

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-40271

VIZIO HOLDING CORP.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of incorporation
or organization)

**39 Tesla
Irvine, California**
(Address of principal executive offices)

3651
(Primary Standard Industrial
Classification Code Number)

(949) 428-2525
(Registrants telephone number, including area code)

85-4185335
(I.R.S. Employer
Identification No.)

92618
(Zip Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value \$0.0001 per share	VZIO	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 6, 2022 there were 115,805,280 shares of the registrant’s Class A common stock outstanding, 76,814,638 shares of the registrant’s Class B outstanding, and no shares of the registrant’s Class C common stock outstanding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements include all statements that are not historical facts. In some cases, you can identify forward-looking statements by terminology such as “anticipates,” “believes,” “continue,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “should,” “could,” “would,” “will” or the negative of these terms or other comparable terminology. In particular, statements regarding our plans, strategies, prospects and expectations regarding our business are forward-looking statements. These forward-looking statements include, but are not limited to, statements concerning the following:

- our ability to keep pace with technological advances in our industry and successfully compete in highly competitive markets;
- our expectations regarding future financial and operating performance, including our Device business, and the growth of our Platform+ business;
- our ability to continue to sell our Smart TVs;
- our ability to attract and maintain SmartCast Active Accounts;
- our ability to increase SmartCast Hours, including to attract and maintain popular content on our platform;
- our ability to attract and maintain relationships with advertisers;
- our ability to adapt to changing market conditions and technological developments, including with respect to our platform’s compatibility with applications developed by content providers;
- the impact of the COVID-19 pandemic and related supply chain delays on our business, operations and results of operations;
- our anticipated capital expenditures and our estimates regarding our capital requirements;
- our anticipated investments into our technologies and capabilities;
- our ability to plan and execute our sales strategy during seasonal fluctuations in supply and demand;
- the size of our addressable markets, market share, category positions and market trends;
- our ability to identify, recruit and retain skilled personnel, including key members of senior management;
- our ability to promote our brand and maintain our reputation;
- our ability to maintain, protect and enhance our intellectual property rights;
- our ability to introduce new devices and offerings and enhance existing devices and offerings;
- our ability to successfully defend litigation brought against us;
- our ability to comply with existing, modified or new laws and regulations applying to our business, including with respect to data privacy, environmental requirements, taxation and security laws;
- our ability to implement, maintain and improve effective internal controls; and
- our ability to maintain the security and functionality of our information systems or to defend against or otherwise prevent a cybersecurity attack or breach and to prevent system failures.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Quarterly Report on Form 10-Q.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors, including those described in the section titled “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments we may make.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

VIZIO HOLDING CORP. Condensed Consolidated Balance Sheets (Unaudited, in millions except per share amounts)

	March 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 309.7	\$ 331.6
Accounts receivable, net	321.0	375.1
Other receivables due from related parties	2.1	5.1
Inventories	12.2	11.9
Income tax receivable	29.2	26.2
Other current assets	84.6	84.8
Total current assets	758.8	834.7
Property, equipment and software, net	13.6	10.3
Goodwill, net	44.8	44.8
Deferred income taxes	30.4	30.4
Other assets	19.2	15.6
Total assets	\$ 866.8	\$ 935.8
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable due to related parties	\$ 153.8	\$ 224.8
Accounts payable	144.9	118.9
Accrued expenses	169.7	185.8
Accrued royalties	47.2	56.8
Other current liabilities	5.4	4.8
Total current liabilities	521.0	591.1
Other long-term liabilities	16.4	14.1
Total liabilities	537.4	605.2
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock, \$0.0001 par value; 100.0 shares authorized and no shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	—	—
Common stock, \$0.0001 par value; 1,350.0 shares authorized as of March 31, 2022 and December 31, 2021, respectively with the following issued and outstanding by class:		
• Class A, 119.6 and 116.4 shares issued and 115.8 and 113.2 outstanding as of March 31, 2022 and December 31, 2021, respectively;		
• Class B, 76.8 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively; and		
• Class C, no shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively.	—	—
Additional paid-in capital	333.1	323.3
Accumulated other comprehensive loss	(0.2)	(0.2)
Retained earnings (accumulated deficit)	(3.5)	7.5
Total stockholders' equity	329.4	330.6
Total liabilities and stockholders' equity	\$ 866.8	\$ 935.8

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

VIZIO HOLDING CORP.
Condensed Consolidated Statements of Operations
(Unaudited, in millions except per share amounts)

	Three Months Ended March 31,	
	2022	2021
Net revenue:		
Device	\$ 382.9	\$ 453.5
Platform+	102.6	52.2
Total net revenue	485.5	505.7
Cost of goods sold:		
Device	375.0	405.2
Platform+	37.7	13.8
Total cost of goods sold	412.7	419.0
Gross profit:		
Device	7.9	48.3
Platform+	64.9	38.4
Total gross profit	72.8	86.7
Operating expenses:		
Selling, general and administrative	62.4	58.1
Marketing	13.3	4.4
Research and development	9.2	9.8
Depreciation and amortization	0.8	0.6
Total operating expenses	85.7	72.9
Income (loss) from operations	(12.9)	13.8
Interest income, net	—	0.1
Other income (expense), net	—	(0.2)
Total non-operating income (expense), net	—	(0.1)
Income (loss) before income taxes	(12.9)	13.7
Provision for (benefit from) income taxes	(1.9)	10.3
Net (loss) income	\$ (11.0)	\$ 3.4
Net (loss) income attributable to Class A and Class B stockholders:		
Basic	\$ (0.06)	\$ 0.02
Diluted	\$ (0.06)	\$ 0.02
Weighted-average Class A and Class B common shares outstanding:		
Basic	191.2	145.7
Diluted	191.2	157.2

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

VIZIO HOLDING CORP.
Condensed Consolidated Statements of Comprehensive (Loss) Income
(Unaudited, in millions)

	Three Months Ended March 31,	
	2022	2021
Other comprehensive (loss) income		
Net (loss) income	\$ (11.0)	\$ 3.4
Foreign currency translation adjustments	—	(1.0)
Comprehensive (loss) income	<u>\$ (11.0)</u>	<u>\$ 2.4</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

VIZIO HOLDING CORP.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited, in millions)

Three Months Ended March 31, 2022

	Preferred Stock ⁽¹⁾		Common Stock ⁽²⁾⁽³⁾		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings (Accumulated Deficit)	Total
	Shares	Amount	Class A	Class B				
Balance at December 31, 2021	—	—	113.2	76.8	\$ 323.3	\$ (0.2)	\$ 7.5	\$ 330.6
Share-based compensation expense	—	—	—	—	16.5	—	—	16.5
Shares issued pursuant to incentive award plans, net of withholding taxes	—	—	2.6	—	(6.7)	—	—	(6.7)
Net loss	—	—	—	—	—	—	(11.0)	(11.0)
Balance at March 31, 2022	—	—	115.8	76.8	\$ 333.1	\$ (0.2)	\$ (3.5)	\$ 329.4

Three Months Ended March 31, 2021

	Series A Convertible Preferred Stock ⁽¹⁾		Common Stock ⁽²⁾⁽³⁾		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings (Accumulated Deficit)	Total
	Shares	Amount	Class A	Class B				
Balance at December 31, 2020	0.1	\$ 2.6	150.8	—	\$ 98.9	\$ 0.9	\$ 46.8	\$ 149.2
Share-based compensation expense	—	—	—	—	26.0	—	—	26.0
Shares issued pursuant to incentive award plans, net of withholding taxes	—	—	—	—	(9.1)	—	—	(9.1)
Payment of accumulated preferred stock dividends	—	(0.6)	—	—	—	—	—	(0.6)
Conversion of Series A preferred stock upon IPO	(0.1)	(2.0)	30.3	—	2.0	—	—	—
Exchange of Class A shares for Class B	—	—	(98.3)	98.3	—	—	—	—
Sale of common stock in IPO, net of \$13.7 of underwriting fees and other offering costs	—	—	7.6	—	145.0	—	—	145.0
Forfeiture of RSA awards upon IPO	—	—	(5.0)	—	—	—	—	—
Foreign currency translation	—	—	—	—	—	(1.0)	—	(1.0)
Net income	—	—	—	—	—	—	3.4	3.4
Balance at March 31, 2021	—	\$ —	85.4	98.3	\$ 262.8	\$ (0.1)	\$ 50.2	\$ 312.9

(1) There were no shares of Preferred Stock outstanding as of March 31, 2022 and December 31, 2021.

(2) As of March 31, 2022 and December 31, 2021, the value on common stock outstanding was \$19 thousand and \$19 thousand, respectively, and are not shown.

(3) There were no shares of Class C common stock issued or outstanding in any of the periods presented.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

VIZIO HOLDING CORP.
Condensed Consolidated Statements of Cash Flows
(Unaudited, in millions)

	Three Months Ended March 31,	
	2022	2021
Cash flows from operating activities:		
Net (loss) income	\$ (11.0)	\$ 3.4
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	0.8	0.6
Deferred income taxes	—	1.2
Share-based compensation expense	16.5	26.0
Change in allowance for doubtful accounts	3.1	—
Changes in operating assets and liabilities:		
Accounts receivable	51.0	157.1
Other receivables due from related parties	3.0	0.2
Inventories	(0.3)	0.8
Income taxes receivable	(3.0)	1.3
Other current assets	0.1	(1.3)
Other assets	(2.8)	0.6
Accounts payable due to related parties	(71.0)	(49.7)
Accounts payable	26.0	(38.2)
Accrued expenses	(16.1)	(19.7)
Accrued royalties	(9.6)	(3.9)
Income taxes payable	—	6.8
Other current liabilities	0.5	—
Other long-term liabilities	2.3	(0.4)
Net cash (used in) provided by operating activities	(10.5)	84.8
Cash flows from investing activities:		
Purchase of property and equipment	(4.0)	(2.3)
Purchase of investments	(0.7)	—
Net cash used in investing activities	(4.7)	(2.3)
Cash flows from financing activities:		
Proceeds from the exercise of stock options	5.2	—
Payment of dividends on Series A convertible preferred stock	—	(0.6)
Proceeds from IPO, net of \$10.7 in direct offering costs	—	148.0
Payments of other offering costs	—	(1.4)
Withholding taxes paid on behalf of employees on net settled share-based awards	(11.9)	—
Net cash (used in) provided by financing activities	(6.7)	146.0
Effects of exchange rate changes on cash and cash equivalents	—	(1.1)
Net (decrease) increase in cash and cash equivalents	(21.9)	227.4
Cash and cash equivalents at beginning of period	331.6	207.7
Cash and cash equivalents at end of period	\$ 309.7	\$ 435.1
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ 0.9	\$ 0.1
Cash paid for interest	\$ 0.1	\$ 0.1
Supplemental disclosure of non-cash investing and financing activities:		
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 3.5	\$ —
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 0.8	\$ 0.7
Payment to taxing authority in connection with shares directly withheld from employees not yet made	\$ —	\$ 9.1
IPO costs not yet paid	\$ —	\$ 1.7

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

VIZIO HOLDING CORP.
Notes to Condensed Consolidated Financial Statements

Note 1. Organization and Nature of Business

Founded and headquartered in Orange County, California, the Company's mission at VIZIO Holding Corp. (NYSE: VZIO), a Delaware corporation, is to deliver immersive entertainment and compelling lifestyle enhancements that make its products the center of the connected home. The Company is driving the future of televisions through its integrated platform of cutting-edge Smart TVs and powerful operating system. The Company also offers a portfolio of innovative sound bars that deliver consumers an elevated audio experience. The Company's platform gives content providers more ways to distribute their content and advertisers more tools to connect with the right audience.

These products are sold to retailers and through online channels throughout the United States. In 2020 VIZIO launched Platform+, which is comprised of SmartCast, the Company's award-winning Smart TV operating system, which enables a fully integrated entertainment solution, and Inscape, which powers its data intelligence and services. SmartCast delivers content and applications through an easy-to-use interface. It supports leading streaming apps and hosts the Company's own free ad-supported video app, WatchFree+. The Company provides broad support for third-party voice platforms and second screen experiences to offer additional interactive features and experiences.

VIZIO purchases all of its products from manufacturers based in Asia. Since inception, the Company had purchased a portion of its televisions from one manufacturer who holds a noncontrolling interest in the Company through its ownership of Class A common stock; however, recently the Company has not made any material purchases from this manufacturer. Since 2012, VIZIO has purchased a portion of its televisions from three manufacturers who are affiliates of an investor who holds a noncontrolling interest in the Company through its ownership of Class A common stock. These manufacturers do not have any significant voting privileges, nor sufficient seats on the Board of Directors that would enable them to significantly influence any of the Company's strategic or operating decisions. All transactions executed with the aforementioned manufacturers are presented as related party transactions.

Impact of COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The challenges posed by the COVID-19 pandemic on the global economy increased significantly as the year progressed. In response to COVID-19, national and local governments around the world instituted certain measures, including travel bans, prohibitions on group events and gatherings, shutdowns of certain businesses, curfews, shelter-in-place orders and recommendations to practice social distancing.

Since the first quarter of 2020, the COVID-19 pandemic, and the responses to it have impacted the Company. During much of 2020 and early 2021 the Company experienced increased demand for its products due to the combined impact of stay at home orders and fiscal stimulus. Due to the surge in demand and supply chain and logistical partners operating at limited capacity the Company encountered reduced channel inventory levels at several retailers during 2021. By the end of 2021 and early 2022, the Company replenished most of its channel inventory.

Note 2. Summary of Significant Accounting Policies

Basis of Consolidation

The Company has prepared these accompanying unaudited condensed consolidated financial statements in accordance with generally accepted accounting principles in the United States ("GAAP"). These unaudited condensed consolidated financial statements include the accounts of VIZIO and all subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. The functional currency of most of the foreign subsidiaries is the U.S. dollar. The accounts of these remaining foreign subsidiaries have been translated using the U.S. dollar as the functional currency. Gains or losses resulting from remeasurement of these accounts from local currencies into U.S. dollars are recorded in other comprehensive income in these unaudited condensed consolidated financial statements. Financial statements of the Company's foreign subsidiaries for which the functional currency is the local currency are translated into U.S. dollars using the exchange rate at each balance sheet date for assets and liabilities and the transaction date.

