



VIZIO

Financial Results and Outlook Q1'21 Earnings Call

Non-GAAP Financial Measures and Forward-Looking Statements

To supplement our financial information presented in accordance with generally accepted accounting principles in the United States of America, or GAAP, VIZIO considers certain financial measures that are not prepared in accordance with GAAP, including Adjusted EBITDA. We define Adjusted EBITDA as total net income before interest income, other (expense) income, net, provision for income taxes, depreciation and amortization and share-based compensation. We consider Adjusted EBITDA to be an important metric to assess our operating performance and help us to manage our working capital needs. Utilizing Adjusted EBITDA, we can identify and evaluate trends in our business as well as provide investors with consistency and comparability to facilitate period-to-period comparisons of our business. We believe that providing users with non-GAAP measures such as Adjusted EBITDA may assist investors in seeing VIZIO's operating results through the eyes of management and in comparing VIZIO's operating results over multiple periods with other companies in our industry. We use Adjusted EBITDA in conjunction with net income as part of our overall assessment of our operating performance and the management of our working capital needs. Our definition of Adjusted EBITDA may differ from the definition used by other companies and therefore comparability may be limited. In addition, other companies may not publish Adjusted EBITDA or similar metrics. Furthermore, Adjusted EBITDA has certain limitations in that it does not include the impact of certain expenses that are reflected in our consolidated statement of operations that are necessary to run our business. Thus, Adjusted EBITDA should be considered in addition to, not as a substitute for, or in isolation from, measures prepared in accordance with GAAP, including net income. We compensate for these limitations by providing a reconciliation of Adjusted EBITDA to net income. We encourage investors and others not to rely on any single financial measure and to view Adjusted EBITDA in conjunction with net income.

Non-GAAP Financial Measures and Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements generally relate to future events or VIZIO's future financial or operating performance. In some cases, you can identify forward looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "going to," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential," or "continue," or the negative of these words or other similar terms or expressions that concern our expectations, strategy, priorities, plans, or intentions. Forward-looking statements in this presentation include, but are not limited to, statements regarding VIZIO's future financial and operating performance, including our outlook and guidance, our expectations regarding the impact of the COVID-19 pandemic, and our ability to keep pace with technological advances in our industry and successfully compete in highly competitive markets. Our expectations and beliefs regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties, including changes in our plans or assumptions, that could cause actual results to differ materially from those projected. These risks include the possibility that: we are not able to keep pace with technological advances in our industry and successfully compete in highly competitive markets; we do not have the ability to continue to increase the sales of our Smart TVs; we cannot attract and maintain SmartCast Active Accounts; we cannot increase SmartCast Hours; we are not able to attract and maintain popular content on our platform; we are not able to maintain relationships with advertisers; and cannot adapt to market conditions and technological developments, including with respect to our platform's compatibility with applications developed by content providers. The forward-looking statements contained in this presentation are also subject to other risks and uncertainties, including those more fully described in our filings with the Securities and Exchange Commission, including our prospectus filed pursuant to Rule 424(b) under the Securities Act of 1933, as amended, on March 24, 2021, and in our Quarterly Report on Form 10-Q that will be filed following this earnings release. The forward-looking statements in this presentation are based on information available to VIZIO as of the date hereof, and VIZIO disclaims any obligation to update any forward-looking statements, except as required by law.

