



VIZIO

Financial Results and Outlook Q2'23 Earnings Call

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

The metrics included in this presentation, including the key operational financial metrics defined on slide 20, 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 the amount of advertising spend we expect to realize from our advertising relationships and partners. 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, and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, as filed on May 9, 2023. Additional information will be available in our Quarterly Report on Form 10-Q for the three and six months ended June 30, 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

Second Quarter 2023 Highlights

(comparison to second quarter 2022)

- Net revenue of \$394 million, compared to \$409 million
- Platform+ net revenue of \$142 million, up 28%
- Gross profit of \$86 million, up 17%
- Platform+ gross profit of \$86 million, up 23%
- Net income of \$2 million, compared to \$2 million
- Adjusted EBITDA¹ of \$18 million, up 59%

Second Quarter Results Exceeded Guidance

(\$ in millions)

	Q2'23	Guidance
Platform+ Net Revenue	\$142	\$133 - \$137
Platform+ Gross Profit	\$86	\$78 - \$83
Adjusted EBITDA ¹	\$18	\$6 - \$11

¹ Non-GAAP financial measure, see reconciliation to net income on slide 19.

Second Quarter 2023 Financial Results

\$ in millions, unaudited

	Three Months Ended June 30,			
	2023	2022	Change	
			\$	%
Net Revenue				
Device	\$ 252	\$ 298	\$ (46)	-15%
Platform+	142	111	31	28%
Total Net Revenue	394	409	(14)	-4%
Gross Profit				
Device	0	4	(4)	-93%
Platform+	86	70	16	23%
Total Gross Profit	86	74	12	17%
Operating Expenses ¹	80	70	10	14%
Net Income	\$ 2	\$ 2	\$ (0)	-17%
Adjusted EBITDA ²	\$ 18	\$ 11	\$ 7	59%



¹ 2023 second quarter operating expenses include share-based compensation of \$9.3 million.

2022 second quarter operating expenses include share-based compensation of \$6.2 million.

² Non-GAAP financial measure, see reconciliation to net income on slide 19.

