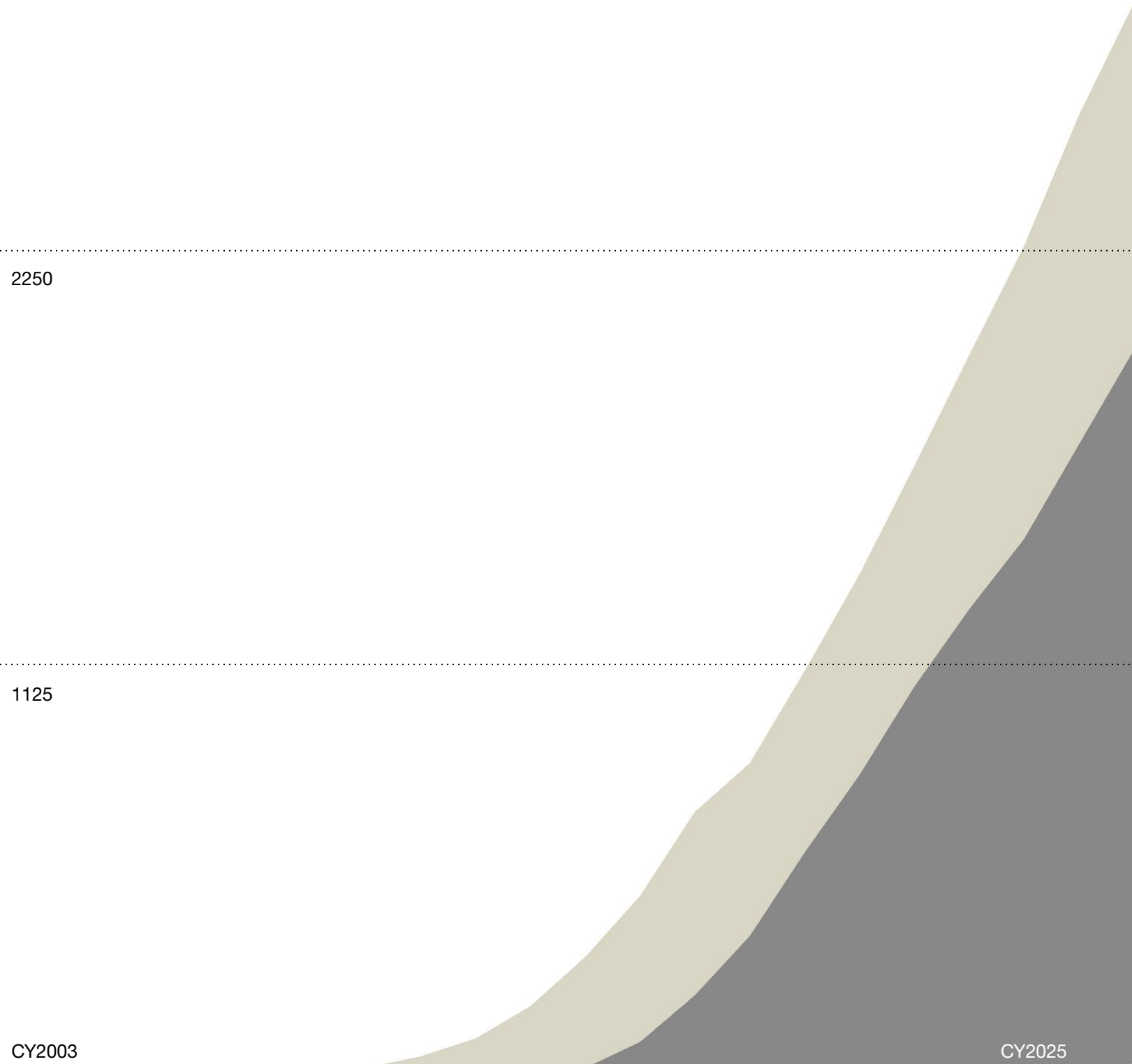
= \$12B

Total revenue opportunity from our installed base

Broad and Valuable IP Portfolio

Sonos' US Patent Portfolio

- Total U.S. Patent Applications
- Total U.S. Issued Patents



Overview of Portfolio

Over 2,000 issued US patents

850+ US applications pending

4,900+ 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 9th 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

The Sonos Brand: Premium, Trusted, Loved

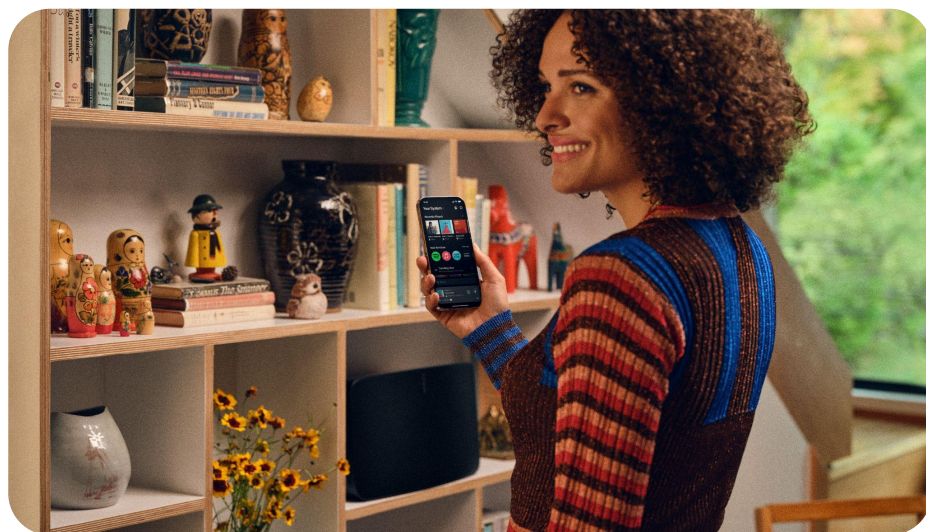
Strength

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)



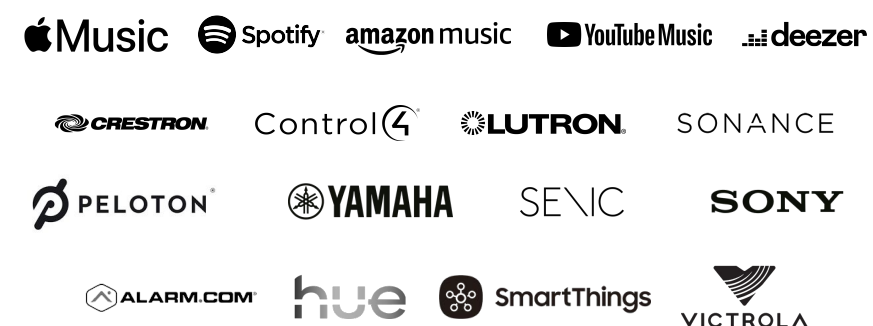
Partnerships

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



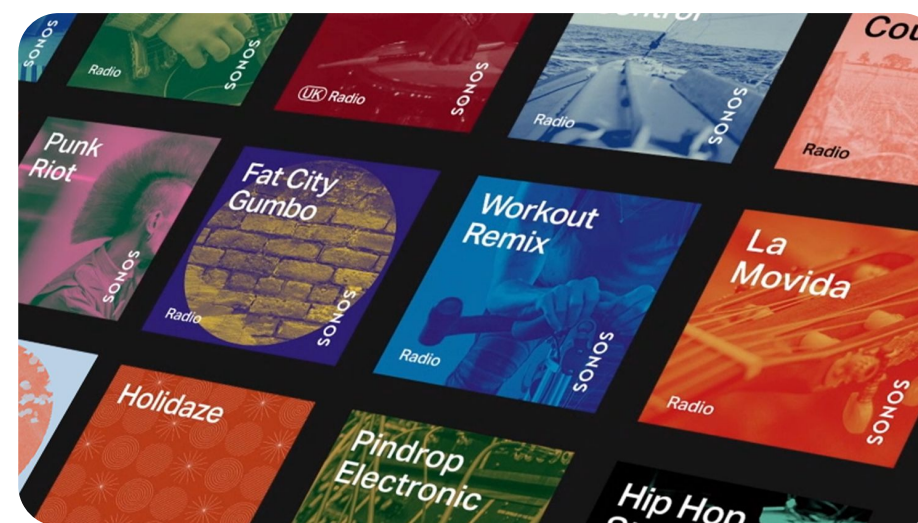
Scale

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 / Retail Tracking Service for US, NIQ for UK and DE, 12 months ending Sept. 2025, by dollar share. "Premium Home Theater" defined by Sonos as \$150+ ASP