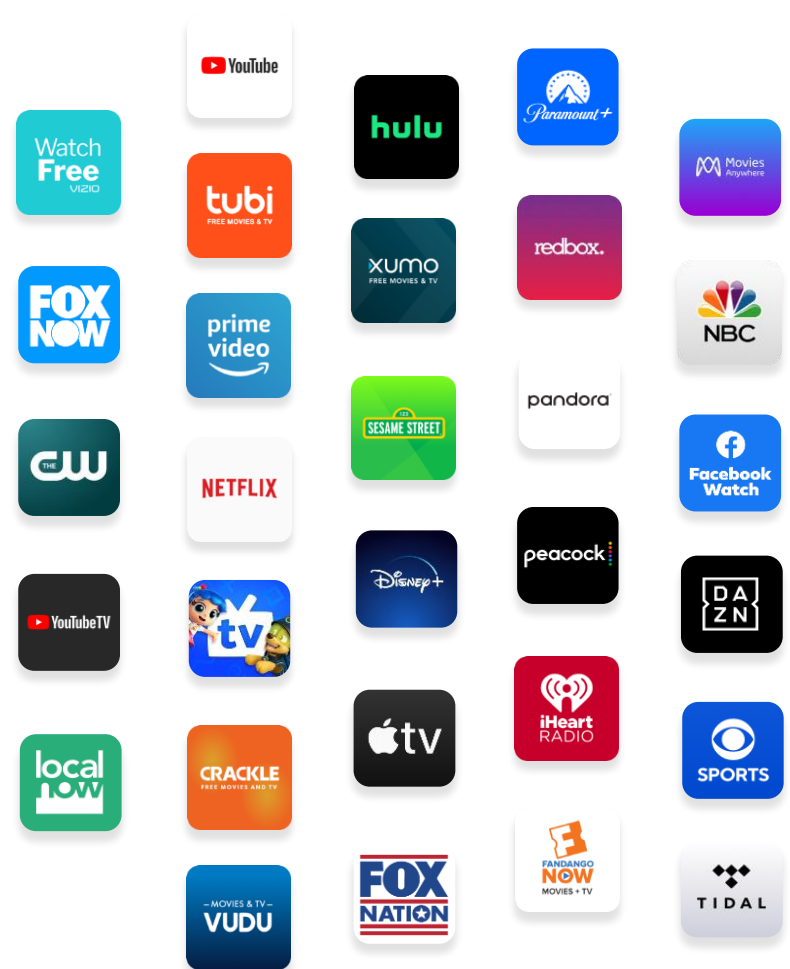
First Quarter 2021: Device Highlights

- #2 best-selling TV brand in the US during the quarter*
- #1 best-selling Sound Bar brand in the US during the quarter*
- TV shipments to retailers grew +28% year-over-year
- Sound Bar shipments to retailers grew +155% year-over-year



First Quarter 2021: Platform+ Highlights

- Awarded Best Connected TV Platform by Digiday
- Launched The CW, FOX NOW, and FOX Nation streaming apps
- Added 32 free ad-supported channels, including HSN/QVC, Fuse Sweat, and 5 from AMC Networks
- Bolstered sports content offerings, adding the CBS Sports app and three free ad-supported channels from beIN, the Pac-12 and the NFL
- Enhanced Project OAR with Univision as the first Spanish-language network



Select Built-In Apps.

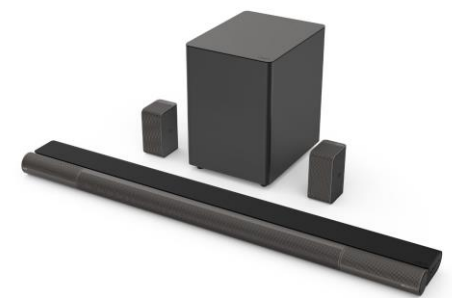
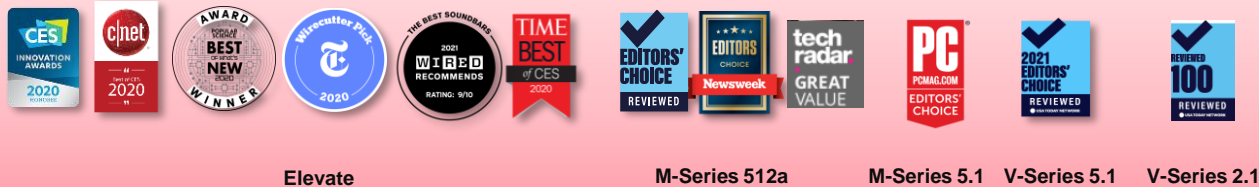
Recent Awards and Accolades