Quarterly Highlights



Q2'23 Quarterly Highlights

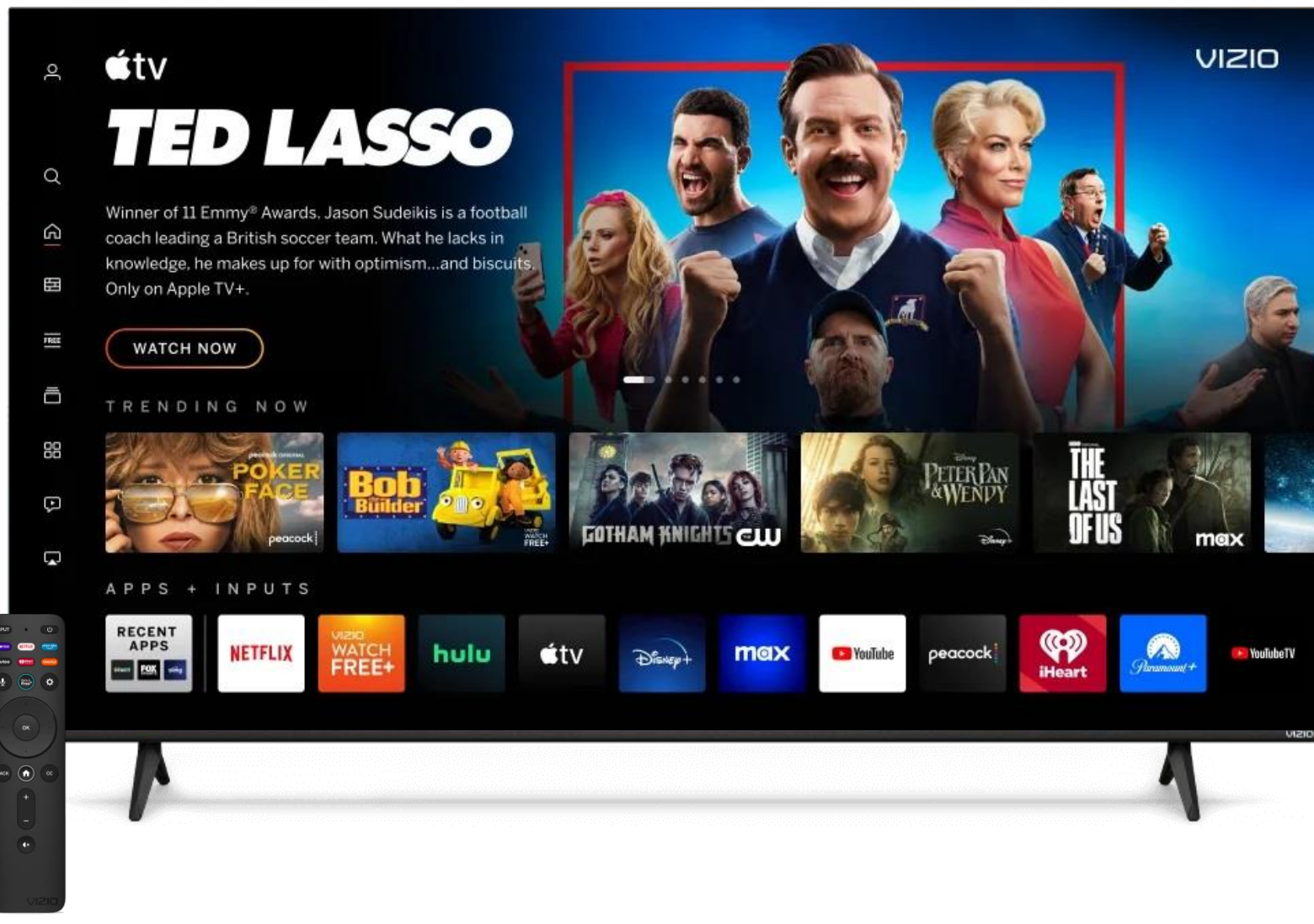
- Reached 17.6 million SmartCast Active Accounts, which streamed 5.0 billion hours
- Top 4 bestselling TVs in market during Q2, with our 50" being the #1 4K TV and our 65" being the #1 extra-large TV ¹
- Unveiled a reimagined home screen experience, creating a more engaging way for consumers to discover and stream content
- Grew average SmartCast Hours per SmartCast Active Account to 94 per month, up 5% YoY
- Debuted *Clean Break*, a new series from our branded content studio, to deliver exclusive brand sponsored content to viewers
- Expanded our direct advertising client relationships by 25% compared to Q2'22, adding 80 net new advertisers in Q2'23 ²
- Launched Peacock Preview, a WatchFree+ channel that offers consumers access to premium content and a seamless way to engage with the Peacock streaming app
- Added WatchFree+ channels including a new local channel category collection, Project Runway and Family Feud Classic, bringing the total number of FAST channels to over 290
- Launched 9 new apps including Weather Channel, QVC/HSN, Wild Earth, and Power Nation, bringing the total number of built-in apps to over 170



¹ Circana/Retail Tracking Service, U.S., based on unit sales, extra-large defined as 65 inches and larger, April-June 2023.

² Direct advertising relationships consists of the number of advertisers that purchased advertising inventory directly from VIZIO during the second quarter. Net new advertisers for the quarter is calculated as the difference between the number of direct advertising relationships during the second quarter of 2023 versus the second quarter of 2022.