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

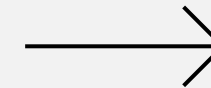
Established shared services center for core transactional functions

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 EPS¹ of \$0.64, +31% YoY

FY25 Non-GAAP OpEx¹ -10% YoY, -17% normalized

~25% of FY24 OpEx optimized

FY25 Non-GAAP 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

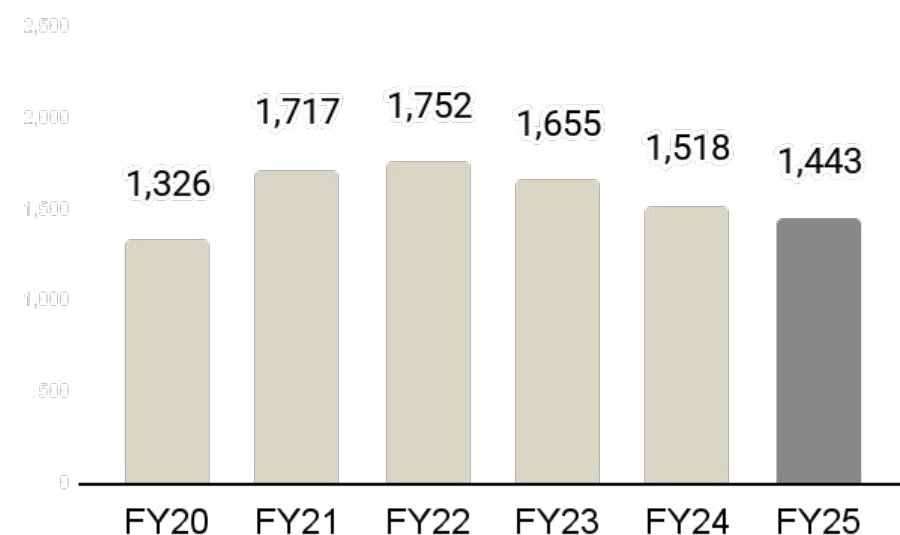
Lowered stock comp expense via a leaner, less top-heavy organization

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 Loss -\$61M (-4.2% margin), GAAP EPS -\$0.51, GAAP OpEx \$681M (-8% YoY)

Fiscal 2025 Trended Financial Summary

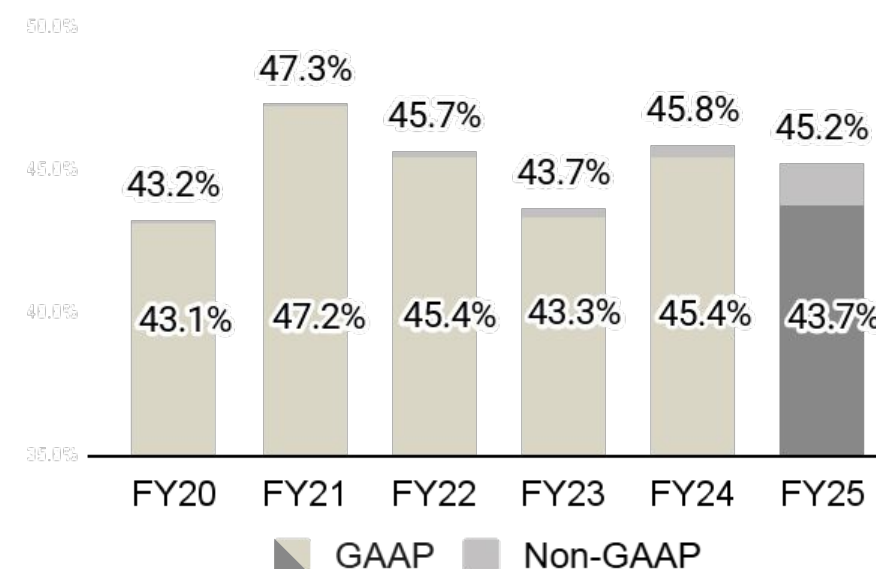
NET REVENUE



Decrease driven by challenges early in the year resulting from our 2024 app rollout, partially offset by the introduction of Arc Ultra:

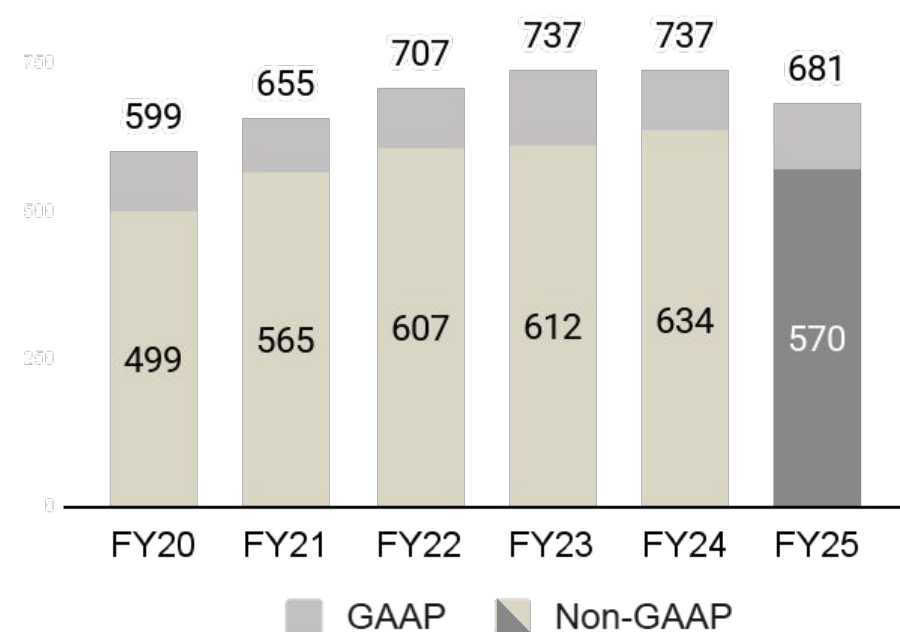
- FY25 -5% YoY
- H2 improvement at -3% YoY
- Q4 +13% YoY
- Growth markets showed strong double digit growth

GROSS MARGIN



Relatively stable, non GAAP -60 bps despite price decrease on key products and tariffs along with various other puts and takes

