



# VIZIO



## Financial Results and Outlook Q3'22 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 (loss) before interest income, net, other income (expense), 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 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).

# 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 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 sell 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; 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 press release 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, 2021, as filed on March 10, 2022, and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, as filed on May 12, 2022, and for the quarter ended June 30, 2022, as filed on August 10, 2022. Additional information will be available in our Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2022. The forward-looking statements in this press release 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.

A living room decorated for Christmas. A large, wrapped Vizio television box is the central focus, featuring a red bow and the Vizio logo. The box is surrounded by several smaller wrapped gifts. In the background, a Christmas tree is decorated with white ornaments and garlands. A wreath hangs on the wall, and a large potted plant is visible near a window with a decorative string. A white sofa is partially visible on the right.

# Financial Highlights

## Third Quarter 2022 Highlights

(comparison to third quarter 2021)

- Net revenue of \$435 million, compared to \$588 million
- Platform+ net revenue of \$128 million, up 49%
- Gross profit of \$80 million, compared to \$83 million
- Platform+ gross profit of \$79 million, up 38%
- Net income of \$2 million, compared to \$19 million net loss
- Adjusted EBITDA<sup>1</sup> of \$17 million, compared to \$23 million

## Third Quarter Results Exceeded Guidance

(\$ in millions)

	<u>Q3'22</u>	<u>Guidance</u>
Platform+ Net Revenue	\$128	\$120 - \$125
Platform+ Gross Profit	\$79	\$75 - \$78
Adjusted EBITDA <sup>1</sup>	\$17	\$8 - \$13

<sup>1</sup> Non-GAAP financial measure, see reconciliation to net income (loss) on slide 23.

# Third Quarter 2022 Financial Results

\$ in millions, unaudited

	Three Months Ended September 30,			
	2022	2021	\$ Change	% Change
<b>Net Revenue</b>				
Device	\$ 307	\$ 502	\$ (195)	-39%
Platform+	128	86	42	49%
<b>Total Net Revenue</b>	<b>435</b>	<b>588</b>	<b>(153)</b>	<b>-26%</b>
<b>Gross Profit</b>				
Device	1	26	(24)	-95%
Platform+	79	57	22	38%
<b>Total Gross Profit</b>	<b>80</b>	<b>83</b>	<b>(3)</b>	<b>-3%</b>
Operating Expenses <sup>1</sup>	75	97	(22)	-23%
<b>Net Income (Loss)</b>	<b>\$ 2</b>	<b>\$ (19)</b>	<b>\$ 21</b>	<b>NM</b>
<b>Adjusted EBITDA <sup>2</sup></b>	<b>\$ 17</b>	<b>\$ 23</b>	<b>\$ (7)</b>	<b>-29%</b>



<sup>1</sup> 2022 third quarter operating expenses include share-based compensation of \$11.1 million.

2021 third quarter operating expenses include share-based compensation of \$36.9 million.

<sup>2</sup> Non-GAAP financial measure, see reconciliation to net income (loss) on slide 23.

NM-Not meaningful



# Device Highlights

# Device Highlights

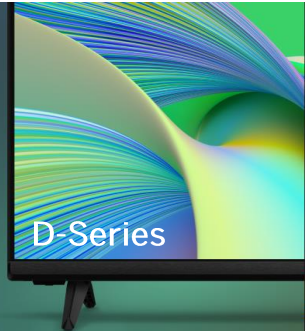
*comparison to third quarter 2021*

- #2 Smart TV brand during Q3'22<sup>1</sup>
- 40" D-Series model was the #1 bestselling TV<sup>1</sup>
- 50" V-Series model was the #2 bestselling TV<sup>1</sup>
- Announced the highly anticipated 2023 Smart TV and M-Series audio collection

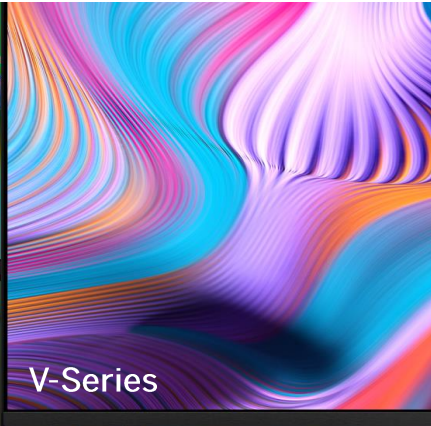


<sup>1</sup> The NPD Group/Retail Tracking Service, U.S., based on units, Jul. – Sept. 2022 combined.