A Reimagined Home Screen For Easy Streaming



Intuitive Design

Revamped menus, settings, and navigation features make browsing easier than ever, and a redesigned virtual keyboard and genre pages improve the ease and speed of searching for content

Seamless Content Discovery

Easily find your next favorite movie or show right from the Home Screen, with built-in recommendations

Customization

Personalize the App Row with your favorites, and centralize movies and shows from different apps in one place with My Watchlist

Broadening Our Base of Advertising Partners

VIZIO Ads

Automotive		Banking & Finance		CPG		Entertainment		Gaming	
Pharma		Quick Serve Restaurants		Retail		Technology		Travel	

Select High Impact Sponsorships On The Biggest Screen In The House



Ashley Furniture – Memorial Day Weekend Collection



Heinz – Can't Get Enough Collection



Subway – VIZIO's Fork and Flight



Viator – What's Hot Collection



Tropical Smoothie Café – Awards Lounge

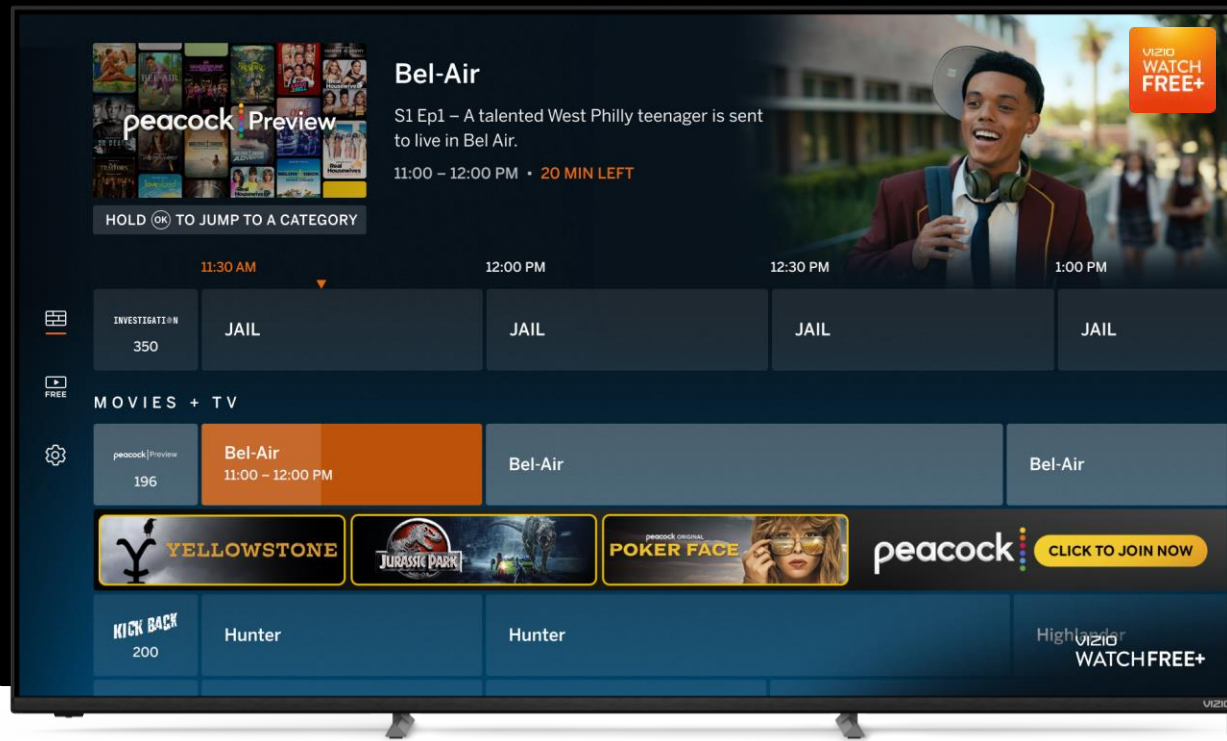
Helping Premium Content Partners Drive Engagement



Unveiled an exclusive Peacock Preview experience, offering episodes of popular titles from NBCUniversal on our streaming app, WatchFree+

Content Connections

Introduced Content Connections, a new interactive feature that offers users a seamless way to move between WatchFree+ and popular subscription services