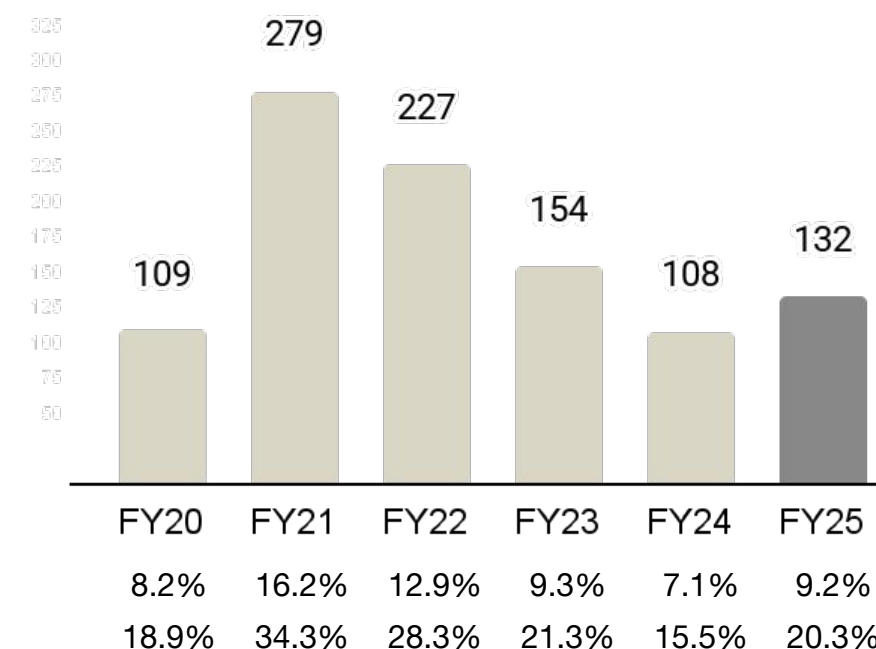
OPERATING EXPENSES



Decrease due to transformation initiatives driving efficiency across the company while we focused on enhancing our core experience, expanding our global footprint, and investing in our people:

- GAAP -8% YoY
 - Normalized -16% YoY
- Non-GAAP -10% YoY
 - Normalized -17% YoY

ADJUSTED EBITDA



Increase driven by cost transformation efforts:

- Adjusted EBITDA +23% YoY
- Margin expansion of +210 bps

Fiscal Year	8.2%	16.2%	12.9%	9.3%	7.1%	9.2%	% Margin
	18.9%	34.3%	28.3%	21.3%	15.5%	20.3%	% of Non-GAAP GP

Second Quarter Fiscal 2026 Results



Second Quarter Fiscal 2026 Financial Highlights

Revenue

\$282M
+8% YoY

Strength in Era 100 and Arc Ultra, strong growth from EMEA and APAC, and +4pts of favorable FX. Near high end of guidance

Non-GAAP GM %

46.0%
-110bps YoY

+6% Non-GAAP gross profit \$ growth from higher revenue and favorable FX, partially offset by higher memory costs
GAAP \$125M +10% YoY, 44.3% GM, +60bps YoY

Non-GAAP OpEx

\$137M
+1% YoY

Grew less than revenue, attributable to higher S&M and R&D spend. Flat sequentially vs Q1
GAAP \$156M, -11% YoY

Adjusted EBITDA¹

\$2M
+\$3M YoY

First positive Q2 Adjusted EBITDA in four years primarily driven by higher revenue

Non-GAAP EPS

(\$0.02)
+\$0.16 YoY

Primarily attributable to higher revenue
GAAP (\$0.24) +\$0.34 YoY

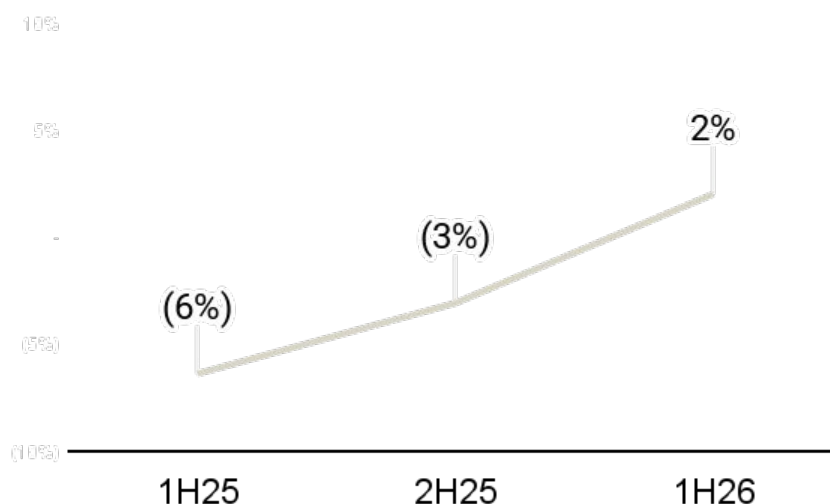
Free Cash Flow

(\$70M)
-\$5M YoY

Consistent with past seasonality. +\$36M YoY cash earnings improvement offset by higher working capital, primarily inventory due to new product launches

First Half Fiscal 2026 Financial Highlights

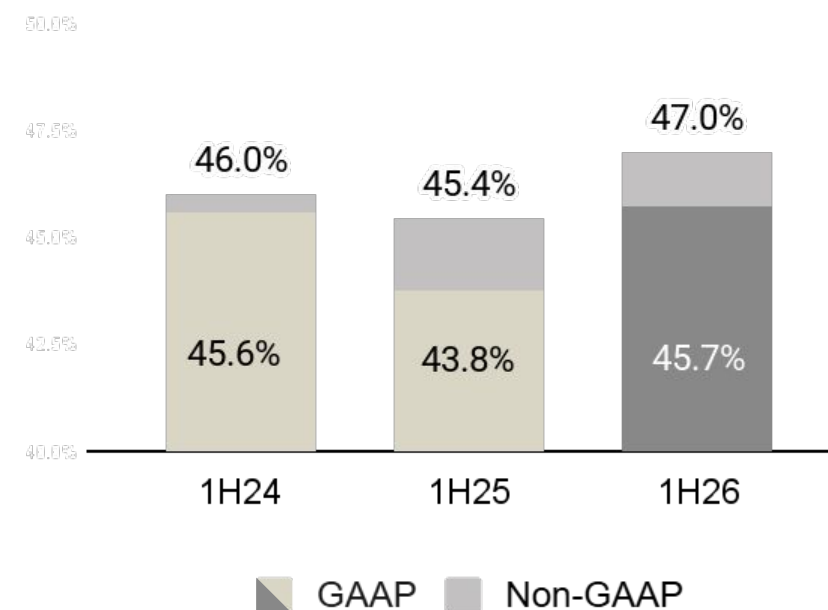
REVENUE



1Q26: -1% YoY
2Q26: +8% YoY

1H26 revenue +2% y/y marks 3rd consecutive period of semiannual improvement

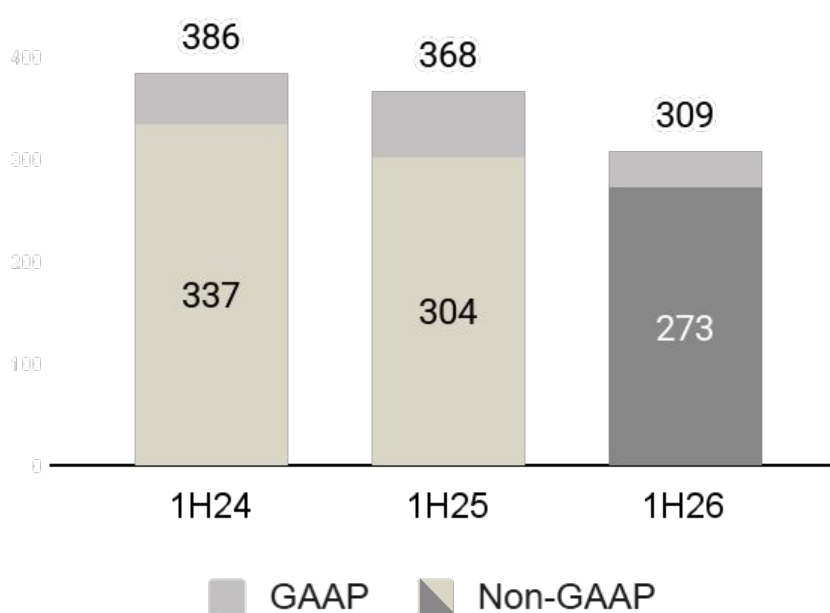
GROSS MARGIN



Gross margin expansion driving 1H26 Gross Profit dollar growth:

