



VIZIO

Financial Results and Outlook Q3'21 Earnings Call



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 (expense), 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 (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 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).

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 expectations regarding advertising spend commitments. 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. 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 25, 2021, and in our Quarterly Reports on Form 10-Q filed on May 12, 2021 and August 5, 2021, and our Quarterly Report on Form 10-Q that will be filed following this presentation. 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.

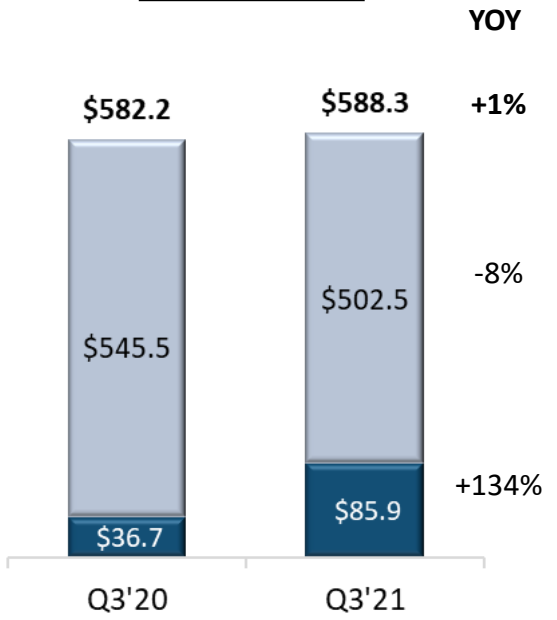
Financial Highlights

Third Quarter 2021 Financial Highlights

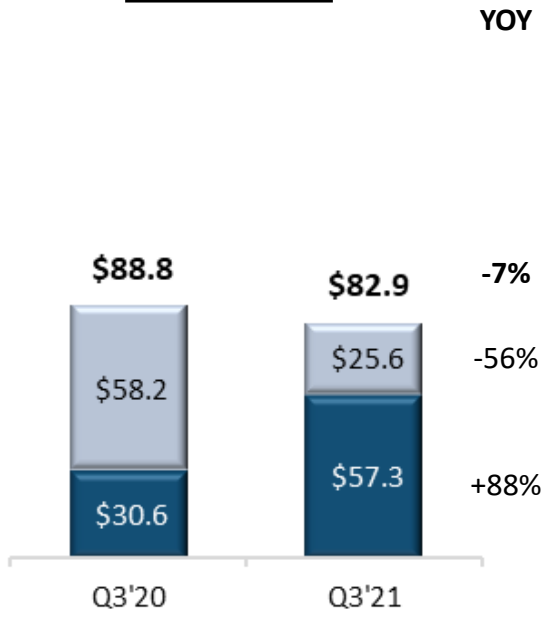
\$ in millions, unaudited

■ Platform+ ■ Device ■ Total Company

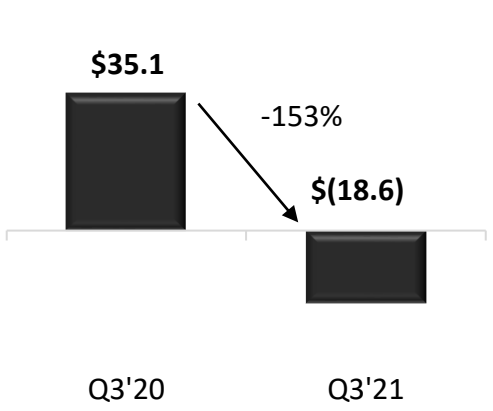
Net Revenue



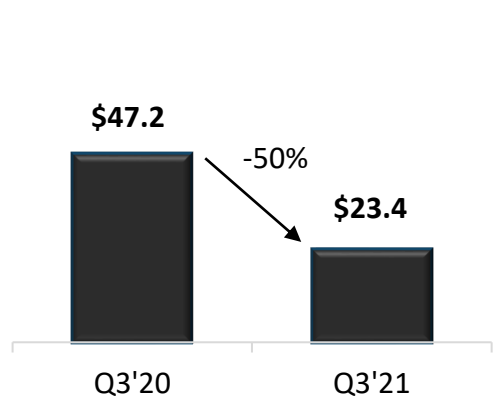
Gross Profit



Net (Loss)/Income



Adjusted EBITDA ¹



¹ Non-GAAP financial measure, see reconciliation to net income on slide 20

Third Quarter 2021 Financial Results

\$ in millions, unaudited

| | Three Months Ended September 30, | | | |
|-------------------------------------|----------------------------------|----------------|------------------|--------------|
| | 2021 | 2020 | Change | |
| | | | \$ | % |
| Revenue | | | | |
| Device | \$ 502.5 | \$ 545.5 | \$ (43.1) | -8% |
| Platform+ | 85.9 | 36.7 | 49.2 | 134% |
| Net Revenue | 588.3 | 582.2 | 6.1 | 1% |
| Gross Profit | | | | |
| Device | 25.6 | 58.2 | -32.6 | -56% |
| Platform+ | 57.3 | 30.6 | 26.7 | 88% |
| Total Gross Profit | 82.9 | 88.8 | -5.9 | -7% |
| Operating Expenses | 97.5 | 43.4 | 54.1 | 125% |
| Net (Loss) Income | \$ (18.6) | \$ 35.1 | \$ (53.6) | -153% |
| Adjusted EBITDA ¹ | \$ 23.4 | \$ 47.2 | \$ (23.8) | -50% |



¹ Non-GAAP financial measure, see reconciliation to net income on slide 20