The condensed consolidated balance sheet as of December 31, 2021 and included herein was derived from the audited financial statements as of the same date. The Company has condensed or omitted certain information and notes normally included in complete financial statements prepared in accordance with GAAP. As such, these unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements as of and for the year

ended December 31, 2021 included in the Company's Annual Report on Form 10-K. In the Company's opinion, the accompanying unaudited condensed consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations, comprehensive loss and cash flows for the interim periods, but they are not necessarily indicative of the results of operations to be expected for the year ending December 31, 2022.

Reclassifications

The Company has reclassified Research and development costs from Selling, general and administrative amounts for the three months ended March 31, 2021, to conform to the current year presentation.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results may differ from those estimates and assumptions. Significant items subject to such estimates and assumptions include the allowances for doubtful accounts and sales returns, reserves for excess and obsolete inventory, accrued price protection and rebates, accrued royalties, share-based compensation, valuation of deferred tax assets and other contingencies. Supplier and customer concentrations also increase the degree of uncertainty inherent in these estimates and assumptions.

Significant Accounting Policies

There have been no material changes to the Company's significant accounting policies from its Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Note 3. Net Revenue

The Company derives revenue primarily from the sale of televisions and sound bars, advertising and data services. Revenue is recognized when control of the promised goods or services is transferred to the Company's retailers, in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. The Company applies a five-step approach as defined in Financial Accounting Standards Board ("FASB") ASC 606, Revenue from Contracts with Customers (Topic 606), in determining the amount and timing of revenue to be recognized: (1) identifying the contract with a customer; (2) identifying the performance obligations in the contract; (3) determining the transaction price; (4) allocating the transaction price to the performance obligations in the contract; and (5) recognizing revenue when the corresponding performance obligation is satisfied. The Company disaggregates net revenue by (i) Device Revenue, and (ii) Platform+ Revenue, as it believes it best depicts how the nature, timing and uncertainty of revenue and cash flows are affected by economic factors.

The Company sells products to certain retailers under terms that allow them to receive price protection on future sell-through price reductions and may provide for limited rights of return, discounts and advertising credits.

The revenue recognized from the contract liabilities consisted of the Company satisfying performance obligations during the normal course of business. The Company did not identify nor record any material contract assets as of March 31, 2022 and December 31, 2021. Additionally, no costs associated with obtaining contracts with customers were capitalized, nor any costs associated with fulfilling its contracts. All costs to obtain contracts were expensed as incurred as a practical expedient.

Significant Customers

VIZIO is a wholesale distributor of televisions and other home entertainment products, which are sold to the largest retailers and wholesale clubs in North America, primarily in the United States. The Company's sales can be impacted by consumer spending and the cyclical nature of the retail industry.

The following customers account for more than 10% of net revenue:

	Three Months Ended March 31,	
	2022	2021
Net revenue:		
Customer A	40 %	41 %
Customer B	7	15
Customer C	13	12
Customer D	10	9

Note 4. Accounts Receivable

Accounts receivable consists of the following:

	March 31, 2022	December 31, 2021
	(In millions)	
Accounts receivable	\$ 324.1	\$ 375.2
Allowance for doubtful accounts	(3.1)	(0.1)
Total accounts receivable, net of allowances	\$ 321.0	\$ 375.1

VIZIO maintains credit insurance on certain accounts receivable balances to mitigate collection risk for these customers. The Company evaluates all accounts receivable for the allowance for doubtful accounts. During the three months ended March 31, 2022, the Company recorded a \$3.1 million allowance for doubtful accounts.

The following customers account for more than 10% of accounts receivable:

	March 31, 2022	December 31, 2021
Net receivables:		
Customer A	41 %	44 %
Customer B	7	10
Customer C	16	10

Customer A and Customer C, and certain other customers not separately identified in the table above, are affiliates under common control with one another. Collectively, they comprised 53% and 53% of VIZIO's net revenue for the three months ended March 31, 2022 and 2021, respectively. Their collective accounts receivable balance as of March 31, 2022 and December 31, 2021 was 57% and 54% of our total net receivables, respectively. However, throughout VIZIO's history and presently, the Company has dealt with separate purchasing departments at Customer A and Customer C, and have at times sold products to Customer C without selling products to Customer A.

Note 5. Inventories

Inventories consist of the following:

	March 31, 2022	December 31, 2021
	(In millions)	
Inventory on hand	\$ 6.4	\$ 5.3
Inventory in transit	5.8	6.6
Total inventory	\$ 12.2	\$ 11.9

Significant Manufacturers

VIZIO purchases a significant amount of its product inventory from certain manufacturers. The inventory is purchased under standard product supply agreements that outline the terms of the product delivery. Once all aspects of the product are agreed upon, the manufacturers are then responsible for transporting the product to their warehouses located in the United States. The manufacturers are considered the importers of record and are required to insure the product as it is shipped to the warehouses. The title and risk of loss of the product passes to VIZIO upon shipment from the manufacturer's warehouse in the United States to the customer. The product supply agreement stipulates that the manufacturer will (i) generally reimburse VIZIO for at least a portion of the price protection or sales concessions negotiated between the Company and customers on product purchased, and (ii) indemnify VIZIO against all liability resulting from valid and enforceable patent infringement with regard to product purchased under the agreement except if such infringement arises out of the Company's modification or misuse of the product.

The Company has the following significant concentrations related to suppliers:

	Three Months Ended March 31,	
	2022	2021
Inventory purchases:		
Supplier A — related party	44 %	43 %
Supplier B	23	31
Supplier C	15	10
Supplier D — related party	7	13

The Company is currently reliant upon these manufacturers for products. Although VIZIO can obtain products from other sources, the loss of a significant manufacturer could have a material impact on the Company's financial condition and results of operations as the products that are being purchased may not be available on the same terms from another manufacturer.

The Company has also recorded other receivables of \$4.6 million and \$5.6 million due from the manufacturers as of March 31, 2022 and December 31, 2021, respectively. The other receivable balances are attributable to price protection and customer allowances as well as accrued royalties due in connection with the settlement of certain patent infringement cases for units shipped, which are indemnified by the Company's manufacturers and are recognized at the time the aforementioned liabilities are incurred. The net effect is recorded in the condensed consolidated statements of operations as a reduction to cost of goods sold.

Recycling costs

The Company incurs recycling costs in order to comply with electronic waste recycling programs within certain states. These fees are assessed by the states using current market share and actual costs incurred on administration of such programs and are expensed as incurred. Recycling costs were \$2.1 million and \$2.6 million for the three months ended March 31, 2022 and 2021, respectively, and are recorded in cost of goods sold in the accompanying condensed consolidated statements of operations.

Note 6. Property, Equipment and Software, Net

Property, equipment and software, net consist of the following:

	March 31, 2022	December 31, 2021
	(In millions)	
Building	\$ 10.1	\$ 10.1
Machinery and equipment	1.7	1.6
Leasehold improvements	3.7	3.6
Furniture and fixtures	3.8	3.2
Computer and software	25.9	22.7
Total property, equipment and software	45.2	41.2
Less accumulated depreciation and amortization	(31.6)	(30.9)
Total property, equipment and software, net	\$ 13.6	\$ 10.3

During the three months ended March 31, 2022 and 2021, the Company capitalized software development costs of \$2.3 million and \$0.6 million, respectively. During the three months ended March 31, 2022 and 2021 amortization of capitalized software development costs was \$0.7 million and \$0.7 million, respectively, and are recorded in costs of goods sold in the accompanying condensed consolidated statements of operations.

Depreciation expense was \$0.7 million and \$0.5 million for the three months ended March 31, 2022 and 2021, respectively. The Company's long-lived assets of \$13.6 million and \$10.3 million as of March 31, 2022 and December 31, 2021, respectively, are located entirely within the United States.

Note 7. Accrued Expenses

The Company's accrued expenses consisted of the following:

	March 31, 2022	December 31, 2021
	(In millions)	
Accrued price protection	\$ 56.0	\$ 67.2
Accrued other customer related expenses	46.2	48.4
Accrued supplier/partner related expenses	36.7	39.2
Accrued payroll expenses	20.1	21.6
Accrued other expenses	10.7	9.4
Total accrued expenses	\$ 169.7	\$ 185.8

The Company periodically grants certain sales discounts and incentives to customers, such as rebates and price protection, which are treated as variable consideration for purposes of determining the transaction price. In certain instances, the Company will, in turn, negotiate with its manufacturers for reimbursement of a portion of the incentives so that the manufacturers are responsible for absorbing some of the rebates and price protection. The Company's procedures for estimating customer allowances recorded as a reduction of revenue are based upon historical experience, as adjusted for the current environment, and management judgment. Customer allowances are accrued for when the related product sale is recognized. The accrued customer allowances are presented on the condensed consolidated balance sheets in accrued expenses and recorded in the condensed consolidated statements of operations as a reduction of net revenue.

Note 8. Stockholders' Equity

Preferred Stock

As of March 31, 2022, the Company had 100.0 million shares of undesignated preferred stock authorized but not issued with rights and preferences determined by the Company's Board of Directors at the time of issuance of such shares.

Common Stock

The Company had three classes of authorized common stock, Class A common stock, Class B common stock and Class C common stock.

Equity Incentive Plans

The Company has two equity incentive plans, the 2017 Incentive Award Plan (as amended, the "2017 Plan") and the 2007 Incentive Award Plan (the "2007 Plan"). The 2017 Plan replaced the 2007 and prohibits new grants under the 2007 Plan. Under the 2017 plan, the Company is permitted to grant stock options, restricted stock units ("RSUs") and restricted stock. The primary purpose of the 2017 Plan is to enhance the Company's ability to attract, motivate, and retain the services of qualified employees, officers, and directors. There were no material stock options granted or modified during the three months ended March 31, 2022.

Stock Option Awards

A summary of the status of the Company's stock option plans as of March 31, 2022, is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
(In millions, except years and per share amounts)				
Outstanding at December 31, 2021	14.4	\$ 6.80	6.8	\$ 181.4
Granted	0.3	13.51		
Exercised	(1.9)	2.94		
Forfeited and expired	(0.5)	10.84		
Outstanding at March 31, 2022	12.3	\$ 7.40	6.8	\$ 18.4
Options vested and exercisable at March 31, 2022	7.5	\$ 4.07	5.7	\$ 36.2

	March 31, 2022	March 31, 2021
Weighted average grant date fair value of stock options granted during the period	\$ 5.59	\$ 9.95

RSUs

A summary of the status of the Company's RSUs as of March 31, 2022 is presented below:

	Number of Shares	Weighted Average Grant Date Fair Value
(in millions)		
Outstanding at December 31, 2021	4.1	\$ 20.45
Granted	0.4	16.49
Vested	(1.3)	19.47
Forfeited	(0.3)	21.08
Outstanding at March 31, 2022	2.9	\$ 20.25

Share-based Compensation Expense

Total share-based compensation expense was \$16.5 million and \$26.0 million for the three months ended March 31, 2022 and 2021, respectively. For the three months ended March 31, 2022, \$0.4 million is included in Cost of sales, \$0.3 million is included in Research and development expense and the remaining amount is included in Selling, general and administrative expense in the condensed consolidated statements of operations. For the three months ended March 31, 2021, all share-based compensation expense was included in Selling, general and administrative expense.

As of March 31, 2022, the Company had \$73.7 million of unrecognized compensation costs related to share-based payments, which is expected to be recognized over a weighted average vesting period of approximately 2.0 years.

Note 9. Net (Loss) Income Per Share

The Company computes earnings per share ("EPS") of Class A and Class B common stock using the two-class method for participating securities.

Basic earnings per share is computed by dividing the net (loss) income attributable to common stockholders by the weighted-average number of Class A and Class B common shares outstanding during the period. Participating securities are excluded from basic weighted-average common shares outstanding.

Diluted earnings per share represents net (loss) income divided by the weighted-average number of common shares outstanding, inclusive of the effect of potential common shares, if dilutive. For the three-months ended March 31, 2022, potentially dilutive shares were considered antidilutive given the net loss for the period. For the three months ended March 31, 2021, the potential dilutive shares relate to the dilutive effect of outstanding stock options.

Basic and diluted earnings per share and the weighted-average shares outstanding have been computed for all periods as shown below:

	Three Months Ended March 31			
	2022		2021	
	Class A	Class B	Class A	Class B
	(In millions)			
Numerator:				
Net (loss) income	\$ (6.6)	\$ (4.4)	\$ 3.3	\$ 0.1
Less: Accumulated dividends on preferred shares	—	—	—	—
Undistributed earnings	(6.6)	(4.4)	3.3	0.1
Less: Earnings attributable to participating securities	—	—	(0.3)	—
Net (loss) income attributable to common stockholder - basic	\$ (6.6)	\$ (4.4)	\$ 3.0	\$ 0.1
Reallocation of net income as a result of the conversion of Class B shares to Class A shares	—	—	0.1	—
Net (loss) income attributable to common stockholders – diluted	\$ (6.6)	\$ (4.4)	\$ 3.1	\$ 0.1
Denominator:				
Weighted-average common shares outstanding - basic	114.4	76.8	142.4	3.3
Conversion of Class B to Class A common shares outstanding	—	—	3.3	—
Weighted-average effect of dilutive securities				
Employee stock options	—	—	8.2	—
Weighted-average common shares outstanding - diluted	114.4	76.8	153.9	3.3
Net (loss) income per share attributable to Class A and Class B common stockholders:				
Basic	\$ (0.06)	\$ (0.06)	\$ 0.02	\$ 0.02
Diluted	\$ (0.06)	\$ (0.06)	\$ 0.02	\$ 0.02
Anti-dilutive equity awards under share-based award plans excluded from the determination of diluted EPS	15.3	—	3.4	—

Note 10. Income Taxes

The Company recorded a tax benefit of \$(1.9) million resulting in an effective tax rate of 15% and a tax provision of \$10.3 million resulting in an effective tax rate of 75% for the three months ended March 31, 2022 and March 31, 2021, respectively. The effective tax rate differs from the statutory tax rate of 21% primarily due to the approximately \$3.1 million in permanent book-to-tax difference for the share-based compensation expense deduction limited on certain executive officers as a publicly held corporation for the three months ended March 31, 2022. The tax provision for the three months ended March 31, 2022, includes a net income tax benefit of \$2.1 million for discrete items primarily due to excess tax benefits relating to stock-based compensation.