- GAAP +7% YoY
- Non-GAAP +6% YoY

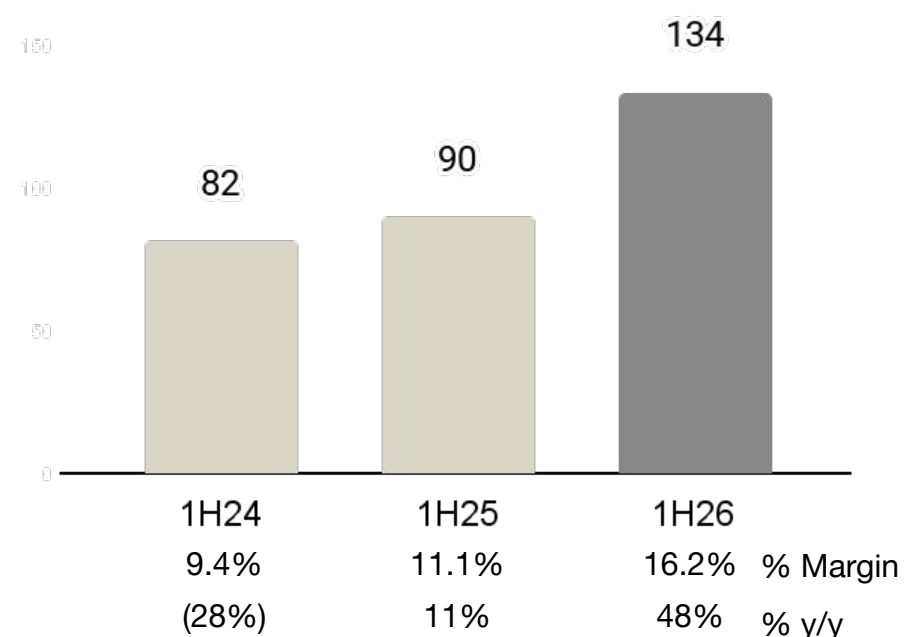
OPERATING EXPENSES



Reduction due to transformation efforts:

- GAAP -16% YoY
 - -20% vs FY24 Normalized
- Non-GAAP -10% YoY
 - -19% vs FY24 normalized

ADJUSTED EBITDA



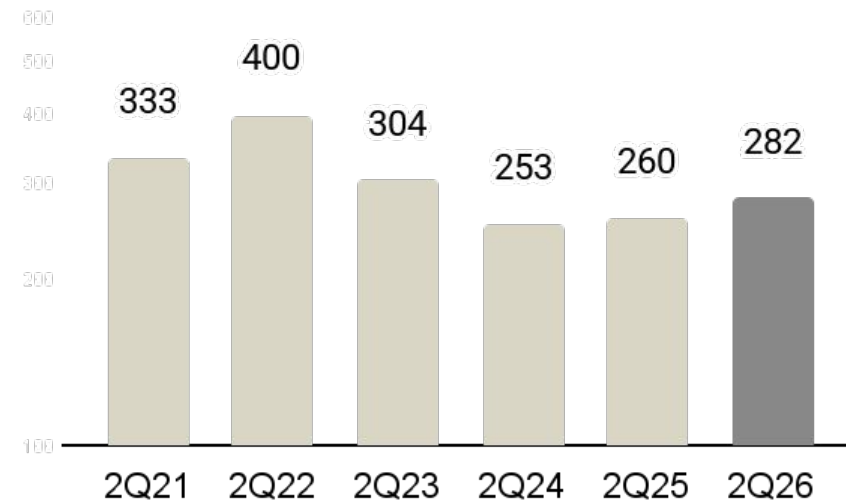
Adjusted EBITDA grew +48% YoY (+510bps margin expansion) driven by lower OpEx and higher gross profit dollars

GAAP Operating Profit improved +\$82M to \$69M from -\$13M in 1H25

Note: In \$ millions (unless noted). Adjusted EBITDA, Adjusted EBITDA Margin, Non-GAAP Gross Margin and Non-GAAP Operating Expenses are each Non-GAAP measures. See Appendix for reconciliation of GAAP to Non-GAAP measures. Normalization adjustments include: variable compensation, payroll tax true up, and restructuring.

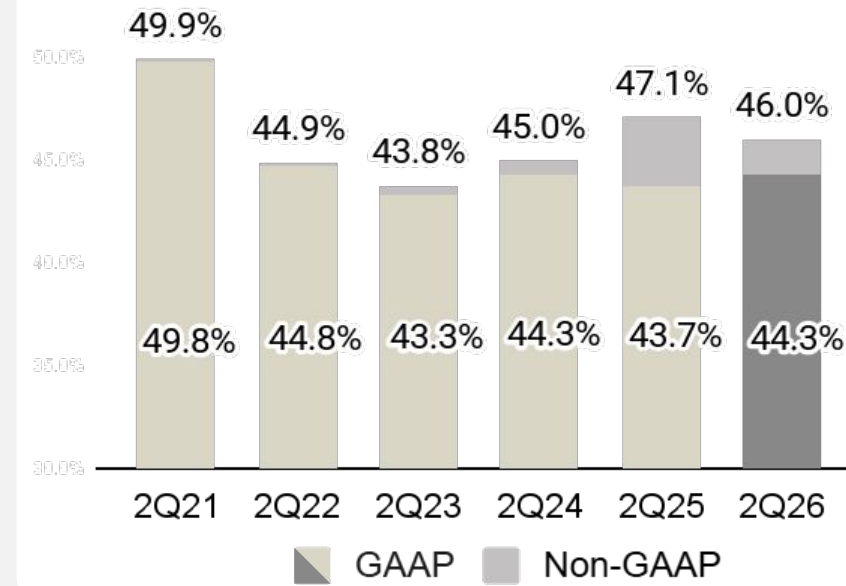
Second Quarter Fiscal 2026 Financial Summary

REVENUE



Strength in Era 100 and Arc Ultra, strong growth from EMEA and APAC, as well as FX favorability
Total revenue +8% YoY, +4pts of the tailwind from FX

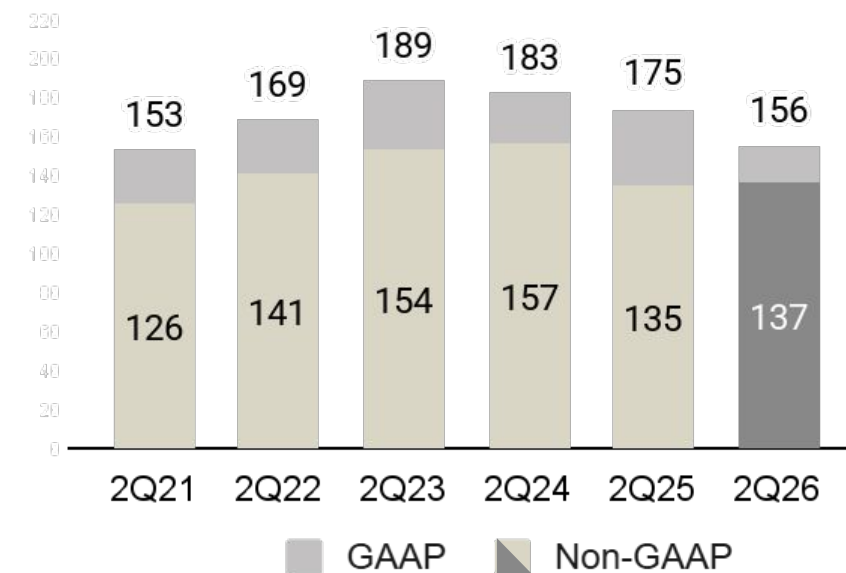
GROSS MARGIN



Gross Profit dollars +10% YoY
NG Profit dollars +6% YoY

Non-GAAP Gross margin % contracted 110bps YoY due to approximately 200bps headwind from higher memory costs