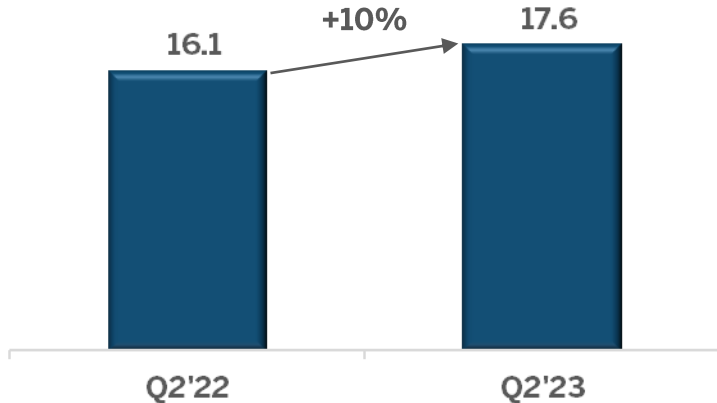
Operating Metrics

Second Quarter 2023 Platform+ Metrics

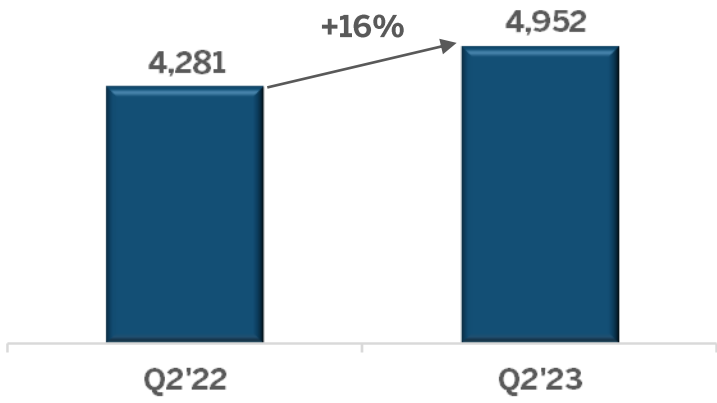
In millions, except ARPU

SmartCast Active Accounts

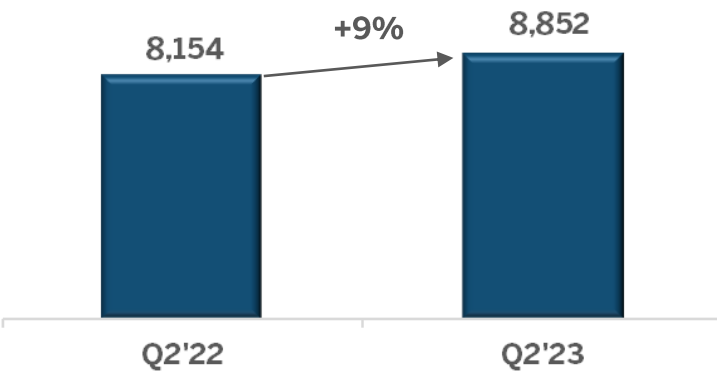
(as of 06/30)