Note 11. Accrued Royalties

A summary of future commitments on royalty obligations as of March 31, 2022 is as follows:

	March 31, 2022
	(In millions)
2022 (nine months)	\$ 7.4
2023	7.1
2024	5.2
2025	3.0
2026 and thereafter	0.5
Total	<u>\$ 23.2</u>

For potential future settlements related to historical sales for which the Company does not expect to be reimbursed, a reserve of \$25.3 million and \$32.5 million has been recorded as of March 31, 2022 and December 31, 2021, respectively, as part of accrued royalties. Any patent infringement lawsuit in which the Company is not indemnified is expensed when management determines that it is probable that a liability has been incurred and the amount is estimable.

Refundable deposits of \$21.9 million and \$24.3 million have been recorded as of March 31, 2022 and December 31, 2021, respectively, which are presented within accrued royalties in the condensed consolidated balance sheets.

In the ordinary course of business, management anticipates that the Company will be party to various claims and suits including disputes arising over intellectual property rights and other matters. The Company intends to vigorously defend against such claims and suits; however, the ultimate outcome of such claims may remain unknown for some time. Based on all of the information available to date, management does not believe that there are any claims or suits that would have a material adverse effect on the Company's financial condition, results of operations, or liquidity.

Note 12. Leases

The Company has various non-cancelable operating leases for its corporate and satellite offices primarily in the United States. These leases expire at various times through 2027. The table below presents supplemental balance sheet information related to the Company's operating leases as follows:

	Classification	March 31, 2022	December 31, 2021
(In millions)			
Assets:			
Right-of-use asset	Other assets	\$ 11.8	\$ 8.9
Liabilities:			
Current portion of lease liabilities	Other current liabilities	\$ 3.2	\$ 2.4
Long term portion of lease liabilities	Other long-term liabilities	\$ 8.6	\$ 6.5
Weighted-average remaining lease term (years)		4.6	4.2
Weighted-average discount rate (percentage)		4.1 %	3.7 %

Operating lease costs were \$1.3 million and \$0.9 million for the three months ended March 31, 2022 and 2021, respectively.

The table below reconciles the undiscounted cash flows of the operating leases for each of the first five years, and total of the remaining years, to the operating lease liabilities recorded on the condensed consolidated balance sheets as of March 31, 2022.

	March 31, 2022
	(In millions)
2022 (nine months)	\$ 2.5
2023	2.8
2024	2.5
2025	2.4
2026	2.3
2027 and Thereafter	0.5
Total minimum lease payments	13.0
Less imputed interest	(1.2)
Total lease liabilities	\$ 11.8

Note 13. Commitments and Contingencies

Volume Commitments

Certain product supply agreements include a volume supply commitment on up to 13 weeks of inventory forecasted by the Company. Management provides periodic forecasts to manufacturers at which time they consider the first 13 weeks of supply to be committed. As of March 31, 2022, no liabilities were recorded related to this supply commitment.

Revolving Credit Facility

On April 13, 2016, VIZIO entered into a Loan and Security Agreement with Bank of America, N.A. and on April 13, 2021 the agreement was amended ("Second Amendment") to extend the maturity date to April 13, 2024. Under the credit agreement, Bank of America, N.A. agreed to provide VIZIO with a revolving credit line of up to \$50.0 million for the purposes of repurchasing certain outstanding shares of common stock held by a related party supplier and other general business requirements, including working capital. The Company's indebtedness to Bank of America, N.A. under the credit agreement is collateralized by substantially all of the Company's assets. The Second Amendment also included (i) an update to provide for use of a LIBOR successor rate, (ii) a change in the definition of Availability Reserve and Borrowing Base, and (iii) an

extension of the termination date to April 13, 2024. As of March 31, 2022, there were no draws on the line of credit and the Company was in compliance with all debt covenants.

Legal Matters

Advanced Micro Devices, Inc. (“AMD”) presented the Company with a claim letter dated May 11, 2015 in which AMD claimed the Company is infringing its patents that cover graphics processing and semiconductor technologies. On January 23 and 24, 2017, respectively, AMD filed complaints in the U.S. District Court for the District of Delaware and the International Trade Center (ITC) alleging infringement of AMD’s U.S. patents. On August 22, 2018, the ITC ruled against VIZIO and recommended limited exclusion and cease and desist orders. On August 30, 2018, the parties entered into a settlement agreement including payments of \$39.0 million in total, and the cases were subsequently dismissed. Of the \$39.0 million settlement outlined in the agreement, \$15.0 million was negotiated to apply to the release for units shipped prior to the effective date of the agreement which is indemnified by VIZIO’s suppliers. This is reflected in the first three payments due to AMD under the license, which were paid by the end of 2018. Payments beginning with the fourth payment are scheduled on an annual basis in May of each subsequent calendar year for payment of ongoing license from September 2018 and included in accrued royalties. In connection with the IPO in 2021, approximately \$14.0 million in payments were accelerated and paid.

In November 2020, the Company entered into a settlement agreement with AmTRAN Technology Co., Ltd. (“AmTRAN”) and one of its subsidiaries. AmTRAN is a beneficial holder of more than 5% of the Company’s Class A common stock. Pursuant to the settlement agreement, the Company agreed, among other things, to pay AmTRAN approximately \$8.2 million. In return, on November 23, 2020 AmTRAN terminated its security agreement. AmTRAN further agreed to pay outstanding fees owed by it for IP licenses related to the manufacturing of the Company’s devices. The parties further agreed that VIZIO would continue to retain a reserve of approximately \$4.0 million for payment of, future claims attributable to devices manufactured by AmTRAN. On December 31, 2022 VIZIO will release to AmTRAN the lesser of (i) 50% of the remaining balance of the reserve or (ii) approximately \$2.0 million, with a like amount to be retained by the Company.

On August 20, 2021, Maxell, Ltd. and Maxell Holdings, Ltd. (collectively, “Maxell”) filed a complaint in United States District Court for the Central District of California against the Company alleging the Company's TVs infringe several of their patents related to various television-related technologies. See Maxell, Ltd., et al. v. VIZIO, Inc., Case No. 2:21-cv-6758 (C.D. Cal.). This case is in the pleadings stage. The Company disputes the claims and intends to defend the lawsuit vigorously.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors including those set forth in Part II, Item 1A “Risk Factors” and “Special Note Regarding Forward-Looking Statements” included elsewhere in this Quarterly Report on Form 10-Q. The following discussion of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes and other financial information included in this Quarterly Report on Form 10-Q and our audited financial statements and notes thereto included in Annual Report on Form 10-K. Our historical results are not necessarily indicative of the results that may be expected for any period in the future.

As used in this Quarterly Report on Form 10-Q, unless the context otherwise requires, references to the following terms have the respective meaning as defined below:

Ad-supported Video on Demand (AVOD): Over-the-Top video services supported by serving ads. These include free platforms like YouTube TV, Pluto TV or our WatchFree+ as well as those, like Hulu, that charge a subscription fee in addition to serving ads.

Automatic Content Recognition (ACR): Technology that tracks viewing data on connected TVs. Advertisers and content providers use this data, among other things, to measure viewership reach and ad effectiveness.

Connected Home: Home electronics configuration in which appliances (such as an air conditioner or refrigerator) and devices (such as a home security system) can be controlled remotely using a mobile or other device connected to the internet.

Connected TV: A television that is connected to the internet through built-in capabilities (i.e., a Smart TV) or through another device such as a Blu-ray player, game console, or set-top box (e.g., Apple TV, Google Chromecast or Roku).

Dynamic Ad Insertion (DAI): Technology that seamlessly replaces TV ads with targeted ads from the Smart TV in real time, across multiple inputs.

Linear TV: Live, scheduled television programming distributed through cable, satellite or broadcast (antennae).

Multichannel Video Programming Distributor (MVPD): A service provider that delivers multiple television channels over cable, satellite, or wireline or wireless networks (e.g., Comcast’s Xfinity cable TV and DISH satellite TV).

Over-the-Top (OTT): Any app or website that bypasses MVPD distribution and provides streaming video content directly to viewers, over the internet (e.g., Disney+, Hulu, Netflix and YouTube TV).

Premium Video on Demand (PVOD): Similar to TVOD, but lets consumers access premium on-demand content at a higher price point. Examples include feature films made available alongside, or in place of, a traditional movie theater release.

SmartCast: VIZIO’s proprietary Smart TV operating system. The software platform where consumers can access VIZIO’s WatchFree+ as well as a wide array of third-party OTT apps (e.g. Amazon Prime Video, Apple TV+, Disney+, Hulu, Netflix, Paramount+, Peacock and YouTube TV).

Smart TV: A television with built-in internet capability. Often includes an operating system.

Subscription Video on Demand (SVOD): OTT services that generate revenue through selling subscriptions to consumers (e.g., Disney+ and Netflix).

Transactional Video on Demand (TVOD): Distribution method by which consumers purchase video-on-demand content to own or on a rental basis (e.g., Amazon Prime Video rentals and Fandango Now).

Virtual Multichannel Video Programming Distributor (vMVPD): An MVPD that is delivered over the internet; interchangeable with “linear OTT” (e.g., Sling TV and YouTube TV).

WatchFree+: VIZIO’s free, ad-supported OTT app. which offers access to news, sports, movies and general entertainment TV shows on demand and in a format similar to linear TV through programmed channels.

Overview

Founded and headquartered in Orange County, California, our mission at VIZIO Holding Corp. (NYSE: VZIO) is to deliver immersive entertainment and compelling lifestyle enhancements that make our products the center of the connected home. We are driving the future of televisions through our integrated platform of cutting-edge Smart TVs and powerful operating system. We also offer a portfolio of innovative sound bars that deliver consumers an elevated audio experience. Our platform gives content providers more ways to distribute their content and advertisers more tools to connect with the right audience.

We currently offer:

- a broad range of high-performance Smart TVs that encompass a variety of price points, technologies, features and screen sizes, each designed to address specific consumer preferences;
- a portfolio of innovative sound bars that deliver immersive audio experiences; and
- a proprietary Smart TV operating system, SmartCast, which enhances the functionality and monetization opportunities of our devices.

Financial and operating results for the three months ended March 31, 2022 as compared to the corresponding period of last year included:

- Net revenue of \$485.5 million, compared to \$505.7 million
- Platform+ net revenue of \$102.6 million, up 97%
- Gross profit of \$72.8 million, compared to \$86.7 million
- Platform+ gross profit of \$64.9 million, up 69%
- Net loss of \$11.0 million, compared to net income of \$3.4 million
- Adjusted EBITDA of \$4.4 million, compared to \$40.4 million
- SmartCast Active Accounts of 15.6 million, up 16%
- SmartCast Hours of 4.1 billion, up 14%
- Average Revenue Per User (ARPU) of \$23.68, up 64%

Our Business Model

We generate revenue primarily from (1) selling our Smart TVs, sound bars and remote controls and (2) monetizing our digital platform. While the substantial majority of our current total net revenue comes from the sales of our devices, our Platform+ business, including our advertising services, is growing at a rapid pace. Given the growing number of use cases for Smart TVs, we expect to increase our revenue from connected TV advertising, SVOD services and other monetizable transactions made on our platform that extend beyond traditional entertainment content.

Device

We offer a range of high-performance Smart TVs designed to address specific consumer preferences, as well as a portfolio of sound bars that deliver immersive audio experiences. We generate revenue from the shipment of these devices to retailers and distributors across the United States, as well as directly to consumers through our website, VIZIO.com.

Platform+

Our state-of-the-art Smart TV operating system, SmartCast, delivers a vast amount of content and applications through an elegant and easy-to-use interface. SmartCast supports most leading streaming content apps such as Amazon Prime Video, Apple TV+, discovery+, Disney+, HBO Max, Hulu, Netflix, Paramount+, Peacock and YouTube TV, and hosts our own free, ad-supported app, WatchFree+.

Our Inscope technology is able to identify the content displayed on the screen of our Smart TVs, providing first-hand data, regardless of input source. We aggregate this data to increase transparency and enhance targeting abilities for our advertisers, while adhering to our strict consumer privacy policies. This first-hand data allows us to monetize our own ad inventory and provides the potential for a better user experience through more relevant advertisements. We also license a portion of this data to advertising agencies, networks and ad tech companies.

We monetize these capabilities through:

- Advertising
 - Video advertising: Ad inventory on services such as WatchFree+, and certain third-party AVOD services. In exchange for distributing their content, we gain a portion of the advertising inventory to sell ourselves, or in some cases we sell all of the ad inventory and share a portion of the revenue with the content providers
 - Home screen: Ad placements on our SmartCast home screen by streaming services, studios and other consumer brands
 - Partner marketing: Branding opportunities through our large, in-store presence where our Smart TV cartons provide a highly-visible, physical space to showcase our partners' content images and streaming service logos
- Data licensing
 - Inscope: Fees from measurement services, ad tech firms, ad agencies and networks to license data generated from our Inscope technology to measure viewership trends and advertising performance
- Content distribution, transactions and promotion
 - Branded buttons on remote controls: Partners who want to place a button for their service on our VIZIO remote controls so that consumers can have quick access to their service
 - SVOD and vMVPD: Revenue shared by SVOD and vMVPD services on new user subscriptions activated or reactivated through our platform
 - PVOD and TVOD: Revenue shared by PVOD and TVOD services for purchases initiated on our platform
- As the Smart TV evolves to take on a more prominent role in the connected home, we believe new monetization opportunities will develop. For example, we expect:
 - A growing user base will lead to higher advertising revenue, especially as our user base increasingly includes audiences no longer reachable through linear TV
 - The vast amount of data obtained through our platform will improve the effectiveness of advertisement, generating higher returns for advertisers and potentially increasing ad rates for us
 - That data will be used to create more personalized content recommendations and drive higher user engagement
 - Additionally, interactive ads and improved subscription billing can increase the number of purchases made on our platform, including subscriptions, content rentals, ecommerce, food delivery and other micro transactions, for which we will receive a portion of the sales

Overview of our supply chain

We design our products in-house in California and we work closely with our Original Design Manufacturers (ODMs), panel suppliers and chipset suppliers for product design and technical specifications. Through this collaborative process, we leverage the manufacturing scale of these partners, as well as their research and development functions in the development of new product introductions. Our ODM partners provide shipping and logistics support to move finished products from their manufacturing facilities to the United States. The title of the finished goods transfers from the ODM to us once we ship the product to a retailer. We believe that our asset-light business model fosters efficient operations with a low fixed-cost structure; coupled with careful management of marketing, selling, general and administrative expenses, which has enabled us to manage our working capital effectively and improve operating leverage. We believe that through these efficiencies, we are able to offer consumers high quality products at affordable prices. Since the first quarter of 2020, the COVID-19 pandemic, the responsive measures that we and other parties have taken, and the resulting economic consequences have affected our business. Initially there was significant growth in Device net revenue; however, we also encountered supply chain disruptions as a result of an industry-wide increase in demand for televisions and other media entertainment devices, suppliers operating at limited capacity due to regional restrictions, shipping and logistical delays, and the temporary closing of certain retail locations. The pandemic has led to industry-wide supply chain challenges that have resulted in delayed product availability. By the end of 2021 our inventory levels returned to more normal levels.