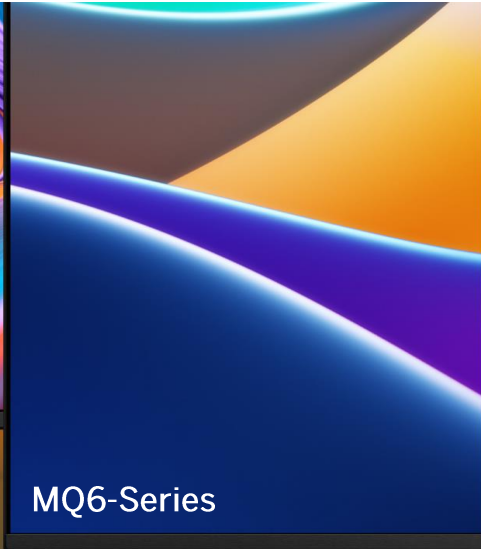




D-Series



V-Series



MQ6-Series



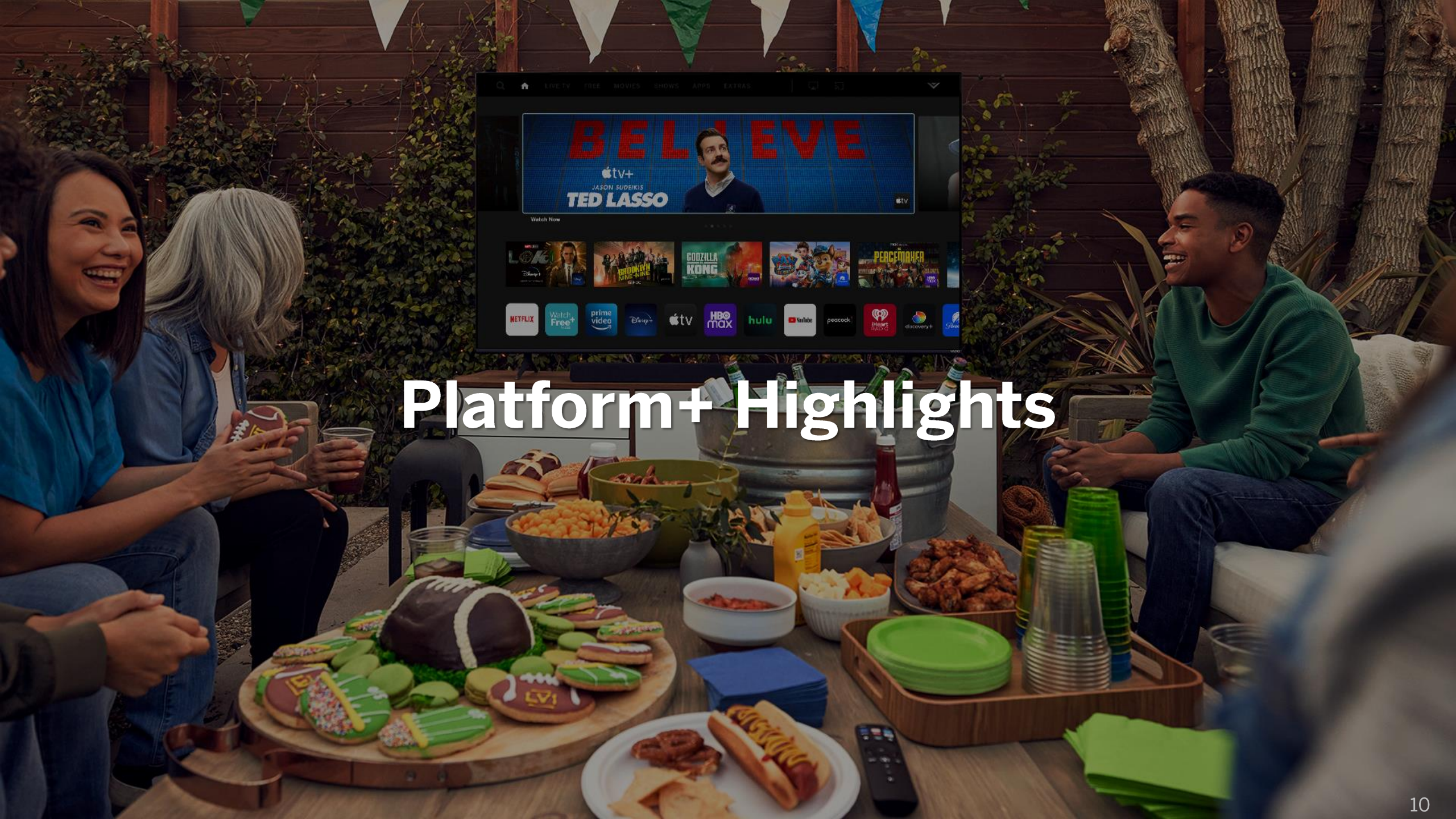
MQX-Series

### Select Retail Partners



### Recent Awards & Accolades





# Platform+ Highlights

# Platform+ Highlights

*comparison to third quarter 2021*

- Surpassed 16.6 million SmartCast Active Accounts streaming 4.2 billion SmartCast hours
- Expanded our direct advertising client relationships by 65%, adding 158 net new advertisers <sup>1</sup>
- Apps launched included Starz, Screambox, Baby Einstein, and Fandor
- WatchFree+ channels launched include Court TV, Haunt TV, ION, and DangerTV
- Launched VIZIO Account, allowing users to subscribe and manage streaming services directly on our platform
- Released a developer program, created to help developers and content distributors build apps and experiences for VIZIO Smart TVs



<sup>1</sup> Direct advertising relationships includes the number of advertisers that purchased advertising inventory directly from VIZIO during the third quarter. Net new advertisers for the quarter is calculated as the difference between the number of direct advertising relationships during the third quarter of 2022 versus the third quarter of 2021.