A person with curly hair, wearing a light blue t-shirt and blue pants, is sitting on the edge of a bed in a bedroom. They are looking at a large television set on a desk. The TV screen displays a vibrant, colorful scene with a character and a large circular structure. The room is dimly lit, with light coming from a window in the background. To the left, there is a white shelving unit with books and decorative items. A guitar is visible on the right side of the room. The text "Device Highlights" is overlaid in the center of the image.

Device Highlights

Q3'21 Device Highlights

- #2 bestselling TV brand in the US¹
- #1 bestselling sound bar brand in the US²
- Increased premium (M Series, P Series and OLED) units shipped by 107% quarter-over-quarter
- Achieved multiple product awards across our premium TV lineup from Reviewed.com, TechHive and Wired
- Expanded number of gaming certified TVs sold



¹ The NPD Group, Inc., U.S. Retail Tracking Service, Jan. 2021 - Sep. 2021 combined.

² The NPD Group, Inc., U.S. Retail Tracking Service, Jan. 2021 - Sep. 2021 combined.

Recent Awards & Accolades

TV



D-Series



*



M-Series

*



PQ9-Series

*



*



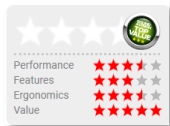
PQX-Series



OLED



Audio



V-Series 2.1d

*



V-Series 2.1x

*



V-Series 5.1x



*



M-Series 5.1.2



M-Series 5.1ax



*



Elevate



*Q3 awards

Platform+ Highlights



Q3'21 Platform+ Highlights

- Successfully closed 2022 upfront negotiations and secured brand and agency advertising commitments in excess of \$100 million, a fourfold increase over 2021
- Increased our direct advertising client base by over 50% and increased our average revenue per advertiser by over 200%
- Expanded our app partnerships to include HBO Max, fuboTV, BET+, PBS, and Funimation
- Launched WatchFree+, our updated free, ad-supported streaming service with greater ad inventory control
- Released VIZIO Features, our data-driven sponsorship offering that leverages our first party viewership data



VIZIO Features

VIZIO Features is a data-driven sponsorship offering that leverages our first party viewership data (Inscope) and our home screen targeting capabilities to deliver personalized ad experiences within exclusive content on our TVs

Current Feature Channels



Coming Soon



TOP 10

Fork and Flight & Investigation are among the top 10 most watched channels on WatchFree+