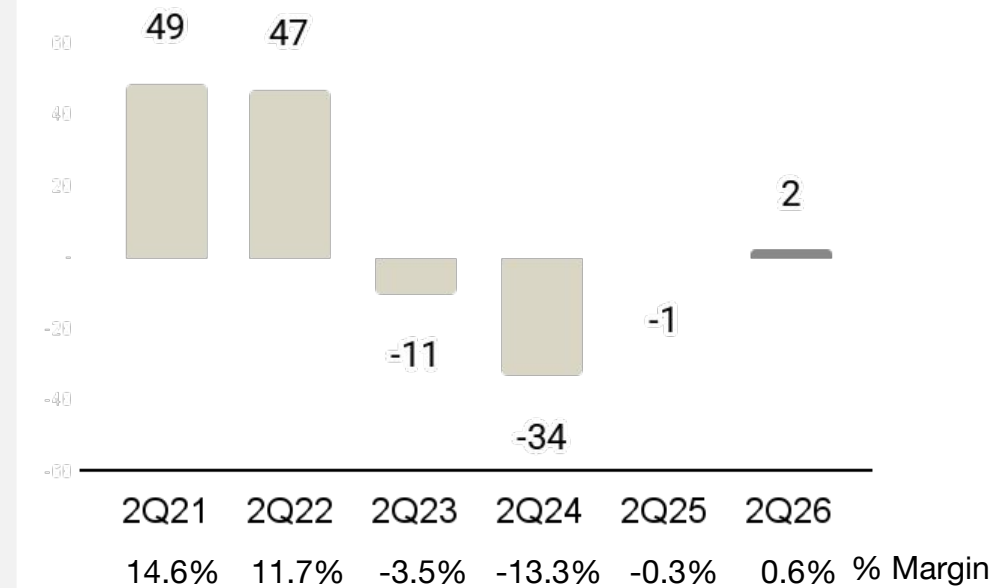
OPERATING EXPENSES



Operating expense results reflect continued operational discipline while investing in future growth

- GAAP -11% YoY, +2% QoQ
- Non-GAAP +1% YoY, flat QoQ

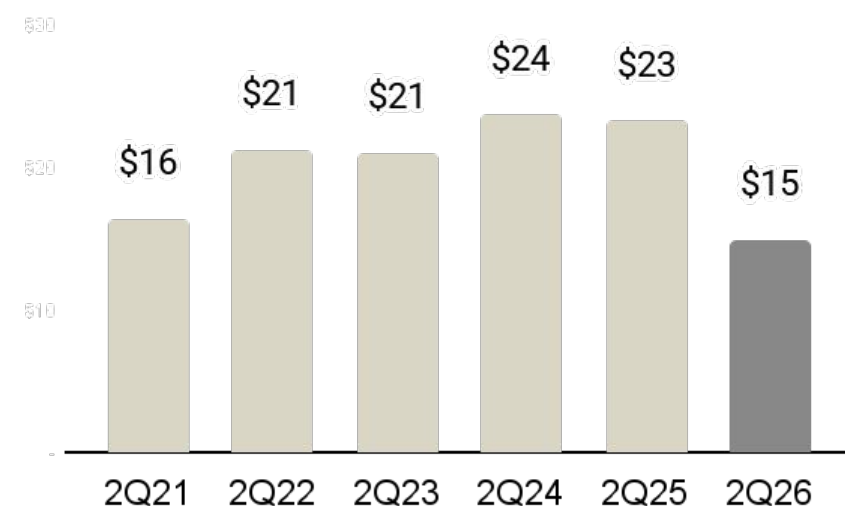
ADJUSTED EBITDA



Return to positive Adjusted EBITDA primarily driven by higher revenue

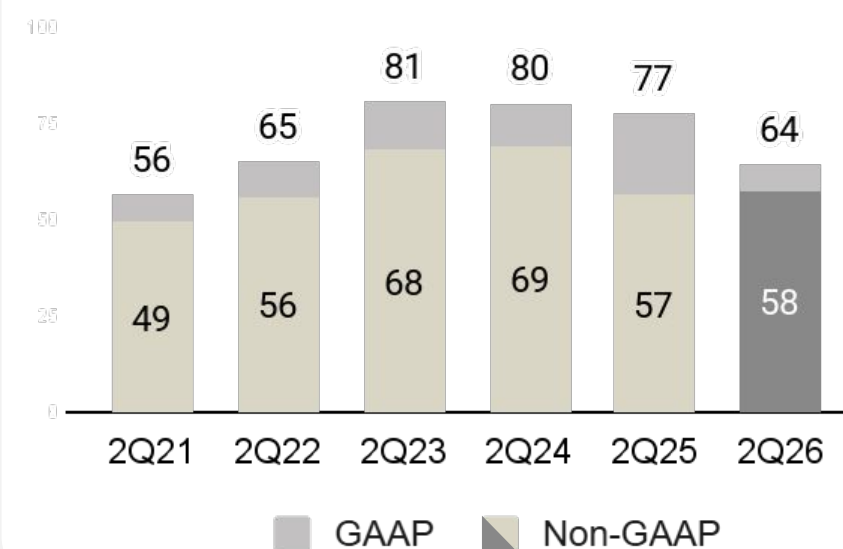
Second Quarter Fiscal 2026 Operating Expense Trend

STOCK-BASED COMPENSATION



Down -36% YoY driven by savings from headcount reductions in prior year as well as comp over prior year restructuring charge of \$3M

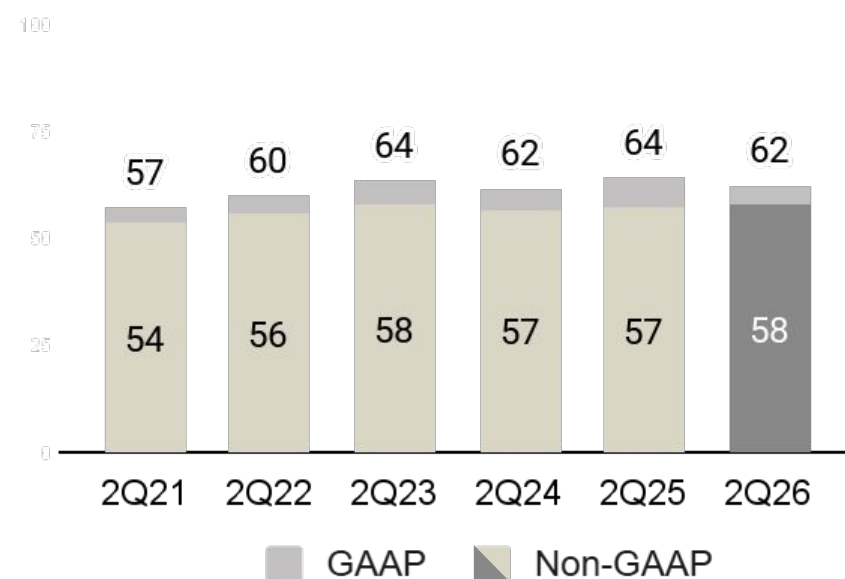
RESEARCH AND DEVELOPMENT



GAAP R&D reduction driven by comp over prior year restructuring while Non-GAAP R&D increase driven by increases in product development costs