# Endless Entertainment Straight Out Of The Box

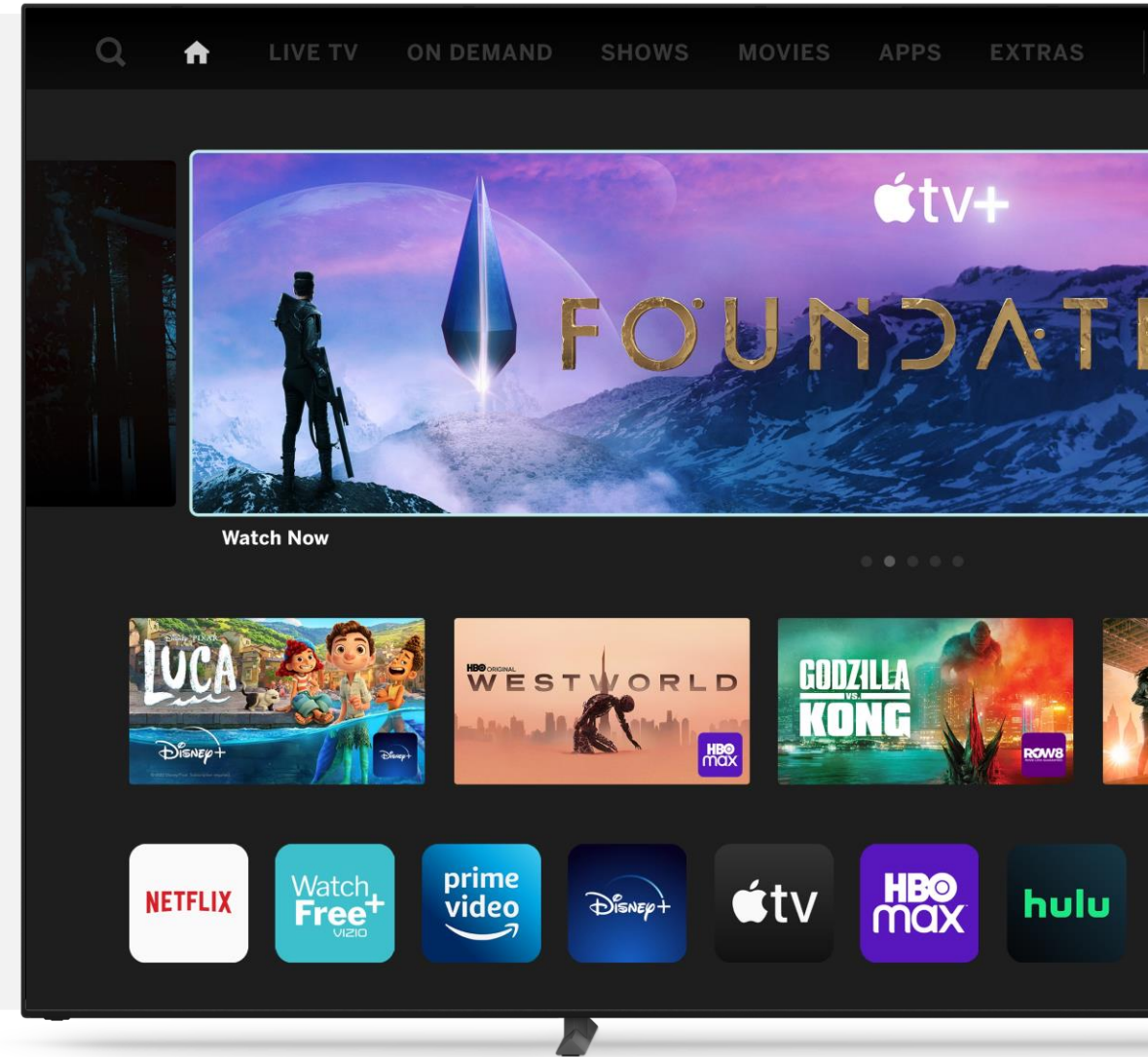
## Cable-like Experience with WatchFree+

- #2 Most Watched Free Ad-Supported App on SmartCast
- Hundreds of FAST Channels
- Thousands of Movie and TV Shows On-Demand