Our sales and marketing approach

Retailers

We have maintained long-standing relationships with many of the leading retailers. Our sales and marketing team works closely with these retailers to develop marketing and promotion plans, manage inventory, deploy go-to-market strategies, educate their salesforce and optimize the effectiveness of retail space for our devices.

Consumers

Our marketing team is focused on building our brand reputation and awareness to drive consumer demand for our products. Our marketing approach is to emphasize value, which is to deliver quality products with leading technology at affordable prices, which enhance the entertainment experience. Our products and value proposition have earned numerous awards and accolades from popular press.

Advertisers

We offer an attractive value proposition for advertisers to reach consumers who are increasingly “cutting the cord.” As we continue to build out our Platform+ advertising sales force, we intend to significantly increase our presence and recognition among advertising agencies, advertisers and content providers through the television advertising ecosystem. In addition, we expect our audience size and data capabilities to continue to resonate with ad buyers looking to increase their connected TV ad spend.

Key Business Metrics

We review the following key operational and financial metrics and non-GAAP financial measure to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions.

Operational metrics

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 drive the majority of our revenue currently 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 our 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. For the three months ended March 31, 2022, we shipped 1.4 million Smart TVs, an 11% year-over-year decrease. We expect Smart TV shipments will fluctuate from period to period in the future as consumer demand fluctuates.

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. At March 31, 2022, SmartCast Active Accounts were 15.6 million, representing a 16% year-over-year increase. This metric excludes approximately 4.1 million televisions connected to the internet through our legacy operating system, VIZIO V.I.A. Plus, which we no longer ship. As we continue to improve and market our SmartCast service combined with the secular shift to OTT, we expect the number of SmartCast Active Accounts will grow as our platform becomes the place where consumers access all of the features of their Smart TV rather than connecting a cable box, satellite or other external device, though we expect the rate of growth will decline over time.

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. Total VIZIO Hours for the quarter ended March 31, 2022 was 8.2 billion hours, representing an 18% year-over-year increase.

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 Hours for the three months ended March 31, 2022 was 4.1 billion, representing a 14% year-over-year increase.

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. SmartCast ARPU at March 31, 2022 was \$23.68, representing a 64% year-over-year increase.

The following table presents a comparison of these key operational metrics for the three months ended March 31, 2022 to the three months ended March 31, 2021:

	Three Months Ended March 31,	
	2022	2021
	(In millions, except ARPU)	
Smart TV Shipments	1.4	1.5
SmartCast Active Accounts (as of)	15.6	13.5
Total VIZIO Hours	8,208	6,951
SmartCast Hours	4,116	3,622
SmartCast ARPU	\$ 23.68	\$ 14.43

Financial metrics

Our key financial metrics are gross profit and Adjusted EBITDA. We bifurcate gross profit by business activity due to the differing margin profiles of the Device and Platform+ businesses. In addition, we manage each business, from a financial reporting perspective separately down to the gross profit level. Though both Device and Platform+ are meaningful contributors to gross profit today we expect Platform+ to exhibit significantly higher growth, and combined with its higher margins, drive the majority of gross profit growth in the future.

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. For the three months ended March 31, 2022, our Device gross profit decreased 84% year-over-year primarily due to lower Smart TV average unit price and fewer shipments.

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. For the three months ended March 31, 2022, our Platform+ gross profit increased 69% year-over-year due to higher advertising and non-advertising revenue.

Adjusted EBITDA

We define Adjusted EBITDA, a non-GAAP financial metric, as total net (loss) income before interest income, net, other income, 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 expect Adjusted EBITDA to

fluctuate in absolute dollars and as a percentage of net revenue in the near term and increase in the long term as we scale our business and realize greater operating leverage. For the quarter ended March 31, 2022, our net income decreased 424% year-over-year to a net loss of \$11.0 million, and Adjusted EBITDA decreased 89% year-over-year. While we believe that this non-GAAP financial metric is useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute for the related financial information prepared in accordance with GAAP.

Non-GAAP financial measure

We use Adjusted EBITDA in conjunction with net (loss) 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 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) income.

We compensate for these limitations by providing a reconciliation of Adjusted EBITDA to net (loss) income. We encourage investors and others to review our financial information in its entirety, not to rely on any single financial measure and to view Adjusted EBITDA in conjunction with net (loss) income.

The following table provides a reconciliation of net (loss) income to Adjusted EBITDA:

	Three Months Ended March 31,	
	2022	2021
	(Unaudited, in millions)	
Net (loss) income	\$ (11.0)	\$ 3.4
Adjusted to exclude the following:		
Interest income, net	—	(0.1)
Other income (expense), net	—	0.2
Provision for (benefit from) income taxes	(1.9)	10.3
Depreciation and amortization	0.8	0.6
Share-based compensation	16.5	26.0
Adjusted EBITDA	\$ 4.4	\$ 40.4

Impact of COVID-19 Pandemic

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The challenges posed by the COVID-19 pandemic on the global economy increased significantly as the year progressed. In response to COVID-19, national and local governments around the world instituted certain measures, including travel bans, prohibitions on group events and gatherings, shutdowns of certain businesses, curfews, shelter-in-place orders and recommendations to practice social distancing.

Since the first quarter of 2020, the COVID-19 pandemic, and the responses to it have impacted our business. During much of 2020 and early 2021 we experienced increased demand for our products due to the combined impact of stay at home orders and fiscal stimulus. Due to the surge in demand and supply chain and logistical partners operating at limited capacity we encountered reduced channel inventory levels at several retailers during 2021. By the end of 2021 and early 2022 we replenished most of our channel inventory.

Factors Affecting Performance

Device

Ability to sell more devices

Selling more devices is integral to our strategy of growing SmartCast Active Accounts, increasing engagement, and expanding advertising monetization opportunities, all of which we believe will ultimately lead to higher SmartCast ARPU. There are a

variety of factors that drive the sales of our devices, including our sales and marketing efforts, the quality of our products, new product introductions, effective supply chain management and relationships with retailers. For example:

- We have, to date, introduced several new products that have had a favorable impact on our revenue and operating results, such as the introduction of our new line in 2021 for Smart TVs. We expect that introducing products that both stimulate demand and resonate with consumers will drive our sales growth and expand our market share.
- We actively diversify our supply chain in order to mitigate potential risks.
- With respect to our relationships with retailers, our ability to anticipate and quickly respond to consumer preferences has influenced retailers' willingness to market and promote our products over those of our competitors. Historically, we have cultivated strong relationships with our retailers, including Amazon, Best Buy, Costco, Sam's Club, Target and Walmart.

Seasonality

Historically, we have experienced the highest levels of our sales in the fourth quarter of the calendar year, coinciding with the holiday shopping season in the United States. Given the significant seasonality of our revenue, timely and effective product introductions and forecasting are critical to our operations, and fourth quarter sales are critical to our annual results.

Product mix

Our Device business encompasses a variety of Smart TVs and sound bars with different price points and features. Changes to our product mix may cause fluctuations in our gross profit as they reflect a range of margin profiles.

Platform+

Ability to grow SmartCast Active Accounts

The more SmartCast Active Accounts we have, the more attractive our platform will be to third-party content providers and advertisers looking to reach this audience. Our platform may suffer if we fail to secure popular apps and related content on SmartCast, which may lead users to purchase a television from a competitor.

Ability to increase engagement and monetize SmartCast Active Accounts

Our business is dependent on our continued ability to grow and sustain user engagement on SmartCast and, specifically, WatchFree+. User engagement on our platform is an essential revenue driver since it directly influences our attractiveness to advertisers, the largest near-term monetization opportunity. Therefore, our ability to attract compelling content viewers want to consume on WatchFree+ is critical to our monetization. Increasing engagement on our platform can result in greater attractiveness to advertisers and other monetization opportunities. The more time consumers spend on our platform, the more data we can collect, enabling us to create a more personalized and dynamic experience for users, while also allowing us to provide more targeted reach for advertisers.

Demand for a more connected home

The proliferation of the connected home ecosystem will power the long-term growth of our business. A Smart TV centered connected home will drive user engagement and expand our monetization opportunities into new domains. In addition to boosting demand for our hardware products, a connected home will require new interactive features that we are well-positioned to help deliver, such as personal communications, commerce, gaming, fitness and wellness, and dynamic entertainment experiences. Coupled with our passion for innovation and technical expertise, we can offer differentiated experiences for consumers. As we believe our Smart TVs will evolve to have a more pivotal role in the connected home, we must continue to find ways to monetize the use cases enabled on our platform.

Other

Ability to continue to invest

The future performance of our business will be affected by our investments in both our Device and Platform+ businesses. We intend to continue to invest in the capabilities of our products and services to deliver better value for our consumers and partners and address new market opportunities.

Competition

We believe the principal competitive factors impacting the market for our devices are brand, price, features, quality, design, consumer service, time-to-market and availability. We believe that we compete favorably in these areas. The consumer electronics market in which we operate is highly competitive and includes large, well-established companies. Many of our competitors have greater financial, distribution, marketing and other resources, longer operating histories, better brand recognition and greater economies of scale.

Our Platform+ business competes both to be the entertainment hub of consumers' homes and to attract advertising spend. We expect advertising spend to continue to shift from linear TV to connected TV, and as such we expect new competition to continue to intensify for viewership and for advertising spend. In this respect, we compete against other television brands with Smart TV offerings, connected devices and traditional cable operators seeking to integrate streaming media into their existing offerings. We also compete with OTT streaming services, as such services are able to monetize across a variety of devices and consumers may engage with their content through devices other than our Smart TVs. We compete with these devices and services in part on the basis of user experience and content availability, including the availability of free content. In addition, we compete to attract advertising spending on the basis of the size of our audience and our ability to effectively target advertising.

Components of Our Results of Operations and Financial Condition

Net revenue

Device net revenue

We generate Device net revenue primarily through sales of our Smart TVs and sound bars to retailers, including wholesale clubs, in the United States, as well as directly to consumers through our website. We recognize Device revenue when title of the goods is transferred to retailers or distributors, or upon the date the goods are delivered to consumers from a sale through our website. Our reported revenue is net of reserves for price protection, rebates, sales returns and other retailer allowances including some cooperative advertising arrangements. The prices charged for our Smart TVs and other devices are determined through negotiation with our retailers and are fixed or determinable upon shipment.

Platform+ net revenue

We generate Platform+ net revenue through sales of advertising and related services, data licensing, sales of branded buttons on our remote controls and content distribution. Our digital ad inventory consists of inventory on WatchFree+ and our home screen along with ad inventory we obtain through agreements with content providers and other third-party application agreements. We also re-sell video inventory that we purchase from content providers and directly sell third-party inventory on a revenue share.

Cost of goods sold

Device cost of goods sold

Device cost of goods sold primarily represents the prices for finished goods that we negotiate and pay to manufacturers and logistics providers for Smart TVs and other devices. The costs for finished goods paid to manufacturers include raw materials, manufacturing, overhead and labor costs, third-party logistics costs, shipping costs, customs and duties, license fees and royalties paid to third parties, recycling fees, insurance and other costs. Device cost of goods sold will vary with volume and is based on the cost of underlying product components and negotiated prices with the manufacturers. Shipping costs fluctuate with volume as well as with the method of shipping chosen in order to meet consumer demand. Other costs of revenue include outbound freight incurred while we take title of finished goods and employ third party logistic companies to expedite delivery to retailers, as well as after sales support.

Device cost of goods sold may be partially offset by payments we receive under certain manufacturer reimbursement and incentive arrangements in accordance with product supply agreements. These arrangements can be conditioned on the purchase of devices but are typically not a part of minimum purchase commitments with manufacturers. Accordingly, we treat these arrangements and related payments as reductions to the prices we pay to manufacturers for devices.

Platform+ cost of goods sold

Platform+ cost of goods sold includes advertising inventory costs, including revenue share as well as targeting and measurement services, third-party cloud services, allocated engineering costs and other technology expenses, content or programming licensing fees, and amortization of internally developed technology.

Gross profit

Device gross profit

Our Device gross profit represents Device net revenue less Device cost of goods sold, and Device gross margin is Device gross profit expressed as a percentage of Device net revenue. Our Device gross profit may fluctuate from period to period as Device net revenue fluctuates and has been and will continue to be influenced by several factors including supplier prices, retailer margin and device mix. We expect Device gross margin to fluctuate over time based on our ability to manage pricing through our supply chain and retailer network.

Platform+ gross profit

Our Platform+ gross profit represents Platform+ net revenue less Platform+ cost of goods sold, and Platform+ gross margin is Platform+ gross profit expressed as a percentage of Platform+ net revenue. Our Platform+ gross profit has been and will continue to be affected by costs and availability of advertising inventory, costs of data services associated with delivering advertising campaigns, costs to acquire content from content providers and the timing of our third-party cloud services and other technology expenses, and we expect our Platform+ gross margins to fluctuate from period to period depending on the factors discussed above.

