

Financial Results and Outlook
Q1'23 Earnings Call

VIZIO



Non-GAAP Financial Measures and Operational Metrics

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 loss before interest income, net, other income, net, benefit from 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 loss 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 condensed 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 loss. We compensate for these limitations by providing a reconciliation of Adjusted EBITDA to net loss. We encourage investors and others not to rely on any single financial measure and to view Adjusted EBITDA in conjunction with net loss.

The metrics included in this presentation, including the key operational financial metrics defined on slide 19, as well as direct client advertising relationships and net new advertisers, are not based on any standardized industry methodology and are not necessarily calculated in the same manner or comparable to similarly titled measures presented by other companies. Similarly, these metrics may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology. The numbers that we use to calculate these metrics are based on internal data. While these numbers are based on what we believe to be reasonable judgments and estimates for the applicable period of measurement, there are inherent challenges in measuring usage and engagement. We regularly review and may adjust our processes for calculating our internal metrics to improve their accuracy.

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 and our expectations regarding advertising sales, including Upfront advertising commitments, which represent advertisers' indication of expected advertising spend made to us during 2022, but are not fully binding commitments and may differ from the amount of advertising revenue actually received. 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 we cannot adapt to market conditions and technological developments, including with respect to our platform's compatibility with applications developed by content providers; and an economic downturn or economic uncertainty adversely affects consumer discretionary spending and advertising. 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 Annual Report on Form 10-K for the year ended December 31, 2022, as filed on March 1, 2023. Additional information will also be set forth in our Quarterly Report on Form 10-Q for the three months ended March 31, 2023. 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.



Financial Highlights

First Quarter 2023 Highlights

(comparison to first quarter 2022)

- Net revenue of \$357 million, compared to \$485 million
- Platform+ net revenue of \$126 million, up 22%
- Gross profit of \$75 million, up 4%
- Platform+ gross profit of \$74 million, up 14%
- Net loss of \$1 million, compared to net loss of \$11 million
- Adjusted EBITDA¹ of \$7 million, up 52%

First Quarter Results Exceeding Guidance

(\$ in millions)

	<u>Q1'23</u>	<u>Guidance</u>
Platform+ Net Revenue	\$126	\$114 - \$119
Platform+ Gross Profit	\$74	\$66 - \$70
Adjusted EBITDA ¹	\$7	\$0 - \$5

¹ Non-GAAP financial measure, see reconciliation to net loss on slide 18.

First Quarter 2023 Financial Results

\$ in millions, unaudited

	Three Months Ended March 31,			
	2023	2022	\$ Change	% Change
Net Revenue				
Device	\$ 231	\$ 383	\$ (152)	-40%
Platform+	126	103	23	22%
Total Net Revenue	357	485	(129)	-27%
Gross Profit				
Device	2	8	(6)	-80%
Platform+	74	65	9	14%
Total Gross Profit	75	73	3	4%
Operating Expenses ¹	79	86	(7)	-8%
Net Loss	\$ (1)	\$ (11)	\$ 10	NM
Adjusted EBITDA ²	\$ 7	\$ 4	\$ 2	52%

¹ 2023 first quarter operating expenses include share-based compensation of \$7.6 million.
² 2022 first quarter operating expenses include share-based compensation of \$16.2 million.

² Non-GAAP financial measure, see reconciliation to net loss on slide 18.

NM-Not Meaningful





Quarterly Highlights

Q1'23 Quarterly Highlights

- Reached 17.5 million SmartCast Active Accounts, which streamed 4.9 billion Hours
- Increased average SmartCast Hours per SmartCast Active Account to 93 per month, up 5% YoY
- Partnered with Amazon, Best Buy, Costco, Sam's Club, Target, and Walmart.com on exclusive Super Bowl and Presidents' Day offers
- Expanded our direct advertising client relationships by 77% compared to Q1'22, adding 148 net new advertisers in Q1'23¹
- Launched a suite of new features, including on-screen navigation shortcuts and an improved mobile app
- Honored with an Emmy Award for Technology and Engineering around our innovative use of ACR technology
- Launched 23 apps including SiriusXM, OWN, Animal Planet, Destination America, and Travel Channel Go
- Added 23 WatchFree+ channels including Tastemade Home, Afroland TV, Portlandia, and MSG Sports Zone




¹ Direct advertising relationships includes the number of advertisers that purchased advertising inventory directly from VIZIO during the first quarter. Net new advertisers for the quarter is calculated as the difference between the number of direct advertising relationships during the first quarter of 2023 versus the first quarter of 2022.