VIZIO

TV Awards and Accolades



Audio Awards and Accolades



Note: Awards presented include 2020 and 2021

FINANCIAL RESULTS

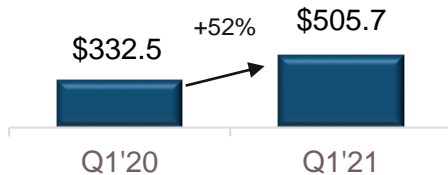
First Quarter 2021 Financial Highlights



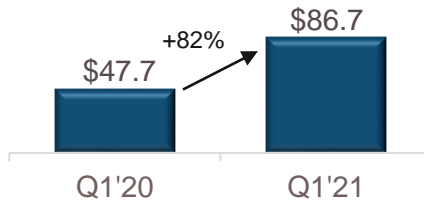
\$ in millions, unaudited

- Net revenue of \$505.7 million, up 52% versus last year
- Gross profit of \$86.7 million, up 82% versus last year
- Gross profit margins of 17.1%, up 270 bps versus last year
- Net Income of \$3.3 million, down 64% versus last year as higher share-based compensation and tax rate is offset by gross profit growth
- Adjusted EBITDA ¹ of \$40.4M up 218% on strong gross profit growth across both Device and Platform

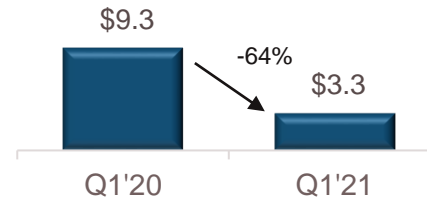
Net Revenue



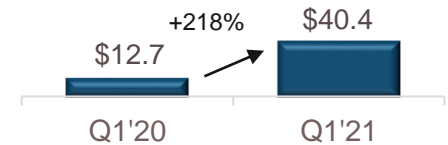
Gross Profit



Net Income



Adjusted EBITDA ¹



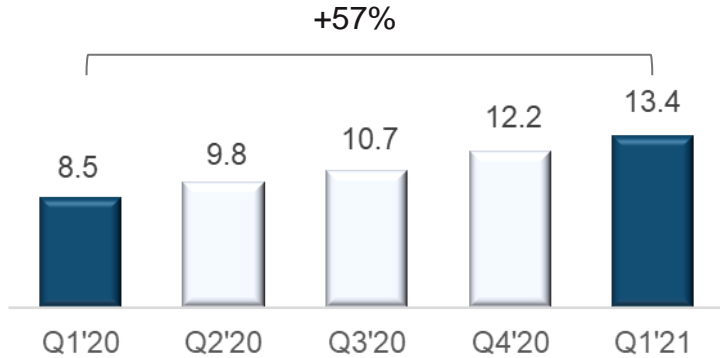
¹ Excludes share-based compensation, see reconciliation to net income on slide 15

First Quarter 2021 Financial Highlights – Platform+

Active Accounts and Hours in millions

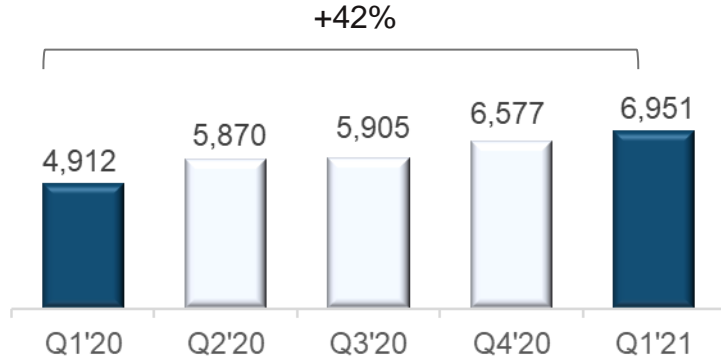


SmartCast Active Accounts



- SmartCast Active Accounts of 13.4M up 57% versus last year
- 1.2M SmartCast Active Accounts additions
- SmartCast additions were 78% of Q1'21 shipments