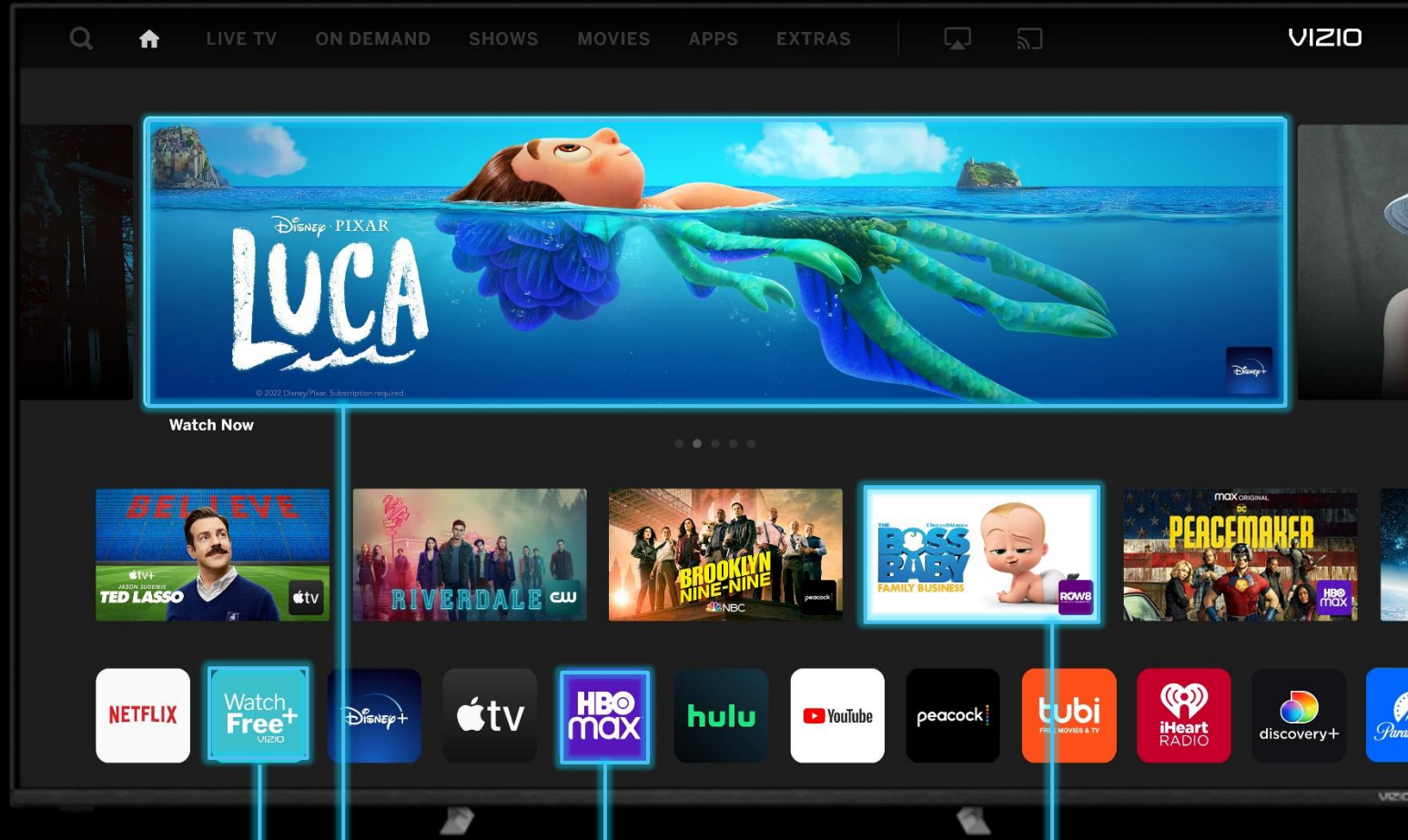


## America's Favorite Apps Built In

- Over 135 built-in popular streaming apps



# Powerful Home Screen Monetization



VIZIO's Cable-like Experience

Hero Banner

3rd Party App

Discover Banner

# Expanding Base of Advertising Partners

VIZIO Ads

**\$200M+**

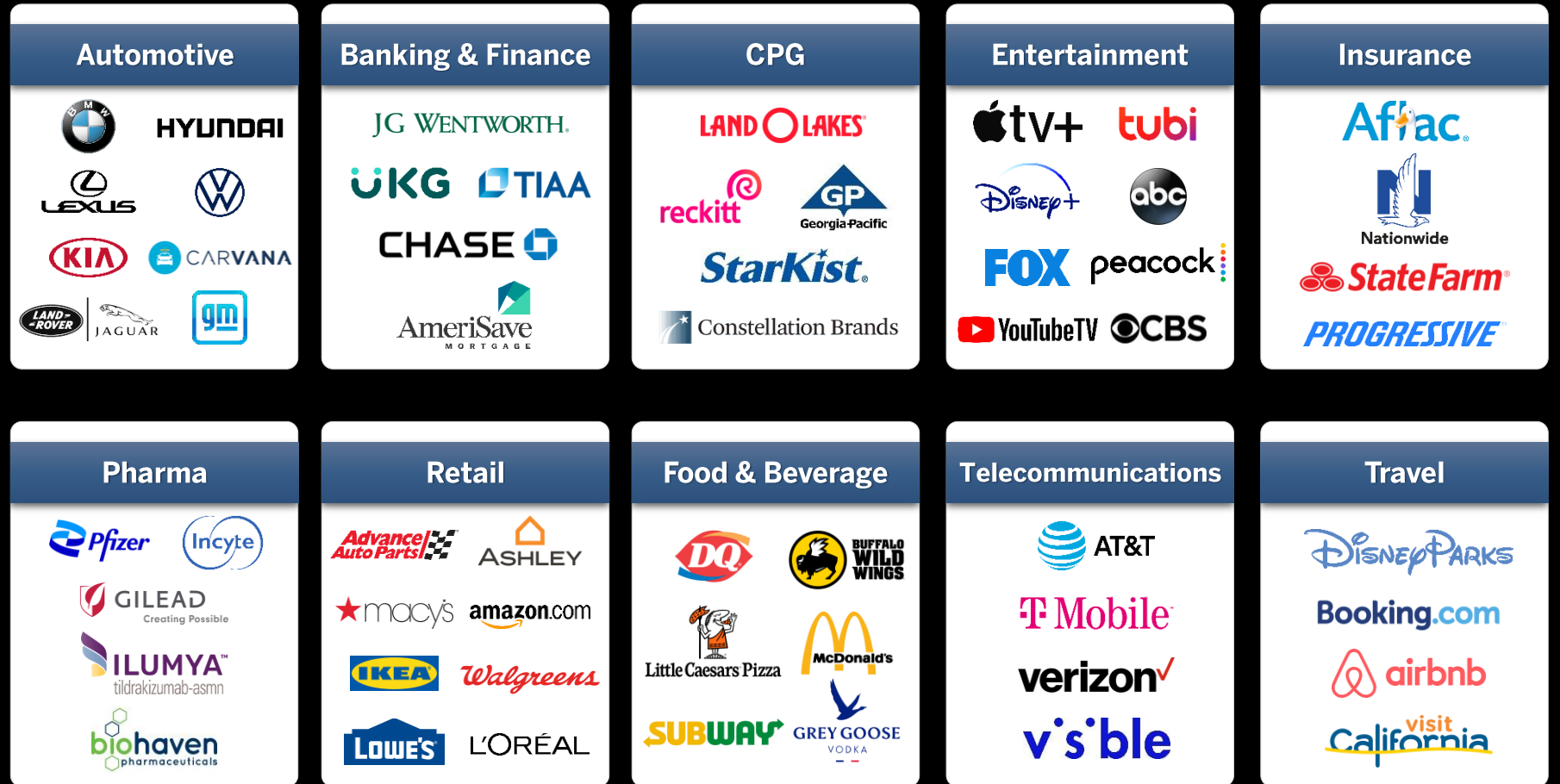
IN UPFRONT  
ADVERTISING  
COMMITMENTS

**65%**

INCREASE IN DIRECT  
CLIENT RELATIONSHIPS  