Developing Our Base of Advertising Partners

VIZIO Ads

Automotive



KIA, LEXUS, NISSAN, gm, HYUNDAI, Toyota

Banking & Finance



chime, intuit turbotax, Goldman Sachs, WELLS FARGO, Vanguard, SoFi, Greenlight

CPG



scJohnson, THE J.M. SMUCKER Co, Crest, Constellation Brands, BLUETRITON, McCormick

Entertainment



hulu, bravo, discovery+, Paramount+, Disney+, AppleTV+, AMC NETWORKS

Insurance



COLONIAL PENN., USAA, StateFarm, Liberty Mutual INSURANCE, American Home Shield, PROGRESSIVE

Pharma



Pfizer, gsk, Incyte, VICKS, Bristol Myers Squibb

Quick Serve Restaurants



BURGER KING, Pollo Loco, SONIC, McDonald's, DQ, SUBWAY

Retail



Walgreens, LOWE'S, IKEA, Walmart, L'ORÉAL, THE HOME DEPOT

Telecommunications



AT&T, verizon, RedPocket, boostmobile

Travel



airbnb, visit California, NCL NORWEGIAN CRUISE LINE, The Florida Keys & Key West, Booking.com

Select High Impact Sponsorships On The Biggest Screen In The House



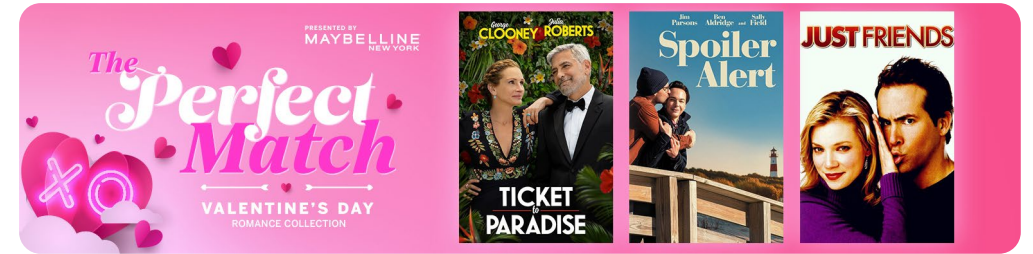
Theraflu - Black History Month



Turbo Tax - Game Day Hub



Progressive - Sports Mania



Maybelline – Valentine's Day Hub



BetMGM – 3 Pointers Mini-Series

Like Cable TV. But Streaming... and Free



#2 Most watched free ad-supported app

- **Upgraded** design
- **260+** FAST channels
- **New** electronic programming guide
- **6,000+** AVOD titles
- **Faster** navigation
- **Data-driven** programming
- **Improved** personalization features





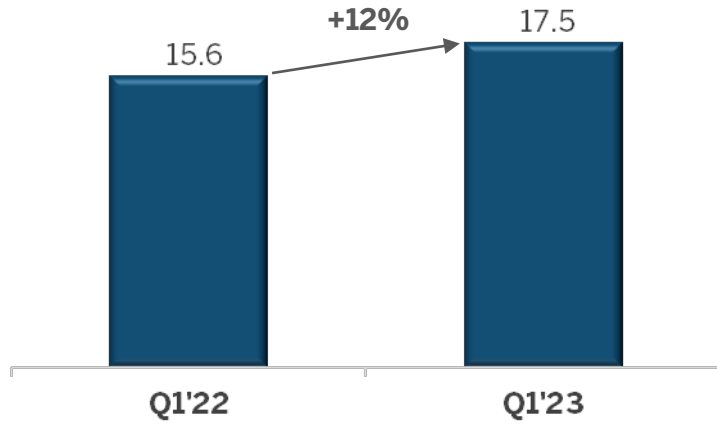
Operating Metrics

First Quarter 2023 Platform+ Metrics

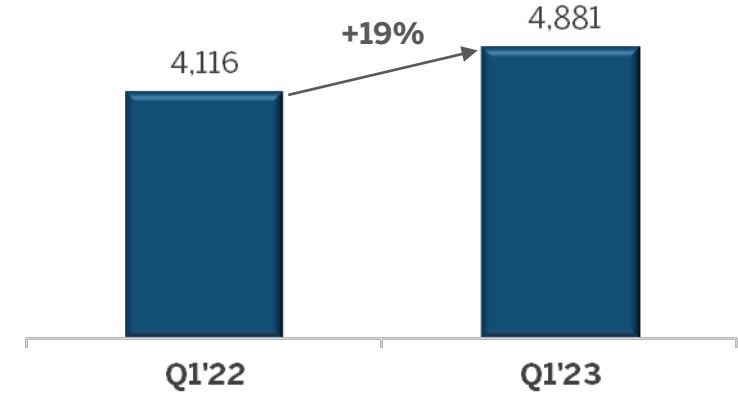
In millions, except ARPU

SmartCast Active Accounts

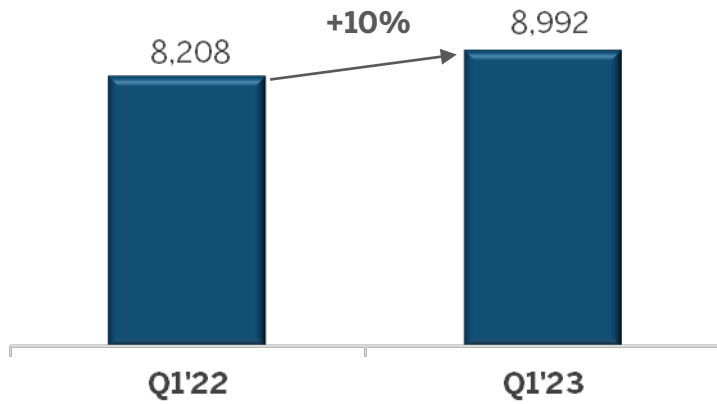
(as of 03/31)