- GAAP -17% YoY
- Non-GAAP¹ +2% YoY

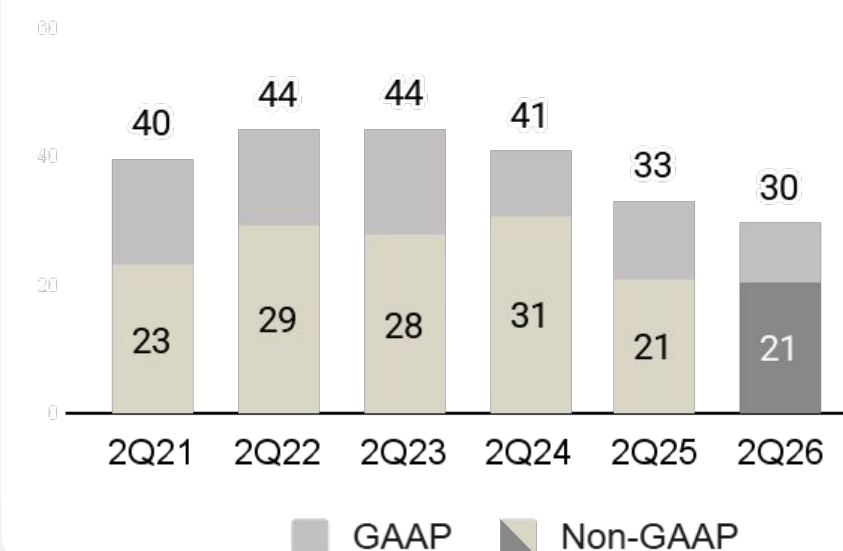
SALES AND MARKETING



GAAP S&M reduction primarily driven by comp over prior year restructuring while Non-GAAP S&M increase driven by new product launch-related spend

- GAAP -3% YoY,
- Non-GAAP¹ +1% YoY

GENERAL AND ADMINISTRATIVE



Reduction driven mainly by lower headcount:

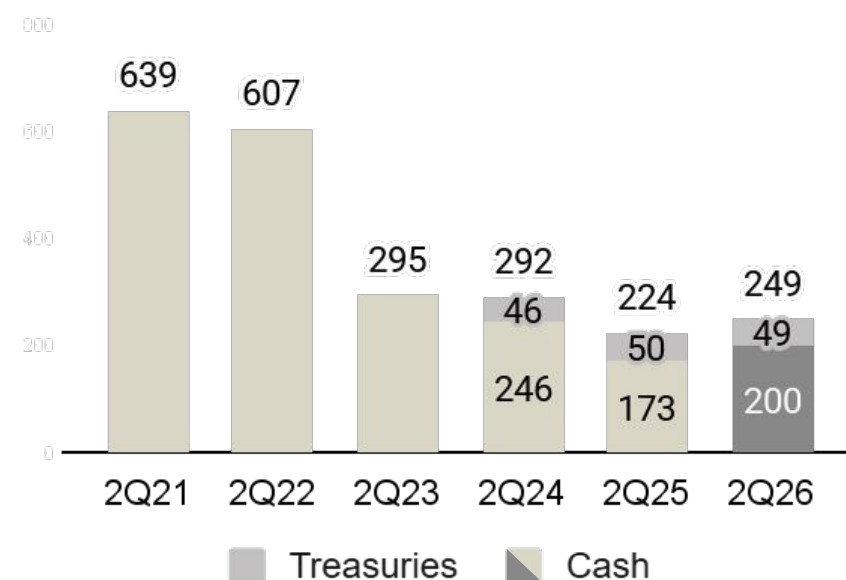
- GAAP -11% YoY
- Non-GAAP¹ -2% YoY

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 excludes 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.

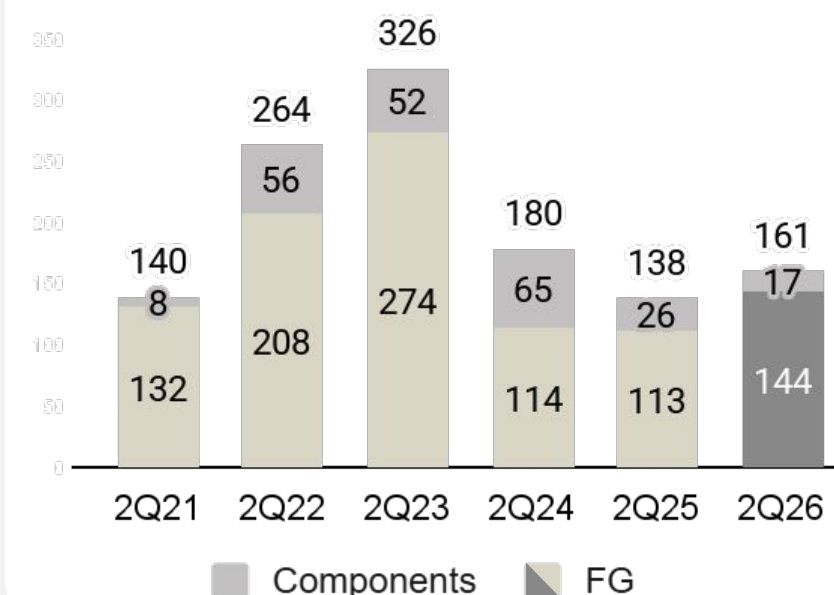
Second Quarter Fiscal 2026 Balance Sheet and Cash Flow

CASH BALANCES



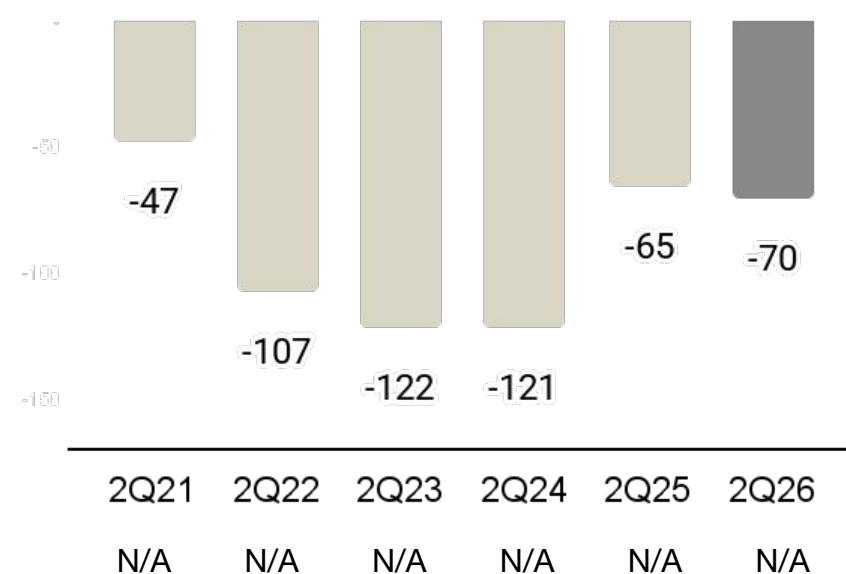
Cash and marketable securities of \$249M (\$49M short duration t-bills)