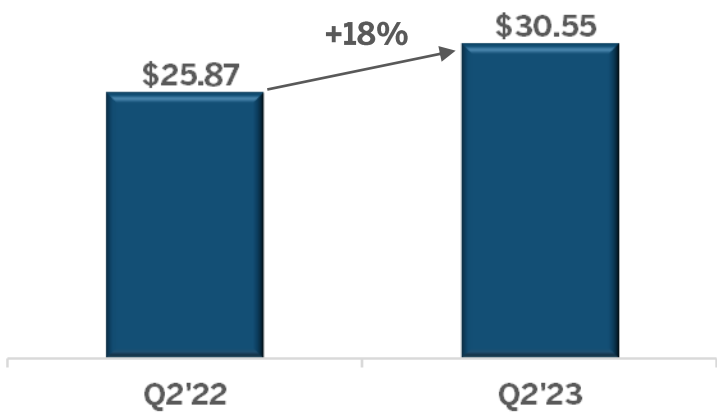
SmartCast Hours



Total VIZIO Hours



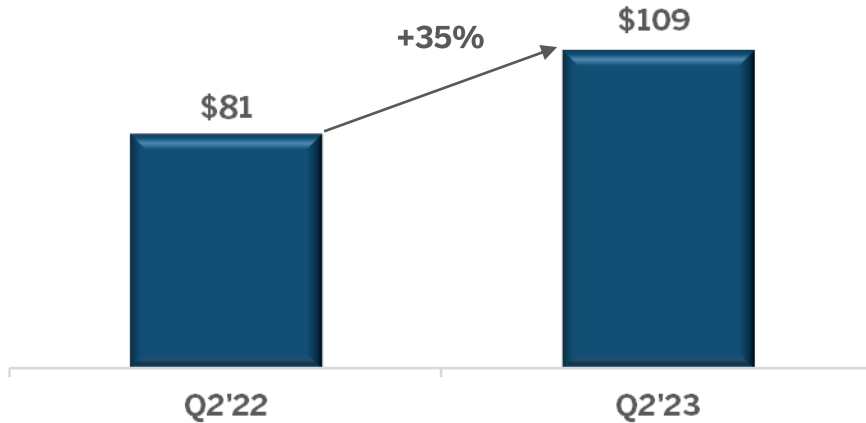
SmartCast ARPU



Second Quarter 2023 Financial Highlights – Platform+

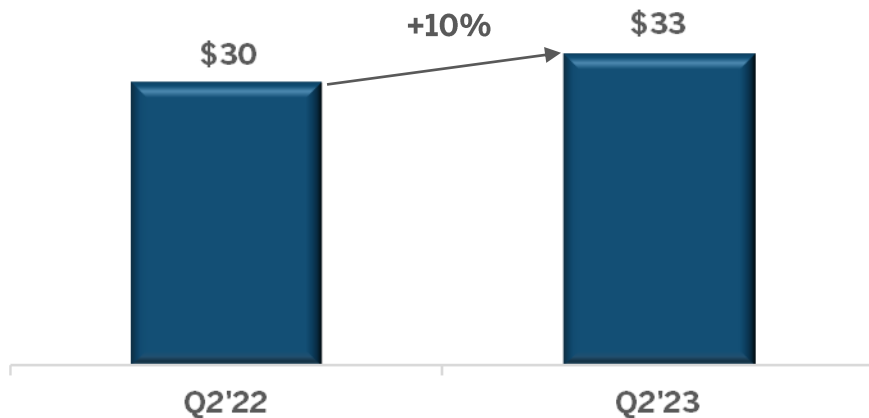
\$ in millions

Advertising Revenue



- Second quarter advertising revenue up 35%
- Growth driven by higher engagement and a growing advertiser base
- Continued to broaden our base of advertisers
- For the quarter, advertising revenue represented 77% of total Platform+ net revenue

Non-Advertising Revenue



- Second quarter non-advertising revenue up 10%
- Strong growth in both data licensing and content distribution revenue



Financial Outlook

Expected Outlook

\$ in millions

	Third Quarter 2023
Platform+ Net Revenue	\$153 - \$157
Platform+ Gross Profit	\$93 - \$96
Adjusted EBITDA	\$10 - \$15

Platform+

- Revenue growth of 21% with gross profit margin of 61% at midpoint of range
- Expected double-digit growth in both advertising and non-advertising revenue



Appendix

Reconciliation of Net Income to Adjusted EBITDA

\$ in millions, unaudited

	Three Months Ended June 30,	
	2023 ¹	2022
Net Income	\$ 2	\$ 2
Adjusted to exclude the following:		
Interest income, net	(3)	-
Other income, net	-	1
Provision for income taxes	8	1
Depreciation and amortization	2	1
Share-based compensation	10	6
Adjusted EBITDA	\$ 18	\$ 11

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