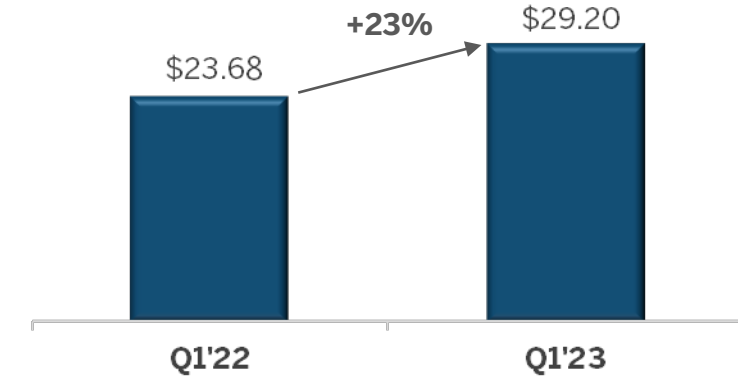
SmartCast Hours



Total VIZIO Hours



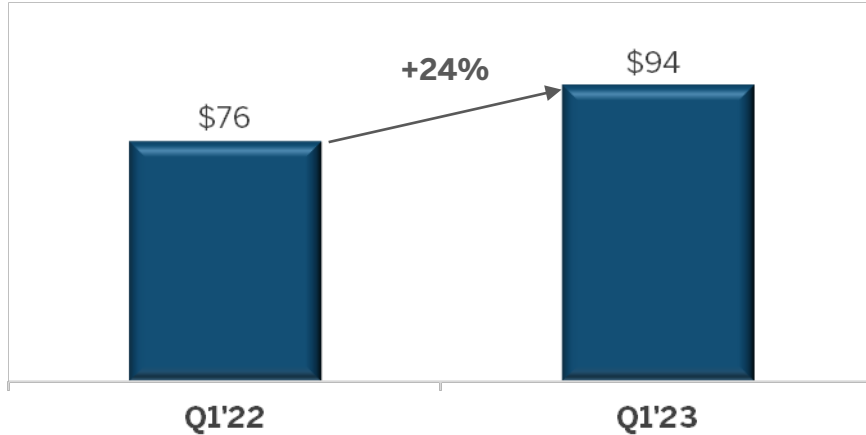
SmartCast ARPU



First Quarter 2023 Financial Highlights – Platform+

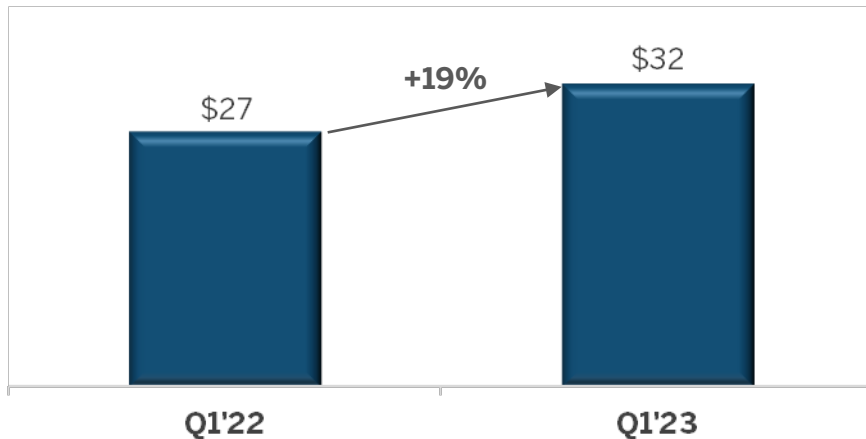
\$ in millions

Advertising Revenue



- First quarter advertising revenue up 24%
- Growth driven by strong demand for video inventory
- For the quarter, advertising revenue represented 75% of total Platform+ net revenue

Non-Advertising Revenue



- First quarter non-advertising revenue up 19%
- Strong growth in both data licensing and content distribution revenue



Financial Outlook

Expected Outlook

\$ in millions

	Second Quarter 2023
Platform+ Net Revenue	<u>\$133 - \$137</u>
Platform+ Gross Profit	\$78 - \$83
Adjusted EBITDA	\$6 - \$11

Platform+

- Revenue growth of 22% with gross profit margin of 60% at midpoint of range
- Expected accelerated growth in advertising revenue

Appendix

VIZIO

Reconciliation of Net Loss to Adjusted EBITDA

\$ in millions, unaudited

	Three Months Ended March 31,	
	2023	2022 ¹
Net loss	\$ (1)	\$ (11)
Adjusted to exclude the following:		
Interest income, net	(2)	-
Other income, net	-	-
Benefit from income taxes	-	(2)
Depreciation and amortization	2	1
Share-based compensation	8	17
Adjusted EBITDA	\$ 7	\$ 4

¹ Subtotals may not add due to rounding.

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 shipments 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 on which 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 and 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.
- **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.



VIZIO
Thank You