DURING Q3

**158**

NET NEW ADVERTISING  
PARTNERS ADDED  
DURING Q3



# High Impact Sponsorships On The Biggest Screen In The House



Collection Sponsorship (Chevy)



Movies Collection (Paramount+)



Collection Sponsorship (Prada)



What's Hot/Awards Lounge Collection (Chevy)



Curated Channel Sponsorship (Subway)



Hispanic Heritage Month

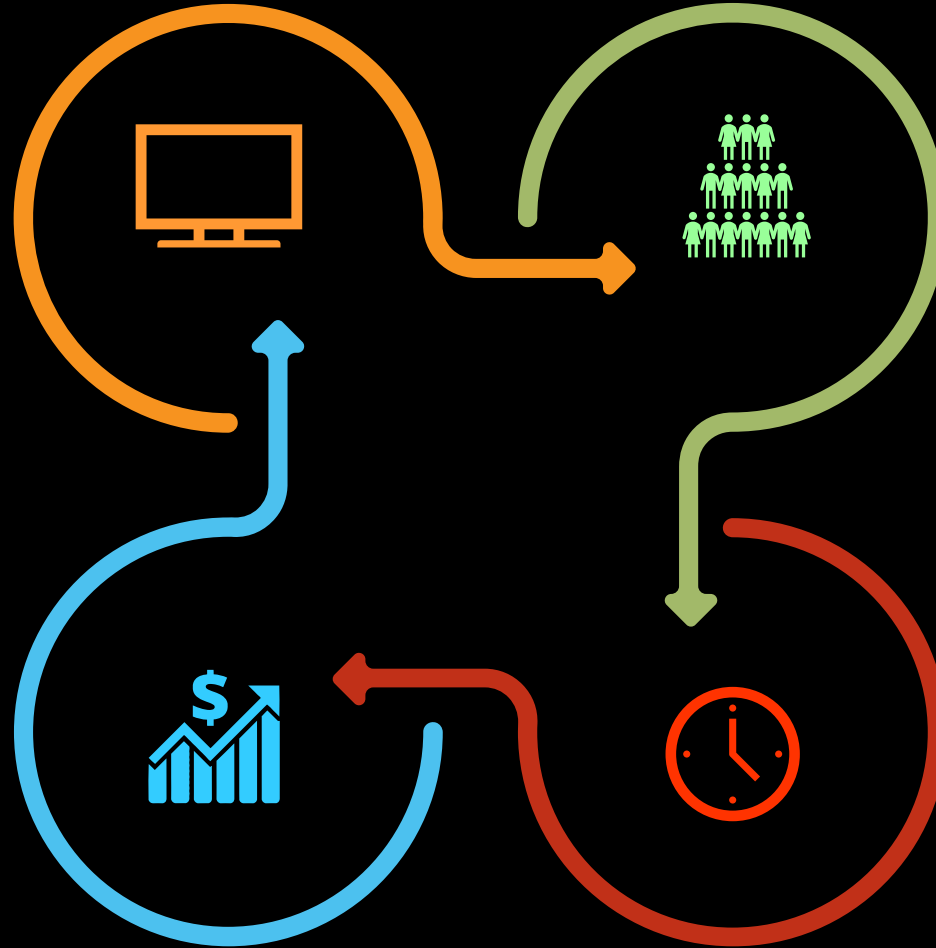
# How Our Integrated Offering Helps Reach Our Goals