Total VIZIO Hours



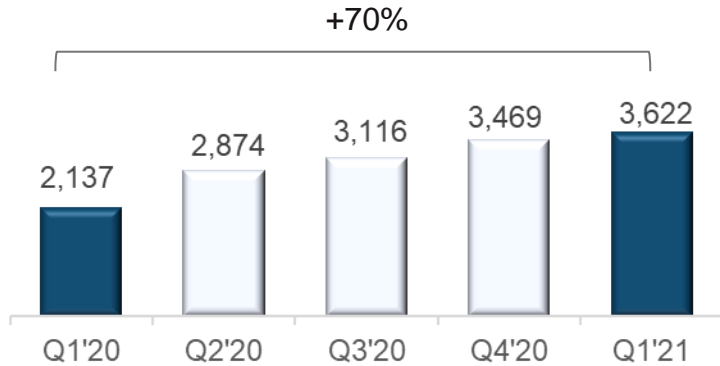
- Total VIZIO hours of 7 billion up 42% versus last year

First Quarter 2021 Financial Highlights – Platform+



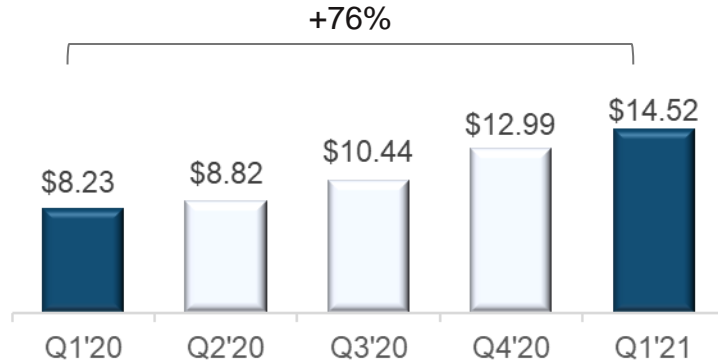
Hours in millions

SmartCast Hours



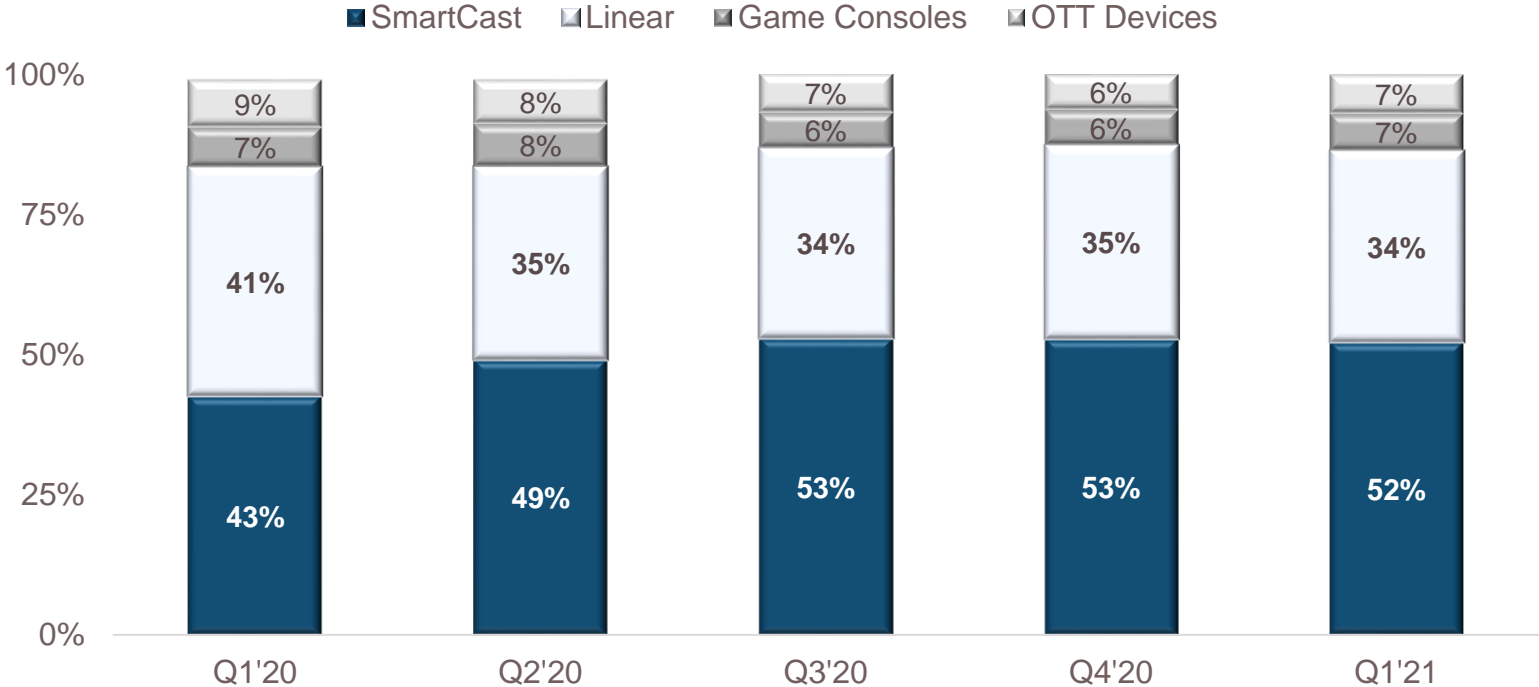
- SmartCast Hours 3,622M up 70% year over year
- SmartCast Hours per active account up 7%

SmartCast ARPU



- ARPU of \$14.52 up 76% versus last year
- Growth driven by higher advertising revenue