INVENTORIES



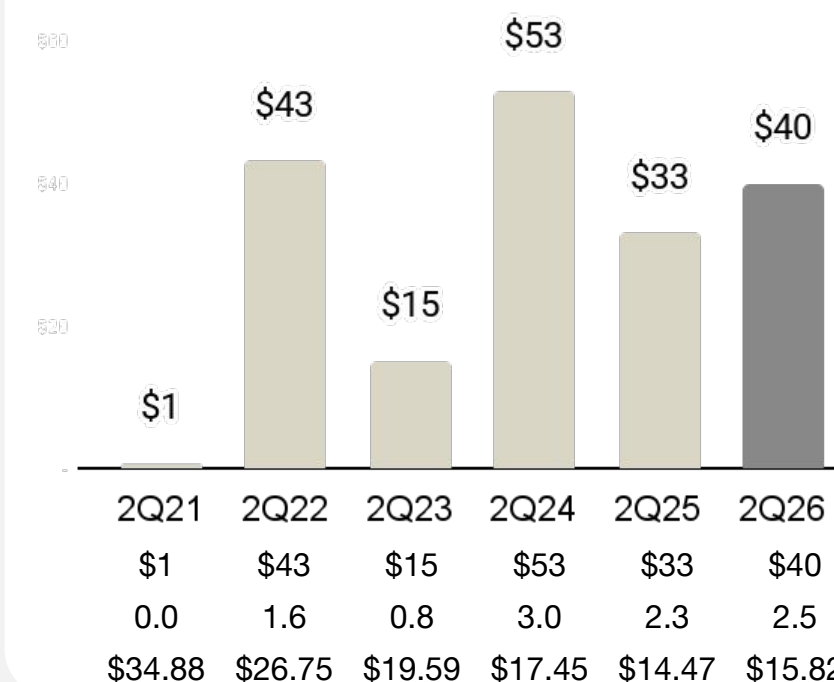
Total inventories +16% YoY primarily due to new product launches and tariff costs, partially offset by workdown of component inventory

FREE CASH FLOW



Consistent with past seasonality. +\$36M YoY cash earnings improvement offset by higher working capital, primarily inventory due to new product launches

CAPITAL RETURN



Spent \$40M on share repurchases in 2Q26

Repurchased 2.5M shares at average price of \$15.82 per share

\$65M remaining on authorization

Quarter	2Q21	2Q22	2Q23	2Q24	2Q25	2Q26	
Repurchase (\$mm) ¹	\$1	\$43	\$15	\$53	\$33	\$40	
Shares Repurchased (mm)	0.0	1.6	0.8	3.0	2.3	2.5	
\$/share	\$34.88	\$26.75	\$19.59	\$17.45	\$14.47	\$15.82	

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



Third Quarter Fiscal 2026 Outlook

Revenue

\$355M to \$375M
+3% to +9% YoY

+6% at mid-point. Negligible FX tailwind, does not include revenue contribution from Amp Multi, which is not generally available in 3Q26

GAAP Gross Margin

42.0% to 44.5%
-140 to +110 bps YoY

Non-GAAP Gross Margin expected to be approximately 150 bps higher than GAAP
GAAP Gross Profit dollars flat to +11% YoY; Non-GAAP Gross Profit flat to +12% YoY
Embeds approximately 400 basis point headwind from higher memory costs

GAAP OpEx

\$150M to \$160M
-2% to +5% YoY

Non-GAAP OpEx expected to be approximately \$18M lower than GAAP,
implying Non-GAAP Operating Expenses stay roughly flat to Q2 at the midpoint

Adjusted EBITDA

\$20M to \$48M
5.6% to 12.7% Margin

GAAP Operating Profit improvement of \$6M YoY at midpoint
Non-GAAP EPS expected to improve YoY at midpoint

2H26 Directional Color

Revenue: Expect to sustain 3Q26 momentum into 4Q26, driving stronger 2H26 performance and delivering full-year growth in FY26, consistent with past expectations

Gross Margin: Expect 2H26 Gross Margin to be somewhat lower than 2H25 (GAAP 43.5%, Non-GAAP 44.9%) due to memory cost inflation

Note: Adjusted EBITDA, Adjusted EBITDA Margin, Non-GAAP Gross Margin, Non-GAAP Gross Profit and Non-GAAP Operating Expenses are each Non-GAAP measures. We do not provide a reconciliation of forward-looking Non-GAAP measures to their comparable GAAP financial measures. See "Non-GAAP Measures" for more information. 3Q26 and 2H26 outlook only as of the date of this presentation. See "Forward-Looking Statements" for more information.

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, amortization of intangible assets and restructuring and other charges. 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 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

	2Q21	2Q22	2Q23	2Q24	2Q25	2Q26	1H24	1H25	1H26
GAAP gross profit	\$ 165,776	\$ 179,034	\$ 131,618	\$ 112,038	\$ 113,609	\$ 124,649	\$ 394,716	\$ 355,016	\$ 378,109
Stock-based compensation expense	261	377	581	686	1,606	1,125	1,340	2,955	2,452
Amortization of intangibles	76	213	973	973	3,144	3,144	1,945	6,474	7,525
Restructuring and other charges(1)	-	-	-	-	3,935	664	-	3,935	664
Non-GAAP gross profit	\$ 166,113	\$ 179,624	\$ 133,172	\$ 113,697	\$ 122,294	\$ 129,582	\$ 398,001	\$ 368,380	\$ 388,750
GAAP gross margin	49.8%	44.8%	43.3%	44.3%	43.7%	44.3%	45.6%	43.8%	45.7%
Non-GAAP gross margin	49.9%	44.9%	43.8%	45.0%	47.1%	46.0%	46.0%	45.4%	47.0%

Notes: \$ in thousands, 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

1 - Restructuring and other charges for 2Q26 include costs associated with non-recurring organizational changes driven by new leadership, charges related to the partial abandonment of office space in support of operational efficiencies, and costs associated with exiting a partnership with one of our contract manufacturers to consolidate and improve supply chain efficiency.

Reconciliation of Certain GAAP to Non-GAAP Operating Expenses

	2Q21	2Q22	2Q23	2Q24	2Q25	2Q26	1H24	1H25	1H26
GAAP R&D	\$ 56,370	\$ 64,947	\$ 80,785	\$ 80,322	\$ 77,423	\$ 64,134	\$ 159,557	\$ 158,261	\$ 123,896
Less: Stock-based compensation expense	6,683	8,091	9,565	10,419	8,021	5,471	19,398	21,336	11,960
Less: Amortization of intangibles	414	737	495	496	18	20	992	196	40
Less: Restructuring and other charges (1)	-	-	2,682	-	12,766	857	323	12,706	857
Non-GAAP R&D	\$ 49,273	\$ 56,119	\$ 68,043	\$ 69,407	\$ 56,618	\$ 57,786	\$ 138,844	\$ 124,023	\$ 111,039
GAAP S&M	\$ 57,205	\$ 59,955	\$ 63,621	\$ 61,835	\$ 64,210	\$ 62,376	\$ 145,785	\$ 150,854	\$ 127,650
Less: Stock-based compensation expense	3,632	4,177	4,475	4,972	3,980	2,763	8,787	9,612	5,608
Less: Amortization of intangibles	-	-	-	-	-	-	-	-	-
Less: Restructuring and other charges (1)	-	-	1,034	-	2,792	1,453	113	2,792	1,453
Non-GAAP S&M	\$ 53,573	\$ 55,778	\$ 58,112	\$ 56,863	\$ 57,438	\$ 58,160	\$ 136,885	\$ 138,450	\$ 120,589
GAAP G&A	\$ 39,806	\$ 44,090	\$ 44,438	\$ 40,841	\$ 33,200	\$ 29,714	\$ 80,639	\$ 59,032	\$ 57,723
Less: Stock-based compensation expense	5,787	8,580	6,404	7,596	6,495	5,505	13,506	11,533	10,036
Less: Legal and transaction related costs(2)	11,013	6,012	9,018	2,395	1,429	3,523	6,140	1,624	6,034
Less: Amortization of intangibles	-	24	24	24	24	24	48	47	48
Less: Restructuring and other charges (1)	-	-	1,130	6	4,207	90	138	4,207	90
Non-GAAP G&A	\$ 23,006	\$ 29,474	\$ 27,862	\$ 30,820	\$ 21,045	\$ 20,572	\$ 60,807	\$ 41,621	\$ 41,515
GAAP Total Operating Expenses	\$ 153,381	\$ 168,992	\$ 188,844	\$ 182,998	\$ 174,833	\$ 156,224	\$ 385,981	\$ 368,147	\$ 309,269
Less: Stock-based compensation expense	16,102	20,848	20,444	22,987	18,496	13,739	41,691	42,481	27,604
Less: Legal and transaction related costs(2)	11,013	6,012	9,018	2,395	1,429	3,523	6,140	1,624	6,034
Less: Amortization of intangibles	414	761	519	520	42	44	1,040	243	88
Less: Restructuring and other charges (1)	-	-	4,846	6	19,765	2,400	574	19,705	2,400
Non-GAAP Operating Expenses	\$ 125,852	\$ 141,371	\$ 154,017	\$ 157,090	\$ 135,101	\$ 136,518	\$ 336,536	\$ 304,094	\$ 273,143