Operating expenses

We classify our operating expenses into four categories:

Selling, general and administrative

Selling, general and administrative expenses consist primarily of personnel costs for employees, including salaries, bonuses, benefits and share-based compensation, as well as consulting expenses, fees for professional services, facilities and information technology. We expect selling, general and administrative expenses to increase in absolute dollars as our business grows. We have and expect to continue to incur additional expenses as a result of costs associated with being a public company, including expenses related to compliance with the rules and regulations of the SEC and the listing standards of the New York Stock Exchange, and increased expenses for insurance, investor relations, and fees for professional services. We expect selling, general and administrative expenses to fluctuate as a percentage of net revenue from period to period in the near term as we continue to invest in growing our business, but decline over the long term as we achieve greater scale over time.

Marketing

Marketing expenses consist primarily of advertising and marketing promotions of our brand and products, including media advertisement costs, merchandising and display costs, trade show and event costs, and sponsorship costs. We expect our marketing expense to increase in absolute dollars as we continue to promote our products and brand, particularly in the fourth quarter when we have historically experienced higher marketing expenses in connection with seasonally higher Device net revenue. We expect marketing expenses to fluctuate as a percentage of net revenue from period to period.

Research and development

Research and development expenses consist primarily of employee-related costs, including salaries and bonuses, share-based compensation expense, and employee benefits costs, third-party contractor costs, and related allocated overhead costs. In certain cases, costs are incurred to purchase materials and equipment for future use in research and development efforts. These costs are capitalized and expensed. We expect research and development expenses to continue to increase as we expand our Platform+ service.

Depreciation and amortization

Depreciation expenses cover declines in value of fixed assets such as buildings and equipment. Amortization expenses relate to our intangible assets.

Non-operating (expense) income

Non-operating (expense) income consists of interest income including interest earned on our financial institution deposits and interest expense on our credit facility and other income, net relating to activities not related to recurring operations.

Provision for (benefit from) income taxes

Our provision for (benefit from) income taxes consists of income taxes in the United States and related state jurisdictions in which we do business. Our effective tax rate will generally approximate the U.S. statutory income tax rate plus the apportionment of state income taxes based on the portion of taxable income allocable to each state. We regularly assess the likelihood of adverse outcomes resulting from the examination of our tax returns by the U.S. Internal Revenue Service and other tax authorities to determine the adequacy of our income tax reserves and expense.

Should actual events or results differ from our current expectations, charges or credits to our provision for (benefit from) income taxes may become necessary.

Results of Operations

The following table sets forth the components of our condensed consolidated statements of operations for each of the periods presented:

	Three Months Ended March 31,	
	2022	2021
	(Unaudited in millions)	
Net revenue:		
Device	\$ 382.9	\$ 453.5
Platform+	102.6	52.2
Total net revenue	485.5	505.7
Cost of goods sold:		
Device	375.0	405.2
Platform+	37.7	13.8
Total cost of goods sold	412.7	419.0
Gross profit:		
Device	7.9	48.3
Platform+	64.9	38.4
Total gross profit	72.8	86.7
Operating expenses:		
Selling, general and administrative	62.4	58.1
Marketing	13.3	4.4
Research and development	9.2	9.8
Depreciation and amortization	0.8	0.6
Total operating expenses	85.7	72.9
Income (loss) from operations	(12.9)	13.8
Interest income, net	—	0.1
Other income (expense), net	—	(0.2)
Total non-operating income (expense), net	—	(0.1)
Income (loss) before income taxes	(12.9)	13.7
Provision for (benefit from) income taxes	(1.9)	10.3
Net (loss) income	\$ (11.0)	\$ 3.4

The following table sets forth the components of our unaudited condensed consolidated statements of operations as a percentage of net revenue:

	Three Months Ended March 31,	
	2022	2021
	(Unaudited)	
Net revenue:		
Device	79 %	90 %
Platform+	21 %	10 %
Total net revenue	100 %	100 %
Cost of goods sold:		
Device	77 %	80 %
Platform+	8 %	3 %
Total cost of goods sold	85 %	83 %
Gross profit:		
Device	2 %	10 %
Platform+	13 %	8 %
Total gross profit	15 %	17 %
Operating expenses:		
Selling, general and administrative	13 %	11 %
Marketing	3 %	1 %
Research and development	2 %	2 %
Depreciation and amortization	— %	— %
Total operating expenses	18 %	14 %
Income (loss) from operations	(3)%	3 %
Interest income, net	— %	— %
Other income (expense), net	— %	— %
Total non-operating income (expense), net	— %	— %
Income (loss) before income taxes	(3)%	3 %
Provision for (benefit from) income taxes	— %	2 %
Net (loss) income	(2)%	1 %

Comparison of the Three Months Ended March 31, 2022 and 2021

Net revenue

	Three Months Ended March 31,		Change	
	2022	2021	\$	%
	(Unaudited, in millions)			
Net revenue				
Device	\$ 382.9	\$ 453.5	\$ (70.6)	(16)%
Platform+	102.6	52.2	50.4	97 %
Total net revenue	\$ 485.5	\$ 505.7	\$ (20.2)	(4)%

Device

Device net revenue decreased \$70.6 million, or 16% to \$382.9 million for the three months ended March 31, 2022 as compared to \$453.5 million for the same period in 2021. The decrease in Device net revenue was primarily due to an 8% decrease in total device units shipped and an 8% decrease in our total Device average unit price. Shipments of both Smart TVs and sound bars decreased during the three months ended March 31, 2022 as compared to the same period in 2021. The decline in average unit

price was primarily driven by more competitive pricing for Smart TVs partially offset by higher average unit price for sound bars during the three months ended March 31, 2022 as compared to the same period in 2021.

Platform+

Platform+ net revenue increased \$50.4 million, or 97%, to \$102.6 million for the three months ended March 31, 2022 from \$52.2 million for the same period in 2021. The increase in Platform+ net revenue was primarily due to an increase in advertising revenue of \$40.7 million, or 116% from \$35.2 million for the three months ended March 31, 2021 and an increase in non-advertising revenue of \$9.7 million, or 57% from \$17.0 million for the three months ended March 31, 2021 primarily due to higher data licensing revenue.

Cost of goods sold, gross profit and gross profit margin

	Three Months Ended March 31,		Change	
	2022	2021	\$	%
(Unaudited, in millions)				
Cost of goods sold				
Device	\$ 375.0	\$ 405.2	\$ (30.2)	(7)%
Platform+	37.7	13.8	23.9	173 %
Total cost of goods sold	<u>\$ 412.7</u>	<u>\$ 419.0</u>	<u>\$ (6.3)</u>	<u>(2)%</u>
Gross profit				
Device	\$ 7.9	\$ 48.3	\$ (40.4)	(84)%
Platform+	64.9	38.4	26.5	69 %
Total gross profit	<u>\$ 72.8</u>	<u>\$ 86.7</u>	<u>\$ (13.9)</u>	<u>(16)%</u>
Device gross margin	2.1 %	10.6 %		
Platform+ gross margin	63.3 %	73.7 %		
Total gross margin	15.0 %	17.1 %		

Device

Device cost of goods sold decreased \$30.2 million, or 7%, to \$375.0 million for the three months ended March 31, 2022 from \$405.2 million for the same period in 2021. Device gross margin decreased to 2.1% for the three months ended March 31, 2022, from 10.6% for the same period in 2021. Gross margins for both Smart TVs and sound bars decreased compared to the same period in 2021.

Platform+

Platform+ cost of goods sold increased \$23.9 million, or 173%, to \$37.7 million for the three months ended March 31, 2022 from \$13.8 million for the same period in 2021. The increase in Platform+ cost of goods sold was primarily due to increases in advertising inventory costs, third-party cloud services, and engineering costs. Platform+ gross margin decreased to 63% for the three months ended March 31, 2022 from 74% for the same period in 2021.

Operating expenses

	Three Months Ended March 31,		Change	
	2022	2021	\$	%
(Unaudited, in millions)				
Selling, general and administrative	\$ 62.4	\$ 58.1	\$ 4.3	7 %
Marketing	13.3	4.4	8.9	202 %
Research and development	9.2	9.8	(0.6)	(6)%
Depreciation and amortization	0.8	0.6	0.2	33 %
Total operating expenses	\$ 85.7	\$ 72.9	\$ 12.8	18 %

Selling, general and administrative expenses increased \$4.3 million, or 7%, to \$62.4 million for the three months ended March 31, 2022 from \$58.1 million for the same period in 2021. The increase in selling, general and administrative expenses was primarily due to an increase in personnel costs as we grow our Platform+ business and higher bad debt, partially offset by \$10.2 million decrease of share-based compensation expense to \$15.8 million for the three months ended March 31, 2022.

Marketing expenses increased \$8.9 million, or 202%, to \$13.3 million for the three months ended March 31, 2022 from \$4.4 million for the same period in 2021 primarily due to higher merchandising and media costs.

Research and development expenses decreased \$0.6 million, or 6% to \$9.2 million for the three months ended March 31, 2022, from \$9.8 million for the same period in 2021.

Depreciation and amortization expenses increased \$0.2 million, or 33%, to \$0.8 million for the three months ended March 31, 2022 from \$0.6 million for the same period in 2021.

Non-operating (expense) income

	Three Months Ended March 31,		Change	
	2022	2021	\$	%
(Unaudited, in millions)				
Interest income	\$ —	\$ 0.1	\$ (0.1)	(100)%
Other (expense) income, net	—	(0.2)	0.2	(100)%
Non-operating (expense) income	\$ —	\$ (0.1)	\$ 0.1	(100)%

Interest income decreased \$0.1 million for the three months ended March 31, 2022, from \$0.1 million for the same period in 2021, primarily due to the decrease in interest income relating to our financial institution deposit balances.

Other expense, net decreased \$0.2 million for the three months ended March 31, 2022, for the same period in 2021, primarily related to the re-measurement of monetary assets and liabilities between the U.S. dollar and foreign currencies..

Provision for (benefit from) income taxes

	Three Months Ended March 31,		Change	
	2022	2021	\$	%
(Unaudited, in millions)				
Provision for (benefit from) income taxes	\$ (1.9)	\$ 10.3	\$ (12.2)	(118)%
Effective tax rate	15 %	75 %		
Income before income taxes	\$ (12.9)	\$ 13.7		

We recorded a benefit from income taxes of \$1.9 million and a provision for income taxes of \$10.3 million for the three months ended March 31, 2022 and March 31, 2021, respectively. Our effective tax rate for the three months ended March 31, 2022 was 15% compared to 75% for the same period in 2021. The benefit from income taxes for the three months ended March 31, 2022 includes net income tax benefit of \$2.1 million for discrete items primarily due to excess tax benefits relating to share-based compensation.

Backlog

We do not believe that our backlog of orders is meaningful as of any particular date or indicative of future sales, as our retailers can change or cancel orders with little or no penalty and limited advance notice prior to shipment.

Liquidity and Capital Resources

To date, our primary cash needs have been for working capital purposes and to a lesser extent, capital expenditures, acquisitions and cash dividends. We have historically funded our business through cash flows generated from operations, the issuance of common stock and our revolving credit facility, as described below. We have grown rapidly over the past two years. As we continue to grow our business and invest in the development of our Platform+ business, we may need higher levels of working capital.

As of March 31, 2022 and December 31, 2021, we had cash and cash equivalents of \$309.7 million and \$331.6 million, respectively. We believe our existing cash and cash equivalents and cash from operations will be sufficient to meet our projected operating requirements for at least the next 12 months from the date of this Quarterly Report on Form 10-Q. Our future capital requirements may vary materially from our current expectations and will depend on many factors, including the growth of our business, the timing and extent of spending on various business initiatives, including investment in our Platform+ offerings, the timing of new product introductions, market acceptance of our products and overall economic conditions, including the impact of the COVID-19 pandemic. To the extent that current and anticipated future sources of liquidity are insufficient to fund our future business activities and requirements, we may be required to seek additional equity or debt financing. In the event additional financing is required from outside sources, we may not be able to obtain such financing on terms acceptable to us or at all. To the extent that we issue equity or convertible debt securities in the future, there will be further dilution to our investors. Further, any debt financing obtained by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions.

We are party to a credit agreement with Bank of America, N.A., which currently provides for a revolving credit line of up to \$50.0 million. Any indebtedness under this credit agreement is collateralized by substantially all of our assets and bears interest at a variable rate based either on LIBOR, the federal funds rate or the prime rate. The credit agreement contains customary affirmative and negative covenants and matures in April 2024. As of March 31, 2022, there were no amounts outstanding under this credit facility and we were in compliance with all debt covenants.

The following table sets forth the major components of our condensed consolidated statements of cash flows data for the periods presented:

	Three Months Ended March 31,	
	2022	2021
	(Unaudited, in millions)	
Net cash (used in) provided by operating activities	\$ (10.5)	\$ 84.8
Net cash used in investing activities	(4.7)	(2.3)
Net cash (used in) provided by financing activities	(6.7)	146.0
Effect of exchange rate changes on cash and cash equivalents	—	(1.1)
Net (decrease) increase in cash and cash equivalents	<u>\$ (21.9)</u>	<u>\$ 227.4</u>

Cash flows from operating activities

Cash flows from operating activities consist of net (loss) income adjusted for certain non-cash items, including depreciation and amortization, share-based compensation expense, change in allowance for doubtful accounts, and other non-cash related items as well as the effect of changes in working capital and other activities.

For the three months ended March 31, 2022, net cash used in operating activities was \$10.5 million, consisting of a net loss of \$11.0 million adjusted for non-cash expenses of \$20.4 million. Changes in operating assets and liabilities represented a \$19.9 million use of cash, primarily driven by changes in working capital, including decreases in accounts payable and accrued expenses.

For the three months ended March 31, 2021, net cash provided by operating activities was \$84.8 million, consisting of net income of \$3.4 million adjusted for non-cash expenses of \$27.9 million. Changes in operating assets and liabilities represented

a \$53.6 million use of cash, primarily driven by changes in working capital, including decrease in accounts receivable offset by a decrease in accounts payable and accrued expenses.

Cash flows from investing activities

For the three months ended March 31, 2022, our net cash used in investing activities was \$4.7 million and is primarily related to purchases of investments and property, plant and equipment. For the three months ended March 31, 2021 our net cash used in investing activities was \$2.3 million and primarily related to general purchases of property, plant and equipment.

In each of these periods, our primary investing activities consisted of the purchase of property and equipment to support our increased employee headcount and increased investments into internally developed software to support the overall growth in our business.

We expect that we will make capital expenditures and investments in the future, primarily on leasehold improvements and internally developed software, potential build-out of our corporate offices, as well as additional IT infrastructure, all of which will be done to support our future growth.