## SELL MORE SMART TVS

- Business planning
- Innovative technology
- Competitive prices
- Efficient logistics

## INCREASE MONETIZATION

- Home screen & targeted ads
- Data licensing
- Ecommerce & subscription offerings
- Sponsored buttons



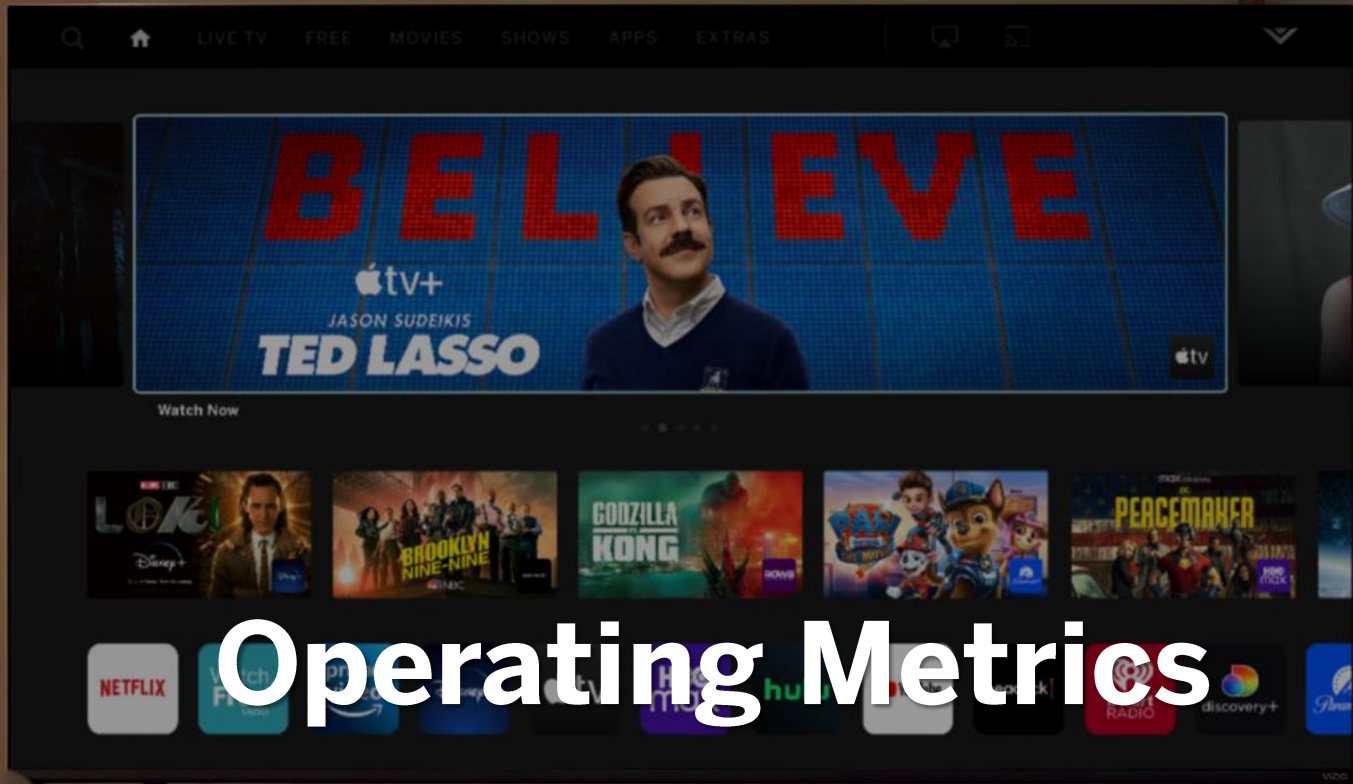
## GROW ACTIVE ACCOUNTS

- Grow SmartCast Active Accounts
- Integrated user experience
- Great features and functionality
- Attested performance

## DEEPEN ENGAGEMENT

- Broad-ranging content offering
- Data-driven search & discovery
- More hours on Platform+
- Increased impressions