Notes: \$ 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

1 - Restructuring and other charges for 2Q26 include costs associated with non-recurring organizational changes driven by new leadership, charges related to the partial abandonment of office space in support of operational efficiencies, and costs associated with exiting a partnership with one of our contract manufacturers to consolidate and improve supply chain efficiency.

2 - Legal and transaction related costs consist of expenses related to our intellectual property litigation against Alphabet Inc. and Google LLC, which we do not consider representative of our underlying operating performance.

Reconciliation of Operating Income (Loss) to Adjusted EBITDA

	2Q21	2Q22	2Q23	2Q24	2Q25	2Q26
Operating Income (Loss) (GAAP)	\$ 12,395	\$ 10,042	\$ (57,226)	\$ (70,960)	\$ (61,224)	\$ (31,575)
Stock-based compensation	16,363	21,225	21,025	23,673	20,102	14,864
Legal and transaction related costs (1)	11,013	6,012	9,018	2,395	1,429	3,523
Amortization of intangibles	414	974	1,492	1,493	3,186	3,188
Restructuring and other charges (2)	-	-	4,846	6	23,700	3,064
Adjusted Operating Income (Loss) (Non-GAAP)	\$ 40,185	\$ 38,253	\$ (20,845)	\$ (43,393)	\$ (12,807)	\$ (6,936)
Depreciation	8,328	8,601	10,221	9,750	11,981	8,653
Adjusted EBITDA (Non-GAAP)	\$ 48,513	\$ 46,854	\$ (10,624)	\$ (33,643)	\$ (826)	\$ 1,717

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, which we do not consider representative of our underlying operating performance.

2 - Restructuring and other charges for 2Q26 include costs associated with non-recurring organizational changes driven by new leadership, charges related to the partial abandonment of office space in support of operational efficiencies, and costs associated with exiting a partnership with one of our contract manufacturers to consolidate and improve supply chain efficiency.

Reconciliation of Net Income (Loss) to Adjusted EBITDA

	2Q21	2Q22	2Q23	2Q24	2Q25	2Q26	1H24	1H25	1H26
Net income	\$ 17,221	\$ 8,566	\$ (30,652)	\$ (69,709)	\$ (70,144)	\$ (28,886)	\$ 11,238	\$ (19,907)	\$ 64,912
Add (deduct):									
Depreciation and amortization	8,742	9,575	11,713	11,243	15,167	11,841	23,121	32,778	25,862
Stock-based compensation expense	16,363	21,225	21,025	23,673	20,102	14,864	43,031	45,436	30,056
Interest income	(44)	(123)	(3,181)	(3,933)	(1,973)	(1,911)	(7,008)	(3,834)	(3,260)
Interest expense	182	90	152	122	109	104	227	219	220
Other (income) expense, net	1,578	2,281	2,832	3,303	(193)	1,361	(6,971)	5,836	941
Provision for (benefit from) income taxes	(6,542)	(772)	(26,377)	(743)	10,977	(2,243)	11,249	4,555	6,027
Legal and transaction related costs (1)	11,013	6,012	9,018	2,395	1,429	3,523	6,140	1,624	6,034
Restructuring and other charges (2)	-	-	4,846	6	23,700	3,064	574	23,640	3,064
Adjusted EBITDA	\$ 48,513	\$ 46,854	\$ (10,624)	\$ (33,643)	\$ (826)	\$ 1,717	\$ 81,601	\$ 90,347	\$ 133,856
Revenue	\$ 332,949	\$ 399,781	\$ 304,173	\$ 252,662	\$ 259,756	\$ 281,526	\$ 865,531	\$ 810,613	\$ 827,189
Net income margin	5.2%	2.1%	-10.1%	-27.6%	-27.0%	-10.3%	1.3%	-2.5%	7.8%
Adjusted EBITDA margin	14.6%	11.7%	-3.5%	-13.3%	-0.3%	0.6%	9.4%	11.1%	16.2%

Notes: \$ in thousands, unaudited

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Reconciliation of GAAP Net Income (Loss) to Non-GAAP Net Income (Loss)

	2Q21	2Q22	2Q23	2Q24	2Q25	2Q26
GAAP net income (loss)	\$ 17,221	\$ 8,566	\$ (30,652)	\$ (69,709)	\$ (70,144)	\$ (28,886)
Stock-based compensation	16,363	21,225	21,025	23,673	20,102	14,864
Legal and transaction related costs (1)	11,013	6,012	9,018	2,395	1,429	3,523
Amortization of intangibles	414	974	1,492	1,493	3,186	3,188
Restructuring and other charges (2)	-	-	4,846	6	23,700	3,064
Other (income) expense	1,578	2,281	2,832	3,303	(193)	1,361
Non-GAAP net income (loss)	\$ 46,589	\$ 39,058	\$ 8,561	\$ (38,839)	\$ (21,920)	\$ (2,886)
Weighted-average shares GAAP, diluted	143,055,546	139,642,570	127,952,875	123,749,605	119,919,163	120,209,712
Weighted-average shares non-GAAP, diluted	143,055,546	139,642,570	134,165,207	123,749,605	119,919,163	120,209,712
GAAP earnings (loss) per share, diluted	\$ 0.12	\$ 0.06	\$ (0.24)	\$ (0.56)	\$ (0.58)	\$ (0.24)
Non-GAAP earnings (loss) per share, diluted	\$ 0.33	\$ 0.28	\$ 0.06	\$ (0.31)	\$ (0.18)	\$ (0.02)

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, which we do not consider representative of our underlying operating performance.

2 - Restructuring and other charges 2Q26 include costs associated with non-recurring organizational changes driven by new leadership, charges related to the partial abandonment of office space in support of operational efficiencies, and costs associated with exiting a partnership with one of our contract manufacturers to consolidate and improve supply chain efficiency.

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

	2Q21	2Q22	2Q23	2Q24	2Q25	2Q26
Cash flows (used in) provided by operating activities	\$ (38,560)	\$ (97,562)	\$ (112,962)	\$ (111,244)	\$ (59,666)	\$ (65,374)
Less: Purchases of property and equipment	(8,594)	(9,310)	(8,714)	(10,186)	(5,556)	(4,776)
Free cash flow	\$ (47,154)	\$ (106,872)	\$ (121,676)	\$ (121,430)	\$ (65,222)	\$ (70,150)

Note: \$ in thousands, unaudited

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