Time Spent on SmartCast TVs by Input Source

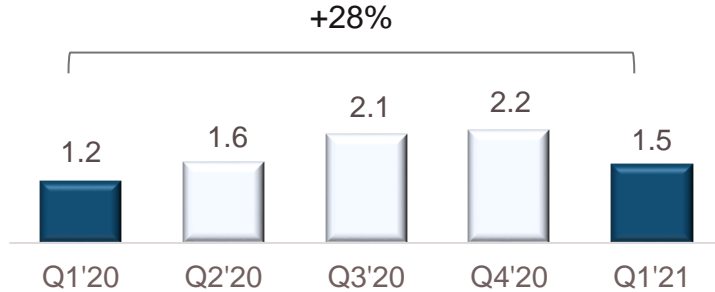


First Quarter 2021 Financial Highlights – Device



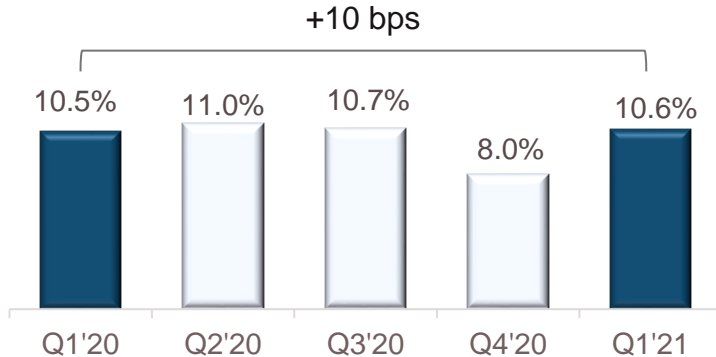
Shipments in millions

Smart TV Shipments



- Continued strong consumer demand for our Smart TV's drove 28% growth in shipments
- Shipments have been delayed due to port congestion; this will likely continue through June

Device Margins



- Demand continues to outpace supply limiting the need for price promotions driving strong margins