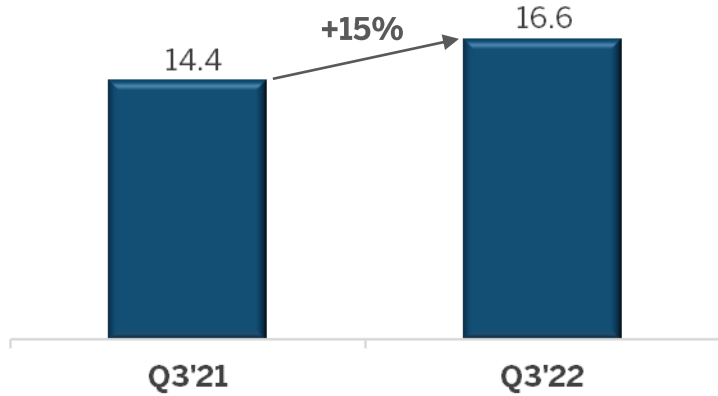


# Operating Metrics

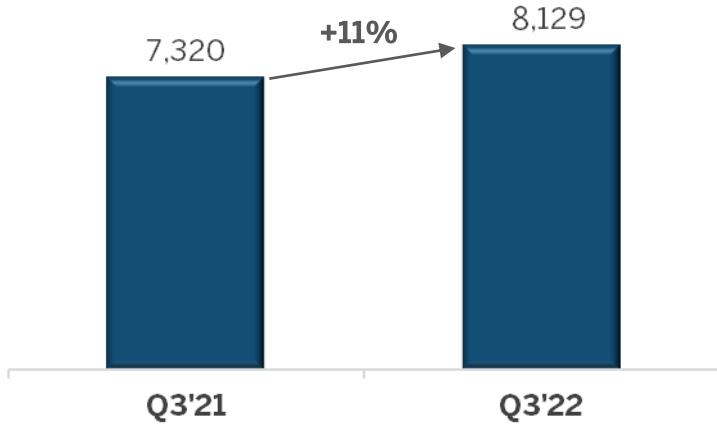
# Third Quarter 2022 Operating Metrics – Platform+