Cash flows from financing activities

Our net cash used in financing activities was \$6.7 million for the three months ended March 31, 2022, and is primarily related to cash used to pay withholding taxes on behalf of employees offset by proceeds received from the exercise of stock options.

Our net cash provided by financing activities was \$146.1 million for the three months ended March 31, 2021 primarily due to the net proceeds of approximately \$146.6 million from our IPO offset by cash payments of \$0.6 million for accumulated dividends on our Series A convertible preferred stock.

Contractual Obligations

Royalties

We are engaged in, and in certain cases have settled, various claims and suits alleging the infringement of patents related to certain television technology that were initiated by television manufacturers and other nonmanufacturers. In connection with the disposition of some of these claims and suits, we entered into, or may enter into, license arrangements, which may include royalty payments to be made for historical and/or prospective sales of our products. Certain of these settlements have included cross-licenses, covenants not to sue, and litigation holds.

In connection with these existing license agreements as well as existing or potential settlement arrangements, we recorded an aggregate accrual of \$47.2 million for all historical product sales as of March 31, 2022. To the extent that we are indemnified under product supply agreements with manufacturers, we have offset intellectual property expenses and recorded amounts as other receivable balances included in other current assets. Historically, we have been contractually indemnified and reimbursed by our manufacturers for most intellectual property royalty obligations and commitments. We will make future payments for the licensed technologies with funding received from the manufacturers, either through direct reimbursement from the manufacturers or payment of the net purchase price, as these royalty payments become due. In certain circumstances, we have the contractual ability to renegotiate the annual license fee in future years if certain unit sales volumes are not met in a given year. As of March 31, 2022, we expect our future payments to total \$23.2 million to be paid out over a period of one to five years.

Operating Lease Agreements

We have various non-cancelable operating leases for our corporate and satellite offices primarily in the United States. These leases expire at various times through 2027 and have total annual payments of less than \$3.0 million each year.

Off Balance Sheet Arrangements

We do not have any off-balance sheet financing arrangements or liabilities, guarantee contracts, retained or contingent interests in transferred assets, or any obligation arising out of a material variable interest in an unconsolidated entity. We do not have any majority-owned subsidiaries that are not included in our condensed consolidated financial statements. Additionally, we do not have an interest in, or relationships with, any special-purpose entities.

Critical Accounting Policies

We prepare our condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States. The preparation of these unaudited condensed consolidated financial statements requires us to make estimates,

assumptions and judgments that can significantly impact the amounts we report as assets, liabilities, net sales, costs and expenses and the related disclosures. We base our estimates on historical experience and other assumptions that we believe are reasonable under the circumstances. Our actual results could differ significantly from these estimates under different assumptions and conditions. We believe that the accounting policies discussed below are critical to understanding our historical and future performance as these policies involve a greater degree of judgment and complexity.

The Company's significant accounting policies are discussed in “Index to the Consolidated Financial Statements—Summary of Significant Accounting Policies” in our Annual Report on Form 10-K. There have been no significant changes to these policies for the three months ended March 31, 2022, except as described in “Note 2—Summary of Significant Accounting Policies” of our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Recent Accounting Pronouncements

There have been no further developments to recently issued accounting standards, including the expected dates of adoption and estimated effects on our condensed consolidated financial statements and footnote disclosures, from those disclosed in the audited consolidated financial statements included in our Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The Company's quantitative and qualitative disclosures about market risk are discussed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Quantitative and Qualitative Disclosures about Market Risk” in the Annual Report on Form 10-K. There have been no significant changes to our risks during the three months ended March 31, 2022.

Item 4. Controls and Procedures.

Management’s Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required financial disclosure.

As of the end of the period covered by this Quarterly Report on Form 10-Q, our management, under the supervision and with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e) and 15d-15(e). Based upon this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of March 31, 2022.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in management’s evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this Quarterly Report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives as specified above. Our management, including our principal executive officer and principal financial officer, does not expect, however, that our disclosure controls and procedures will prevent or detect all errors and fraud. Any control system, no matter how well designed and operated, is based on certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met and must reflect the fact that there are resource constraints, and benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to errors or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

We are currently, and in the future may continue to be, subject to litigation, claims and assertions incidental to our business, including patent infringement litigation and product liability claims, as well as other litigation of a non-material nature in the ordinary course of business. We believe that the outcome of any existing litigation, either individually or in the aggregate, will not have a material impact on our business, financial condition, results of operations or cash flows. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors. . For information regarding legal proceedings in which we are involved, see “Legal Matters” in Note 13 of the accompanying notes to our consolidated financial statements, which is incorporated herein by reference.

Item 1A. Risk Factors.

RISK FACTORS

An investment in our Class A common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with Management’s Discussion and Analysis of Financial Condition and Results of Operations and the unaudited condensed consolidated financial statements and all the other information in this Quarterly Report on Form 10-Q, before you decide to purchase any shares of our Class A common stock. Many of the risks and uncertainties described below may be exacerbated by the ongoing COVID-19 pandemic and any worsening of the global business and economic environment as a result. If any of the following risks actually occur, our business, financial condition or results of operations may be harmed and you may lose all or part of your investment.

Risk Factor Summary

Our business operations are subject to numerous risks, factors and uncertainties, including those outside of our control, that could cause our actual results to be harmed, including risks regarding the following:

- Decreases in average selling prices of our Smart TVs and other devices may reduce our total net revenue, gross profit and results of operations, particularly if we are not able to reduce our expenses commensurately.
- We depend on sales of our Smart TVs for a substantial portion of our total net revenue, and if the volume of these sales declines or is otherwise less than our expectations, we could lose market share or our Device net revenue may not grow at the rate we expect and our business, financial condition and results of operations may suffer.
- If we fail to keep pace with technological advances in our industry, or if we pursue technologies that do not become commercially accepted, consumers may not buy our devices, and our revenue and profitability may decline.
- We compete in rapidly evolving and highly competitive markets, and we expect intense competition to continue, which could result in a loss of our market share and a decrease in our revenue and profitability, and may harm our growth prospects.
- If we are unable to provide a competitive entertainment offering through SmartCast, our ability to attract and retain consumers would be harmed, as they increasingly look for new ways to access, discover and view digital content.
- Platform+ has experienced recent rapid growth, and our future success depends in part on our ability to continue to grow Platform+.
- A small number of retailers account for a substantial majority of our Device net revenue, and if our relationships with any of these retailers is harmed or terminated, or the level of business with them is significantly reduced, our results of operations may be harmed.
- If we do not effectively maintain and further develop our device sales channels, including developing and supporting our retail sales channels, or if any of our retailers experience financial difficulties or fails to promote our devices, our business may be harmed.
- We depend on a limited number of manufacturers for our devices and their components. If we experience any delay or disruption, or quality control problems with our manufacturers in their operations, we may be unable to keep up with retailer and consumer demand for our devices, we could lose market share and revenue and our reputation, brand and business would be harmed.

- We and our third-party service providers collect, store, use, disclose and otherwise process information collected from or about consumers of our devices. The collection and use of personal information subjects us to legislative and regulatory burdens, and contractual obligations, and may expose us to liability.
- A breach of the confidentiality or security of information we hold or of the security of the computer systems used in and for our business could be detrimental to our business, financial condition and results of operations.
- Third parties may claim we are infringing, misappropriating or otherwise violating their intellectual property rights and we could be prevented from selling our devices, or suffer significant litigation expense, even if these claims have no merit.
- Our net revenue and results of operations vary significantly from quarter to quarter due to a number of factors, including changes in demand for the devices we sell, including seasonal fluctuations reflecting traditional retailer and consumer purchasing patterns.
- The multi-class structure of our common stock has the effect of concentrating voting power with our Founder, Chairman and Chief Executive Officer, William Wang, and his affiliates, which will limit your ability to influence or direct the outcome of key corporate actions and transactions, including a change of control.
- We are a “controlled company” within the meaning of the New York Stock Exchange rules. As a result, we qualify for, and rely on, exemptions from certain corporate governance requirements that provide protection to stockholders of other companies.

Risks Relating to Our Industry and Business

Decreases in average selling prices of our Smart TVs and other devices may reduce our total net revenue, gross profit and results of operations, particularly if we are not able to reduce our expenses commensurately.

The selling prices of televisions, sound bars and other media entertainment devices typically decline over time for a variety of reasons, including increased price competition, excess manufacturing capacity and the introduction of new devices and technology. If we are unable to anticipate and counter declining selling prices during the lifecycle of our devices, our total net revenue, gross profit and results of operations may be harmed.

We sell the vast majority of our devices to various retailers that in turn sell our devices to the end consumer. In most situations, these retailers offer several brands of similar devices. The consumer’s decision on which brand to purchase can be impacted by a host of factors including price, and retailers will not purchase our devices from us if they are unable to sell them to consumers at a profit. As a result, if we are unable to offer devices to retailers at competitive prices, our business, financial condition and results of operations may be harmed.

Companies that sell media entertainment devices, including us, are vulnerable to cyclical market conditions that can cause a decrease in device prices. Intense competition and expectations of growth in demand across the industry may cause media entertainment device companies or their suppliers to make additional investments in manufacturing capacity on similar schedules, resulting in a surge in production capacity. During these surges in capacity, retailers can exert strong downward pricing pressure, resulting in sharp declines in prices and significant fluctuations in Device gross margin. Furthermore, we may provide our retailers with price protection credits in the form of rebates for devices that decrease in price during the device’s life cycle. While, in certain instances, we seek to pass through the costs associated with price protection rebates to our manufacturers, we may not be able to do so in full or in part, which may harm our Device gross margin.

In order to sell devices that have a declining purchase price while maintaining our Device gross margin, we need to continually reduce device and sourcing costs. To manage sourcing costs, we collaborate with our third-party manufacturers to attempt to engineer cost-effective designs for our devices. In addition, we rely on our third-party manufacturers to manage the prices paid for components used in our devices, especially key components such as LCD and OLED panels. We must also manage our logistics and other costs to reduce overall device costs. Our cost reduction efforts may not allow us to keep pace with competitive pricing pressures or declining prices. We cannot guarantee that we will be able to achieve any or sufficient cost reductions to enable us to reduce the price of our devices to remain competitive without margin declines, which could be significant.

We also need to continually introduce new devices, in particular Smart TVs, with higher gross margins in order to maintain our Device gross margin. Although we may be able to take advantage of the higher selling prices typically associated with new devices and technologies when they are first introduced in the market, such prices decline over time, and in certain cases very rapidly, as a result of market competition or otherwise. We may not be successful in improving or designing new devices, or delivering our new or improved devices to market in a timely manner.

If we are unable to effectively anticipate and counter declining prices during the lifecycle of our devices, or if the prices of our devices decrease faster than the speed at which we are able to reduce our manufacturing costs, our total net revenue, gross profit and results of operations may be harmed.

We depend on sales of our Smart TVs for a substantial portion of our total net revenue, and if the volume of these sales declines or is otherwise less than our expectations, we could lose market share or our Device net revenue may not grow at the rate we expect and our business, financial condition and results of operations may suffer.

A substantial portion of our total net revenue has been derived from the sale of Smart TVs. Sales of Smart TVs accounted for 67% and 80% of our net revenue for the three months ended March 31, 2022 and 2021, respectively. A decline in the volume of sales, whether due to macroeconomic conditions, changes in consumer demand, changes in technology or consumer preferences, competition or otherwise would harm our business and results of operations more significantly than it would if our devices were more diversified across a greater variety of products and services. Sales declines may also result in the loss of market share or require us to reduce the prices of our Smart TVs, which may harm our results of operations.

Demand for our Smart TVs is affected by numerous factors, including the general demand for televisions, price competition and the introduction of new technological innovations. For example, demand is, in part, affected by the rate of upgrade of new televisions. We derived a significant percentage of our past total net revenue as a result of consumers purchasing Smart TVs to replace their existing televisions, upgrading standard-definition televisions to high-definition and 4K televisions, upgrading analog receivers to digital receivers, and other upgrades to newer technologies. We cannot guarantee that current or future technological upgrades, such as OLED televisions and televisions with greater color spectrum or operating system capabilities will result in similar adoption rates, or that content providers will provide the content necessary for such technological upgrades to fulfill their full potential for consumers. For example, there was a significant amount of time between when high-definition televisions were available and high-definition content for such televisions was prevalent, and there has been minimal content available and provided for 3D televisions. Furthermore, the rate of replacement with new televisions of older televisions may be affected by macroeconomic factors such as continuing uncertainty in the global economy, or a change in the prices of televisions. If consumers do not purchase new televisions, or purchase substitute or replacement televisions at a lower rate than during prior replacement cycles, this may harm our business, financial condition and results of operations.

While we are evaluating other devices and services to add to and diversify our offerings, we may not be successful in identifying or executing on such opportunities, and we expect sales of televisions to continue to represent most of our total net revenue for the foreseeable future. Further, the success of Platform+ relies on continued sales of our Smart TVs in order to generate additional consumers who could become SmartCast Active Accounts. Because our SmartCast operating system is only available on our Smart TVs, the growth of Platform+ will be limited by the number of Smart TVs we sell. In addition, certain of our other new device offerings in the past, including sound bars, have been complementary to Smart TV purchases, and sales of such devices are correlated with Smart TV purchases. As a result, our future growth and financial performance will depend heavily on our ability to develop and sell our Smart TVs.

If we fail to keep pace with technological advances in our industry, or if we pursue technologies that do not become commercially accepted, consumers may not buy our devices, and our revenue and profitability may decline.