Additional monetization around sponsorship opportunities



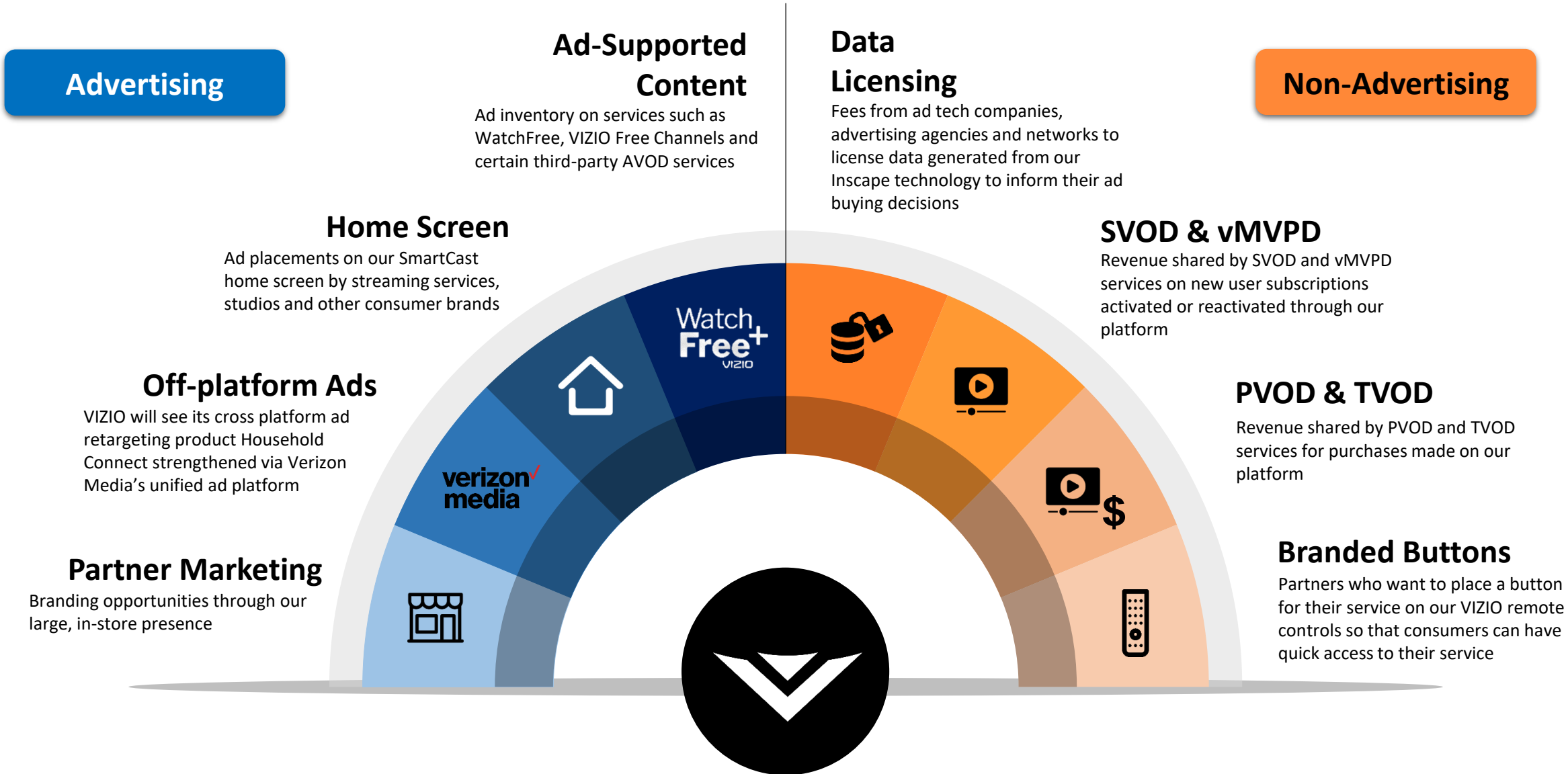
Home screen discovery of VIZIO Features



Ability to promote seasonal content around holidays



Wide Array of Monetization

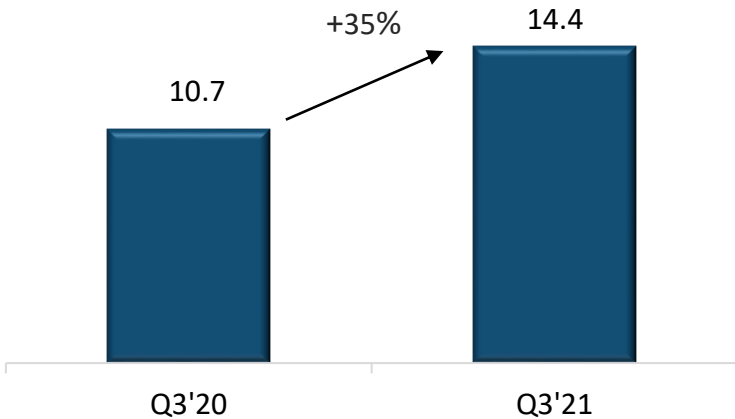


Metrics

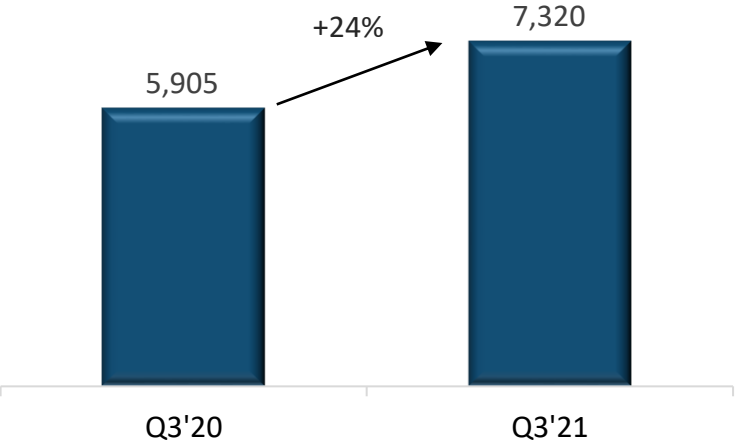
Third Quarter 2021 Financial Highlights – Platform+