In millions, except SmartCast ARPU

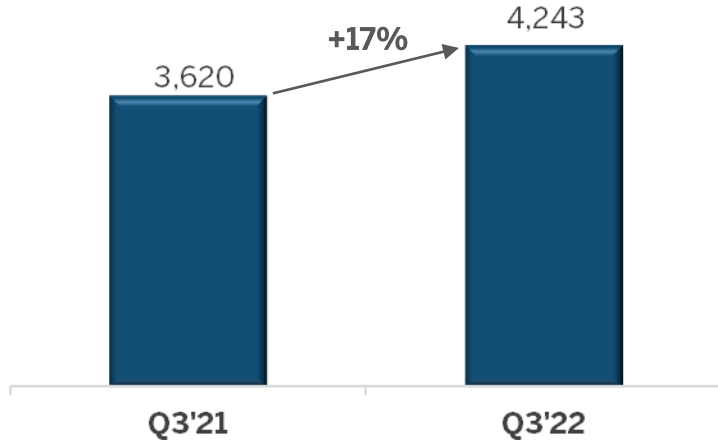
### SmartCast Active Accounts



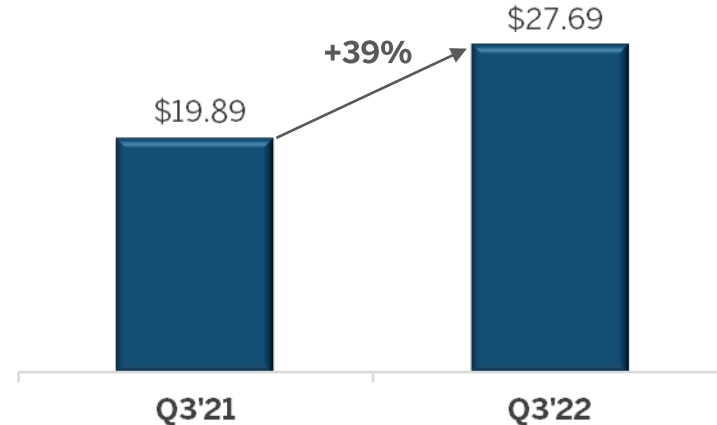
### Total VIZIO Hours



### SmartCast Hours

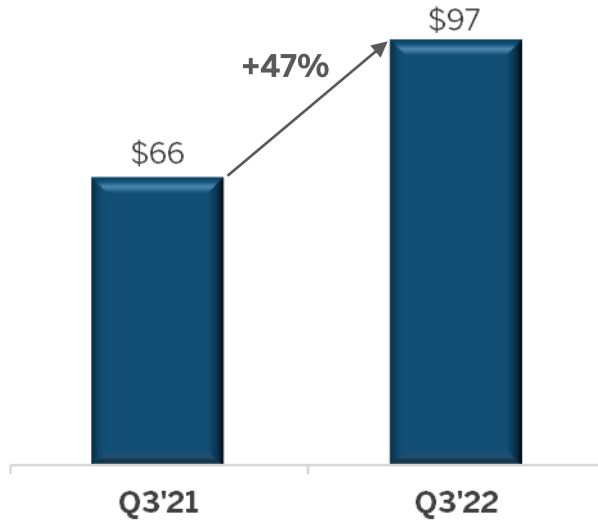


### SmartCast ARPU



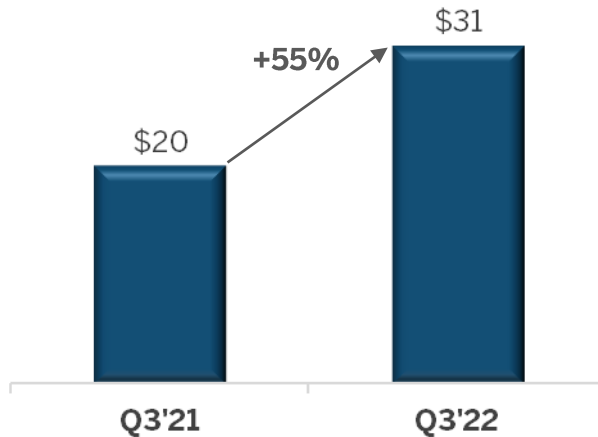
# Third Quarter 2022 Financial Highlights – Platform+

\$ in millions



## Advertising Revenue

- Third quarter advertising revenue up 47%
- Strong growth in both video and home screen revenue driven by our expanding base of advertising partners

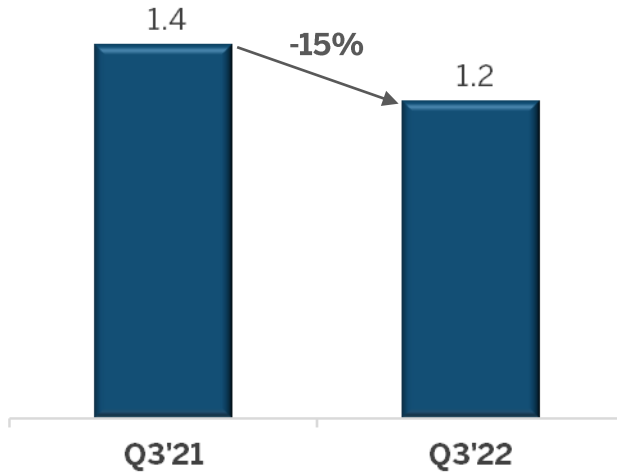


## Non-Advertising Revenue

- Third quarter non-advertising revenue up 55%
- Non-advertising revenue benefited from increased data licensing revenue and higher content distribution revenue

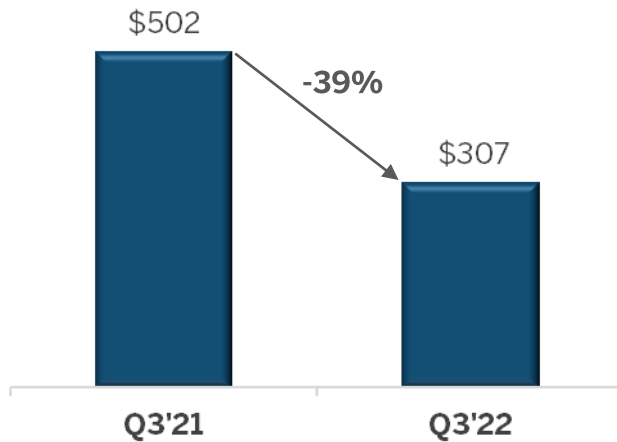
# Third Quarter 2022 Financial Highlights – Device

Units and \$ in millions



## Smart TV Shipments

- Smart TV Shipments of 1.2 million down 15% year over year
- #2 Smart TV brand during Q3'22 with #1 and #2 best selling TVs <sup>1</sup>



## Device Net Revenue

- Decline in net revenue due to lower shipments and strategic pricing
- Pricing strategy has increased our competitiveness in the marketplace and driven growth in our installed base of SmartCast Active Accounts

<sup>1</sup> The NPD Group/Retail Tracking Service, U.S., based on units, Jul. – Sept. 2022 combined.



# Financial Outlook

# Expected Outlook

\$ in millions

	Fourth Quarter 2022
Platform+ Net Revenue	<u>\$138 - \$142</u>
Platform+ Gross Profit	\$84 - \$87
Adjusted EBITDA	\$15 - \$19

## Platform+

- Revenue growth of 33% with gross profit margin of 61% at midpoint of range
- Expected growth in both advertising and non-advertising revenue

## Device

- We expect benefit from improved channel inventories
- Gross margins of low single digits over the coming quarters to drive unit sales and customer acquisition

# Reconciliation of Net Income (Loss) to Adjusted EBITDA

*\$ in millions, unaudited*

	Three Months Ended September 30,	
	2022	2021
Net income (loss)	\$ 2	\$ (19)
Adjusted to exclude the following:		
Interest income, net	-	-
Other income (expense), net	-	-
Provision for income taxes	3	4
Depreciation and amortization	1	1
Share-based compensation	11	37
Adjusted EBITDA	\$ 17	\$ 23

# 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