The markets for the media entertainment devices that we offer are characterized by rapidly changing technology, evolving technical standards, changes in consumer preferences, low margins, significant competition and the frequent introduction of new devices and software. The development and commercialization of new technologies, and the introduction of new devices and software, will often quickly make existing devices and software obsolete, unprofitable or unmarketable. We derive a substantial portion of our total net revenue from sales of new Smart TVs, and we expect a significant percentage of our future growth to depend in part on the continued development and monetization of our SmartCast operating system. Smart TV functionality is rapidly changing, and many potential future use cases for Smart TVs are untested and may prove unsuccessful. Our failure to adequately anticipate changes in the industry and the market, and to develop attractive new devices, software or services, may reduce our future growth and profitability. Moreover, the development process can be lengthy and costly, and requires us to collaborate with our third-party manufacturers, software developers and their suppliers as well as our retailers well in advance of sales. Technology and standards may change while we are in the development stage, rendering our devices obsolete or uncompetitive before their introduction. Our devices, which typically contain both hardware and software, may contain undetected bugs, errors or other defects or deficiencies that may not be discovered until after their introduction and shipment. We have in the past experienced bugs, errors or other defects or deficiencies in new devices and device updates and delays in releasing new devices, deployment options and device enhancements, and may have similar experiences in the future. In addition, we may encounter difficulties incorporating technologies and software into our devices in accordance with our retailers' and consumers' expectations, which in turn may negatively affect our retailer and consumer relationships, and our reputation, brand and revenue. For example, at the launch of Disney+, the Disney+ application was not available for installation on our Smart TVs, which led to consumer dissatisfaction and complaints. If we fail to keep pace with rapid technological changes and changes in consumers' needs or preferences, or to predict future consumer preferences, and to offer new devices,

software or software updates to new or existing devices in response to such changes, our business, financial condition and results of operations may be harmed.

We compete in rapidly evolving and highly competitive markets, and we expect intense competition to continue, which could result in a loss of our market share and a decrease in our revenue and profitability, and may harm our growth prospects.

We compete in rapidly evolving and highly competitive markets, and with existing competitors whose size and resources may allow them to compete more effectively than we can. We expect intense competition to continue as existing competitors introduce new and more competitive offerings alongside their existing devices and services, and as new market entrants introduce new devices and services into our markets. Many of our competitors have greater financial, distribution, marketing and other resources, longer operating histories, better brand recognition among some types of consumers and greater economies of scale. In addition, these competitors have long-term relationships with many of our retailers.

We compete primarily with established, well-known television manufacturers, established media entertainment device companies, as well as more recent entrants to the branded television market. Our principal competitors include: Samsung, LG, TCL, and Hisense. In addition, one of our significant retailers, Walmart, has introduced its own brand of televisions and has chosen and may continue to choose to promote their own devices over ours or could ultimately cease selling or promoting our devices entirely. We face sound bar competition from large consumer electronics brands such as Samsung, Sony, LG, Bose, Sonos and Onn. Any reduction in our ability to place and promote our devices, or increased competition for available or desirable shelf or website placement, especially during peak retail periods, such as the holiday shopping season, would require us to increase our marketing expenditures and to seek other distribution channels to promote our devices.

Our Platform+ offerings compete both to be the entertainment hub of consumers' homes and for advertising spend. We expect advertising spend to continue to shift from linear TV to connected TV, and as such we expect new competition to continue to intensify for viewership and for advertising spend. In this respect, we compete against other television brands with Smart TV offerings, such as Samsung, as well as connected devices such as Roku, Amazon Fire TV Stick and Apple TV and traditional cable operators, which may provide their own streaming services. We compete for advertising spend with these competitors as well as with OTT streaming services such as Hulu and YouTube TV, as such services are able to monetize across a variety of devices and consumers may engage with their content through devices other than our Smart TVs. We compete with these devices and services in part on the basis of user experience and content availability, and if our competitors are able to develop features that enhance the user experience, offer applications that are not available on our Smart TVs, or secure rights or partnerships to content, including exclusive content, consumers may prefer their offerings to ours and our business may be harmed. In addition, we compete to attract and retain advertisers, and our competitors may offer more attractive alternatives to advertisers, such as larger audiences or better ad formats. Further, to the extent consumers who purchase a VIZIO Smart TV do not engage with our SmartCast operating system and instead use their Smart TV with one of our competitors' solutions or for other purposes, our ability to generate Platform+ net revenue may be harmed.

Many of our existing and potential competitors enjoy substantial competitive advantages, such as:

- strong brand names;
- strong relationships with advertisers;
- access to greater resources in connection with research and development, including regarding development of advertising solutions;
- the ability to more easily undertake extensive marketing campaigns;
- the capacity to leverage their sales efforts and marketing expenditures across a broader portfolio of devices and services;
- the ability to implement and sustain aggressive pricing policies;
- the ability to obtain favorable pricing or allocations of key components from manufacturers or suppliers, including LCD and OLED panels, which are supplied for our devices to a significant extent by affiliates of our competitors;
- the ability to exert significant influence on sales channels;
- better access to prime shelf space at our retailers' retail locations;
- broader distribution and more established relationships with retailers;
- access to larger established retailer and consumer bases;
- access to greater resources to make acquisitions;
- a broader distribution market, by selling their devices internationally;

- the ability to rapidly develop and commercialize new technologies and services;
- the ability to bundle competitive offerings with other devices and services;
- the ability to cross-subsidize low-margin operations from their other higher-margin operations; and
- the ability to secure rights or partnerships to content, including exclusive content, that consumers may prefer over our content.

We would be at a competitive disadvantage if our competitors bring their next generation devices and services to market earlier than we do, if their devices or services have lower prices, better features, more content (or more preferable content) or are more technologically advanced than ours, or if any of our competitors' devices or services were to become preferred by retailers or consumers. To the extent we are unable to effectively compete against our competitors for any of these reasons or otherwise, our business, financial condition and results of operations may be harmed.

If we are unable to provide a competitive entertainment offering through SmartCast, our ability to attract and retain consumers would be harmed, as they increasingly look for new ways to access, discover and view digital content.

Our Smart TVs connect consumers with a user interface capable of facilitating discovery and engagement with a wide variety of content from traditional content providers, such as cable operators, and streaming content providers, including Amazon Prime Video, Apple TV+, discovery+, Disney+, HBO Max, Hulu, Netflix, Paramount+, Peacock and YouTube TV. We face increased competition from a growing number of broadband-enabled devices from providers such as Roku, AppleTV, Amazon (including Fire TV Sticks) and Google (including Chromecast) that provide broadband delivered digital content directly to a consumer's television connected to their device. In addition, we face competition from traditional cable providers and other television brands with Smart TV offerings, such as Samsung. We also face competition from online content providers and other PC software providers who deliver digital content directly to a consumer's personal computer, which in some cases may then be viewed on a consumer's television. To compete effectively, we must be able to provide premium, high-definition content at comparable speeds and quality. We must also maintain arrangements with a competitive assortment of content providers. For example, at the launch of Disney+, the Disney+ application was not available for installation on our Smart TVs, which led to consumer dissatisfaction and complaints. In addition, it takes time to bring new content to our platform, as it can take time for third party content providers to design their applications in a way that is compatible with our platform, and delays or failures to reach agreement with popular content providers will harm our business. Furthermore, our arrangements with our current content providers typically do not involve long-term commitments, and we cannot guarantee we will be able to continue our relationships with our current content providers in the future.

Additionally, the manner in which consumers access streaming content is changing rapidly. As the technological infrastructure for internet access continues to improve and evolve, consumers will be presented with more opportunities to access video, music and games on-demand with interactive capabilities. Time spent on mobile devices is growing rapidly, in particular by young adults streaming video content from streaming channels and from cable or satellite providers available live or on-demand on mobile devices. If our competitors are able to respond and take advantage of changes in consumer viewing habits and technologies better than us, our business may be harmed.

If we are unable to provide a competitive entertainment offering through SmartCast, we may not maintain or increase SmartCast Active Accounts, SmartCast Hours and SmartCast ARPU as defined in Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations", and our business, financial condition and results of operations may be harmed.

Platform+ has experienced recent rapid growth, and our future success depends in part on our ability to continue to grow Platform+.

Platform+ is at an early stage and has experienced recent rapid growth, which may not be indicative of future growth. Platform+ net revenue was \$102.6 million and \$52.2 million for the three months ended March 31, 2022 and 2021, respectively. You should not rely on our growth in any prior period as an indication of our future performance, as we may not be able to sustain our growth rate in the future. Even if our Platform+ net revenue continues to increase, we expect that our Platform+ net revenue growth rate may decline in the future as a result of a variety of factors, including the saturation of our markets.

The success of our Platform+ business will depend on many factors, including our ability to increase the number of SmartCast Active Accounts, increase SmartCast Hours and increase SmartCast ARPU. To do so, we must enhance our SmartCast operating system, develop innovative advertising products, maintain relationships with advertising purchasers and develop new offerings that add additional features and capabilities. In addition, any failure to grow our data licensing revenue through Inscape may harm our Platform+ business and results of operations. We have made significant investments in our Platform+ offerings and the technological capabilities of our Smart TVs, and we may not achieve positive returns on these investments.

We intend to continue to expend substantial financial and other resources to develop our SmartCast operating system and the features and functionalities of our Smart TVs, and we may fail to allocate our resources in a manner that results in increased revenue or other growth in our business. If we are unable to maintain or increase our Platform+ net revenue at a rate sufficient to offset the expected increase in our costs, our business, financial condition and results of operations may be harmed. Additionally, we may encounter unforeseen operating expenses, difficulties, complications, delays and other unknown factors that may result in losses in future periods. If Platform+ growth does not meet our expectations in future periods, our business, financial condition and results of operations may be harmed.

We depend in part on the continued sales of our Smart TVs for the growth of our Platform+ business and if we fail to deliver devices that our retailers and consumers want, our business, financial condition and results of operations may be harmed.

The growth of our Platform+ business depends in part on the continued sales of our Smart TVs in order to generate additional consumers who could become SmartCast Active Accounts. Because our SmartCast operating system is only available on our Smart TVs, the growth of Platform+ depends in part on the number of new Smart TVs we sell and our ability to convert those purchasers into SmartCast Active Accounts. To the extent retailers and consumers do not continue to purchase our Smart TVs, we may not be able to grow our SmartCast Active Accounts, SmartCast Hours or Platform+ net revenue, and these metrics may decline if existing consumers decide to purchase from another brand when they purchase a new television. If we fail to deliver upgraded and new Smart TVs that our retailers and consumers want, we may not be able to continue to grow our Platform+ business, and our business, financial condition and results of operations may be harmed.

We may not be successful in our efforts to expand our monetization of our SmartCast operating system, which may harm our business, financial condition and results of operations.

Our future growth depends in part on our ability to expand the capabilities of our SmartCast operating system and to monetize those capabilities. SmartCast currently generates revenue from ad inventory on our home screen, WatchFree+ and certain other services on our operating system and, on a transactional basis, from certain subscription purchases and content transactions that occur on our operating system. To continue to grow our business, we intend to invest in interactive features for our Smart TVs such as personal communications, commerce and fitness and wellness. We may be unable to successfully develop these features and even if we do, consumers may not choose to engage with them. The failure to develop new features and functionalities for our SmartCast operating system may harm our number of SmartCast Active Accounts, and the failure to monetize such innovations may harm our SmartCast ARPU. If we are unable to generate revenue from new features of our Smart TVs, our business, financial condition and results of operations may be harmed.

We expect our quarterly financial results to fluctuate, which may lead to volatility in our stock price.

Our net revenue and results of operations vary significantly from quarter to quarter due to a number of factors, including:

- changes in demand for the devices we sell, including seasonal fluctuations reflecting traditional retailer and consumer purchasing patterns;
- changes in the mix of devices we sell;
- the impact of new device introductions, including the impact of customary reset periods, or retailers and consumers choosing to forego purchases of current devices in anticipation of new devices;
- the introduction of new technologies, devices or service offerings by competitors;
- our ability to manage our device mix and consider allowances, including for price protection;
- our ability to reduce our fixed costs to compensate for any reduced net revenue or decrease in average selling prices;
- our ability to grow SmartCast Active Accounts and continue to develop our Platform+ offerings;
- changes in advertising and other marketing costs;
- aggressive pricing, marketing campaigns or other initiatives by our competitors;
- increases in the cost of the devices we sell due to the rising costs of key components such as LCD and OLED panels, chipsets and raw materials, particularly in Vietnam, China, Taiwan, Thailand and Mexico;
- costs of expanding or enhancing our supply base;
- changes and uncertainty in the legislative, regulatory and industry environment, including changes in tax laws, for us, our customers, our retailers or our manufacturers;
- the impact of COVID 19, including supply chain issues and labor shortages;
- investments in new device or service offerings, including the level of investment in our Platform+ offerings;

- changes in our capital expenditures as we acquire the hardware, equipment, technologies and other assets required to operate and scale our business; and
- costs related to acquisitions of other businesses or technologies.

As a result of the variability of these and other factors, including macroeconomic factors, our results of operations in future quarters may be below the expectations of stock analysts and investors, which could cause our stock price to fall.

Our Device business is seasonal, and if our device sales during the holiday season fall below our forecasts, our business, financial condition and results of operations may be harmed.

Our Device business is subject to seasonal fluctuations in demand due to changes in buying patterns by our retailers. Historically, we have experienced the highest levels of our sales in the fourth quarter of the year, coinciding with the holiday shopping season in the United States, including the Black Friday and Cyber Monday sales events, and, to a more limited extent, the third quarter due to pre-holiday inventory build-up and back-to-school promotions. Moreover, we often introduce our newest generation of device offerings just prior to this peak season, which may further concentrate sales in the fourth quarter. Additionally, there are other seasonal events, such as Superbowl Sunday in the first quarter, as well as retailer reset periods in the spring and fall of each year, which impact our sales volume. During device reset periods, our retailers, including Best Buy, Costco, Sam's Club, Target and Walmart, update their device assortments, driving sales of new device introductions, while simultaneously driving down prices for pre-existing devices, as retailers seek to move older devices off of their shelves to make room for new devices.

Depending on how well we plan and execute our sales strategy during seasonal fluctuations in demand, our device sell-through and/or margins may be harmed, particularly as we provide price protection for devices in inventory at our retailers. Further, given the strong seasonal nature of our device sales, appropriate forecasting is critical to our operations. We anticipate that this seasonal impact on our results will continue, and any shortfall in seasonal sales would cause our results of operations to suffer. Achieving sales targets in the fourth quarter is particularly important, as a failure to achieve sales targets during the holiday season cannot be recovered in subsequent periods of a given year.

In contrast to total net revenue, a substantial portion of our expenses are personnel-related and include salaries, bonuses, benefits and share-based compensation, which are not seasonal in nature. Accordingly, in the event of revenue shortfalls, we are generally unable to mitigate the negative impact on margins in the short term.

Our success depends on our ability to continue to establish, promote and strengthen the VIZIO brand.