FINANCIAL OUTLOOK



Expected Outlook

\$ in millions

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Second Quarter 2021

Platform+ Net Revenue
Platform+ Gross Profit
Adjusted EBITDA

\$55 - \$59

\$36 - \$40

\$12 - \$18

Platform+

- Q2'21 doubling of revenue and gross profit year over year
- Active account additions as percent of shipments seasonally high in Q1'21
- Higher advertising revenue on CPM growth and expanding ad inventory

Devices

- Typically, higher shipment volumes in second half of year with Q4 being the highest and Q2 lowest
- Gross margins to trend towards normal single digit range over the coming quarters

Reconciliation of Net Income to Adjusted EBITDA

\$ in millions, unaudited

	Three Months Ended March 31,	
	2021	2020
Net income	\$ 3.3	\$ 9.3
Adjusted to exclude the following:		
Interest income	(0.1)	(0.4)
Other expense (income), net	0.2	(0.3)
Provision for income taxes	10.3	2.1
Depreciation and amortization	0.6	0.7
Share-based compensation	26.1	1.3
Adjusted EBITDA	<u>\$ 40.4</u>	<u>\$ 12.7</u>

Key Operational and Financial Metrics

We review certain key operational and financial metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. We regularly review and may adjust our processes for calculating our internal metrics to improve their accuracy.

- **Smart TV Shipments.** We define Smart TV Shipments as the number of Smart TV units shipped to retailers or direct to consumers in a given period. Smart TV Shipments currently drive the majority of our revenue and provide the foundation for increased adoption of our SmartCast operating system and the growth of our Platform+ revenue. The growth rate between Smart TV units shipped and Device net revenue is not directly correlated because VIZIO's Device net revenue can be impacted by other variables, such as the series and sizes of Smart TVs sold during the period, the introduction of new products as well as the number of sound bars shipped.
- **SmartCast Active Accounts.** We define SmartCast Active Accounts as the number of VIZIO Smart TVs where a user has activated the SmartCast operating system through an internet connection at least once in the past 30 days. We believe that the number of SmartCast Active Accounts is an important metric to measure the size of our engaged user base, the attractiveness and usability of our operating system, and subsequent monetization opportunities to increase our Platform+ net revenue.
- **Total VIZIO Hours.** We define Total VIZIO Hours as the aggregate amount of time users spend utilizing our Smart TVs in any capacity. We believe this usage metric is critical to understanding our total potential monetization opportunities.
- **SmartCast Hours.** We define SmartCast Hours as the aggregate amount of time viewers engage with our SmartCast platform to stream content or access other applications. This metric reflects the size of the audience engaged with our operating system as well as indicates the growth and awareness of our platform. It is also a measure of the success of our offerings in addressing increased user demand for OTT streaming. Greater user engagement translates into increased revenue opportunities as we earn a significant portion of our Platform+ net revenue through advertising, which is influenced by the amount of time users spend on our platform.

Key Operational and Financial Metrics

- **SmartCast ARPU.** We define SmartCast ARPU as total Platform+ net revenue, less revenue attributable to legacy VIZIO V.I.A. Plus units, during the preceding four quarters divided by the average of (i) the number of SmartCast Active Accounts at the end of the current period; and (ii) the number of SmartCast Active Accounts at the end of the corresponding prior year period. SmartCast ARPU indicates the level at which we are monetizing our SmartCast Active Account user base. Growth in SmartCast ARPU is driven significantly by our ability to add users to our platform and our ability to monetize those users.
- **Device gross profit.** We define Device gross profit as Device net revenue less Device cost of goods sold in a given period. Device gross profit is directly influenced by consumer demand, device offerings, and our ability to maintain a cost-efficient supply chain.
- **Platform+ gross profit.** We define Platform+ gross profit as Platform+ net revenue less Platform+ cost of goods sold in a given period. As we continue to grow and scale our business, we expect Platform+ gross profit to increase over the long term.



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THANK YOU