Active Accounts and Hours in millions

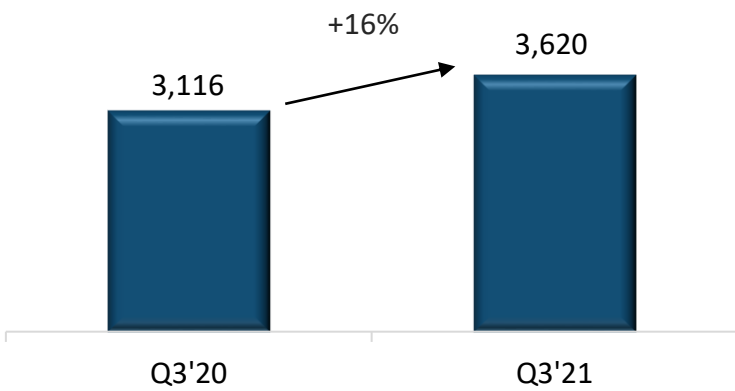
SmartCast Active Accounts



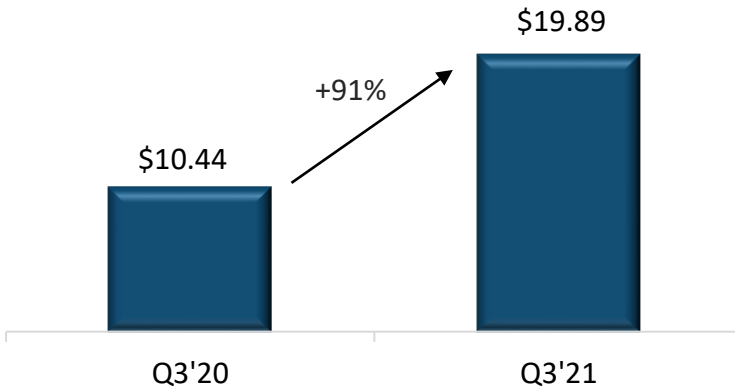
Total VIZIO Hours



SmartCast Hours

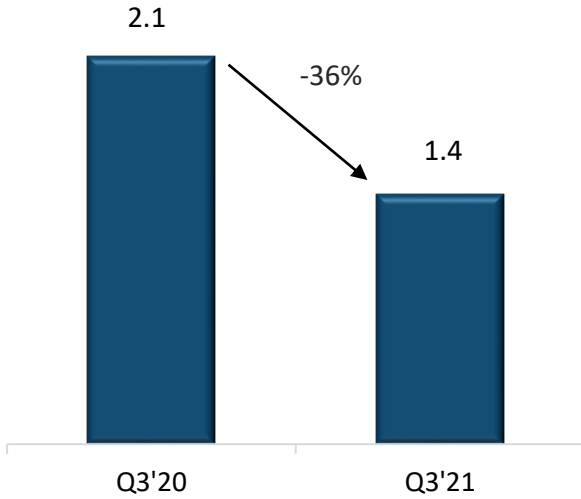


ARPU

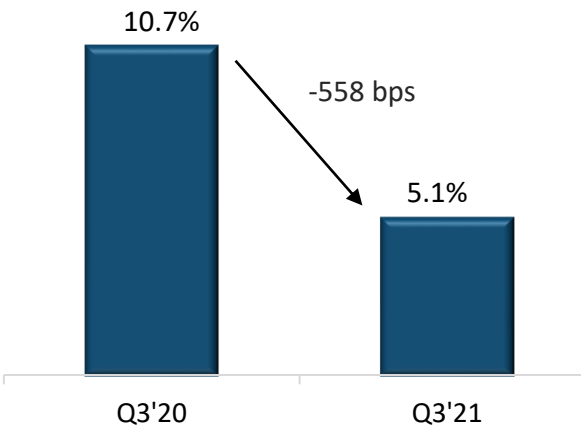
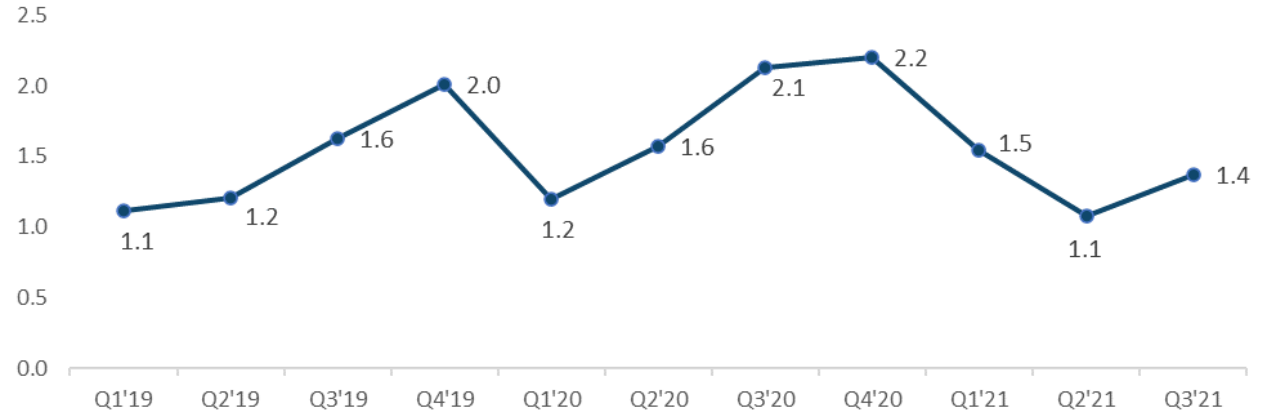


Third Quarter 2021 Financial Highlights – Device

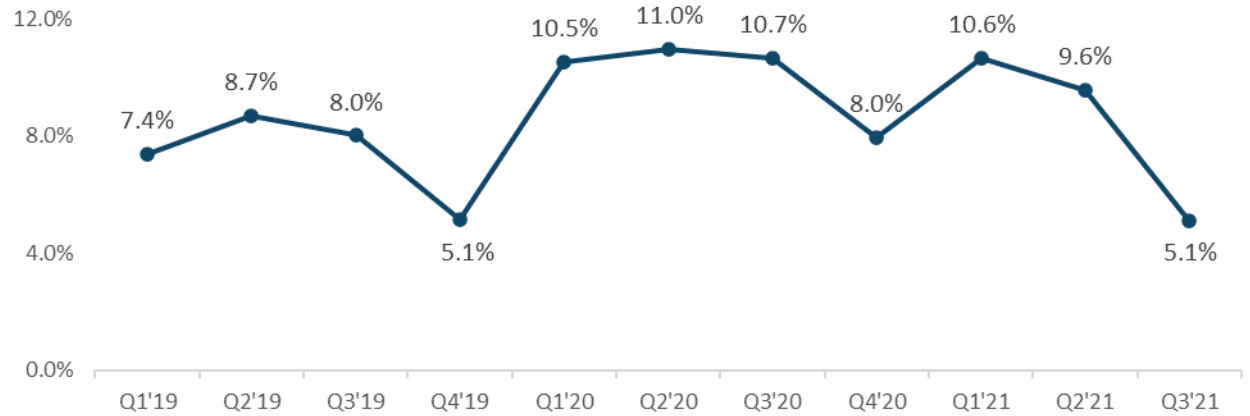
Shipments in millions



Smart TV Shipments



Device Gross Margin





Financial Outlook

Expected Outlook

\$ in millions

| | Fourth Quarter 2021 |
|------------------------|---------------------------|
| Platform+ Net Revenue | \$100 - \$110 |
| Platform+ Gross Profit | \$65 - \$70 |
| Adjusted EBITDA | \$7 - \$12 |

Platform+

- Continued strong growth in Platform+ revenue as we expand our relationships with media networks and advertising agencies
- Gross profit margin of mid-60% at the midpoint

Device

- We expect to see sequential growth in shipments continue in Q4 as we replenish channel inventory and benefit from holiday seasonality
- Gross margins of low single digits over the coming quarters to drive unit sales, active account growth and engagement on Platform+

Reconciliation of Net (Loss) Income to Adjusted EBITDA

| | Three Months Ended September 30, | |
|-----------------------------------|-------------------------------------|---------|
| | 2021 | 2020 |
| Net (Loss) Income | \$ (18.6) | \$ 35.1 |
| Adjusted to exclude the following | | |
| Interest income | (0.1) | 0.4 |
| Other expense (income), net | 0.0 | (0.1) |
| Provision for income taxes | 4.1 | 10.1 |
| Depreciation and amortization | 0.7 | 0.5 |
| Share-based compensation | 37.3 | 1.3 |
| Adjusted EBITDA | \$ 23.4 | \$ 47.2 |

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.
- **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