Maintaining awareness of the VIZIO brand name in existing markets and developing and maintaining the VIZIO brand name are critical to achieving and maintaining widespread awareness of our Smart TV and other device and service offerings. The VIZIO name and brand image are integral to the growth of our business. Maintaining, protecting, promoting and positioning our brand will largely depend on the success of our marketing efforts and our ability to consistently provide high quality devices that continue to meet the needs of our retailers and consumers at competitive prices, our ability to maintain our retailers' and consumers' trust, and our ability to successfully differentiate our devices from competitive products. If we fail to achieve these objectives or if our public image or reputation were to be tarnished by negative publicity or perception, our brand, business, financial condition and results of operations may be harmed. We also believe that brand recognition will continue to be a key factor in maintaining and expanding our retailer base and market position, strengthening our bargaining power with retailers, manufacturers and third-party service providers and growing our Platform+ offerings. Maintaining and enhancing our brand requires us to make substantial investments, and these investments may not achieve the desired goals. Marketing expenses for three months ended March 31, 2022 and 2021 were \$13.3 million and \$4.4 million, respectively. If we are unable to continue to promote, protect and strengthen the VIZIO brand, or if our brand fails to continue to be viewed favorably by our retailers or by consumers, we may not be successful in retaining existing retailers or consumers, or in attracting and acquiring new retailers and consumers, which may harm our business, financial condition and results of operations. Additionally, we compete for retailers and consumers, as well as for favorable device selections and cooperative advertising support from our retailers. Our retailers are often the first points of contact with consumers. Moreover, these retailers provide a significant amount of device advertising, which supplements our marketing spend or may decrease the amount that we are otherwise required to spend on marketing. If these retailers reduce or cease advertising our devices, we may need to increase our own sales and marketing expenses to create and maintain the same level of brand awareness among potential consumers.

We must successfully manage frequent device introductions and transitions.

We believe that we must continually develop and introduce new devices, enhance our existing devices and effectively stimulate retailer and consumer demand for new devices. Any failure to complete device transitions effectively could harm our brand, business, financial condition and results of operations.

The success of new device introductions depends on a number of factors including, but not limited to, timely and successful development, market and consumer acceptance, the effective forecasting and management of device demand, management of

purchase commitments and inventory levels, the management of manufacturing and supply costs, and the risk that new devices may have quality or other defects in the early stages of introduction. If we do not successfully manage device transitions, especially during the holiday shopping season, our Device net revenue and business may be harmed and we may not be able to grow our business.

The introduction of new devices or device enhancements may shorten the life cycle of our existing devices, or replace sales of some of our current devices, thereby offsetting the benefit of a successful device introduction. Additionally, the prices of our existing models tend to decline when new models become available. Although we attempt to pass such price declines to our manufacturers, we may need to offer our retailers price protection or other benefits in order to complete the sell-through of older models of our devices to consumers. New device offerings may also cause retailers or consumers to defer purchasing our existing devices in anticipation of the new devices and potentially lead to challenges in managing inventory of existing devices. If we fail to effectively manage new device introductions, our Device net revenue and Device gross profit may be harmed.

If we fail to effectively manage our growth, our business, financial condition and results of operations may be harmed.

Our ability to manage our growth and business operations effectively and to integrate new employees, technologies and acquisitions into our existing business will require us to continue to expand our operational and financial infrastructure and to continue to retain, attract, train, motivate and manage employees. Continued growth could strain our ability to develop and improve our operational, financial and management controls, enhance our reporting systems and procedures, recruit, train and retain highly skilled personnel and maintain consumer satisfaction. Additionally, if we do not effectively manage the growth of our business and operations, the quality of our offerings could suffer, which could negatively affect our reputation, brand, business, financial condition and results of operations.

Further, as we have grown, our business has become increasingly complex. To effectively manage and capitalize on our growth, we must continue to expand our sales and marketing infrastructure, engineering, focus on innovative device development and upgrade our management information systems and other processes. Our continued growth could strain our existing resources, and we could experience ongoing operating difficulties in managing our business across numerous jurisdictions, including difficulties in hiring, training and managing a diffuse and growing employee base. Failure to scale and preserve our company culture with growth could harm our future success, including our ability to retain and recruit personnel and to effectively focus on and pursue our corporate objectives. If we do not adapt to meet these evolving challenges, or if our management team does not effectively scale with our growth, we may experience erosion to our brand and the quality of our devices may suffer.

Our Smart TVs must operate with various offerings, technologies and systems from third party content providers that we do not control. If our Smart TVs do not operate effectively with those offerings, technologies and systems, our business may be harmed.

The success of our SmartCast operating system depends in part on its interoperability with the applications of content providers in order to provide the channels and content that consumers want. We have no control over the development priorities of these third-party content providers and cannot be assured they will design their applications for our platform. If content providers do not develop or maintain applications for our SmartCast operating system, our business, financial condition and results of operations may be harmed.

Our success also depends on the reliability of these offerings. If the applications on our Smart TVs experience performance issues or service interruptions, consumers may become dissatisfied with our platform. In addition, we plan to continue to develop our SmartCast operating system and innovate new features. These developments and features, however, may require content providers to update or modify their applications. To continue to grow our SmartCast Active Accounts and consumer engagement, we will need to prioritize development of our Smart TVs to work with additional offerings, technologies and systems. If we are unable to maintain consistent operability of our devices compared to other platforms, our business may be harmed. In addition, any future changes to offerings, technologies and systems from content providers may impact the accessibility, speed, functionality, and other performance aspects of our Smart TVs. We may not successfully develop Smart TVs that operate effectively with these offerings, technologies or systems. If it becomes more difficult for our consumers to access and use these offerings, technologies or systems, consumers may seek to use alternative offerings and our business, financial condition and results of operations may be harmed.

If the advertising and audience development campaigns and other promotional advertising on our platform are not relevant or not engaging to our consumers, our growth in SmartCast Active Accounts and consumer engagement may be harmed.

We have made, and are continuing to make, investments to enable advertisers and content providers to deliver relevant advertisements, audience development campaigns and other promotional advertising to our consumers. Existing and prospective advertisers and content providers may not be successful in serving ads and audience development campaigns and sponsoring other promotional advertising that lead to and maintain user engagement. Those ads and campaigns may seem irrelevant, repetitive or overly targeted and intrusive. We are continuously seeking to balance the objectives of our advertisers and content providers with our desire to provide an optimal user experience, but we may not be successful in achieving a

balance that continues to attract and retain consumers, advertisers and content providers. We have invested and expect to continue to invest in developing innovative advertising technology, and those investments may not lead to capable or commercially successful technology. If we do not introduce relevant advertisements, audience development campaigns and other promotional advertising or such advertisements, audience development campaigns and other promotional advertising are overly intrusive and impede the use of our streaming platform, our consumers may reduce using, or stop using, our platform, and advertisers or content providers may reduce or discontinue their relationships with us, any of which may harm our business.

If we are unable to maintain an adequate supply of quality video ad inventory or effectively sell our available video ad inventory, we may not be successful in further monetizing our Platform+ business and as a result, our business, financial condition and results of operations may be harmed.

We are dependent in part on our ability to monetize video ad inventory on WatchFree+ video ad inventory that we obtain from the publishers of ad-supported channels, and through our inventory share with certain AVOD services. We generate advertising revenue by selling ad inventory on our own services and through certain third-party AVOD services. We may fail to attract content providers for these services that generate a sufficient quantity or quality of ad-supported content hours on our streaming platform and continue to grow supply of quality video ad inventory. Our access to video ad inventory on our platform, including on WatchFree+ varies greatly. The amount, quality and cost of video ad inventory available to us can change at any time. If we are unable to grow and maintain a sufficient supply of quality video advertising inventory at reasonable costs to keep up with demand, we may not be able to increase our SmartCast ARPU and our business may be harmed.

Our ability to deliver more relevant advertisements to our consumers and to increase SmartCast's value to advertisers depends in part on the collection of user engagement data, which may be restricted or prevented by a number of factors, including our ability to keep SmartCast Active Accounts engaged on ad-supported content instead of harder to monetize content, contractual restrictions on our ability to use data from certain streaming services and consumers' willingness to opt into the collection of their data. Our ability to grow SmartCast ARPU depends in part on our ability to shift SmartCast Hours towards services that we are better able to monetize.

Further, we operate in a highly competitive advertising industry and we compete for revenue from advertising with OTT platforms and services, as well as traditional media, such as radio, broadcast, cable and satellite TV. These competitors offer content and other advertising mediums that may be more attractive to advertisers than our streaming platform. These competitors are often very large and have more advertising experience and financial resources than we do, which may adversely affect our ability to compete for advertisers and may result in lower revenue and gross profit from advertising. If we are unable to increase our revenue from advertising by, among other things, continuing to improve our platform's capabilities to further optimize and measure advertisers' campaigns, increase our advertising inventory and expand our advertising sales team and programmatic capabilities, our business and our growth prospects may be harmed. We may not be able to compete effectively or adapt to any such changes or trends, which would harm our ability to grow our advertising revenue and harm our business, financial condition and results of operations.

The ongoing COVID-19 pandemic has impacted our business, and the related ongoing supply chain challenges and resurgences of COVID-19 or additional responsive measures thereto, may continue to impact our business.

Since the first quarter of 2020, the COVID-19 pandemic, the responsive measures that we and other parties have taken, and the resulting economic consequences have affected our business. In 2020, we experienced year-over-year growth in Device net revenue and gross profit driven by increased demand due to shelter-in-place orders and fiscal stimulus funds. However in 2020 and most of 2021, we also encountered supply chain disruptions due primarily to an industry-wide increase in demand for televisions and other media entertainment devices as well as resurgences in COVID-19 cases due to new variants, suppliers operating at limited capacity due to regional restrictions, shipping and logistical delays, and the temporary closing of certain retail locations. The pandemic led to industry-wide supply chain challenges that resulted in delayed product availability. These challenges included shipping and logistics challenges and significant limits on component supplies. In the second half of 2021, as shelter-in-place orders were lifted, demand began to normalize. As a result, for the year ended December 31, 2021, we experienced decreases in our Device gross profit margin due to higher cost of component parts and freight both of which stemmed from the lingering impact of COVID-19. By the end of 2021 and early 2022 we replenished most of our channel inventory.

While the increase in demand for televisions seen in response to shelter-in-place orders and other precautionary COVID response measures benefited our business and results of operations in 2020 and the first half of 2021, we expect that demand in future periods may be adversely impacted due to consumers having accelerated purchasing decisions. The supply chain challenges had adversely impacted our business, and may adversely impact our ability to meet our product demand in the future, which could result in additional costs, result in customer dissatisfaction in the event of continued inventory shortages, or may otherwise adversely impact our business, financial condition, and results of operations.

It is also possible that continued economic uncertainty related to the COVID-19 pandemic or reduced consumer purchasing power due to inflation may further reduce future sales.

The spread of COVID-19 has caused us to take precautionary measures intended to help minimize the risk of the virus to our employees, including instituting work-from-home policies, suspending non-essential business travel, shifting from in-person to virtual meetings, events and conferences, and instituting a variety of health and safety protocols. We may take further actions as required by federal, state and local government authorities or that we determine are in the best interests of our employees, retailers and business partners, but which may also result in a slowdown of our operations. An extended period of remote work arrangements could disrupt our business or adversely impact employee productivity, introduce additional business and operational risks, including cybersecurity risks, and make it more difficult for us to effectively manage our business. Additionally, efforts to re-open our offices safely may not be successful, could expose our personnel to health risks and will involve additional financial burdens. The pandemic may have long-term effects on the nature of the office environment and remote working, and this may present operational challenges that may harm our business. We also may incur significant operating costs and be exposed to increased liability risks as a result of the COVID-19 pandemic.

The extent to which the COVID-19 pandemic ultimately impacts our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including, but not limited to, the duration and spread of the outbreak, its severity, the actions taken by governmental authorities and businesses to contain the virus or treat its impacts, and how quickly and to what extent economic and operating conditions normalize. Even after the COVID-19 pandemic itself has subsided, we may continue to experience impacts to our business as a result of any global economic impact, including as a result of an ongoing recession. A prolonged economic downturn could also impact the overall financial condition of our media content providers, advertisers, retailers and services vendors all of whom we depend on in order to operate our business. As a result, the current level of uncertainty over the economic and operational impacts of the COVID-19 pandemic means the impact on our business cannot be reasonably estimated at this time.

An economic downturn, or economic uncertainty in our key markets, could adversely affect consumer discretionary spending and demand for our devices and our results of operations.

Our Smart TVs and sound bars are consumer discretionary items. As such, our results of operations tend to be sensitive to changes in conditions that impact the level of consumer spending for discretionary items, including general macroeconomic conditions, consumer confidence, employment levels, interest rates, inflation, tax rates, the availability and cost of consumer credit, consumer debt levels and fuel and energy costs. As global economic conditions continue to be volatile and economic uncertainty remains, consumer discretionary spending may also remain unpredictable and subject to reductions due to credit constraints and uncertainties. Negative conditions in the general economy in either the United States or abroad, including conditions resulting from changes in economic policy, trade uncertainty, including changes in tariffs, sanctions, international treaties and other trade restrictions, the occurrence of a natural disaster or global public health crisis, such as the COVID-19 pandemic, or armed conflicts, such as the ongoing geopolitical tensions related to Russia's actions in Ukraine, resulting sanctions imposed by the United States and other countries, and retaliatory actions taken by Russia in response to such sanctions, may also impact the level of consumer spending for discretionary items. These factors may lead consumers to delay or reduce purchases of our devices. Further, economic downturns or changes in general macroeconomic conditions, including inflation, may lead to a reduction in advertising spending and harm the results of operations of Platform+. Our sensitivity to economic cycles and any related fluctuation in consumer demand may harm our business, financial condition and results of operations. For example, we believe that consumer demand was accelerated in 2020 due to shelter-in-place orders, work-from-home policies and other measures taken in response to the COVID-19 pandemic, and in late 2021, we began to see demand normalize to pre-pandemic levels. As a result, we expect consumer demand to fluctuate in future periods, particularly to the extent a resurgence of COVID-19 causes global or regional recessions.

Changes in consumer viewing habits could harm our business.

The manner in which consumers access streaming content is changing rapidly. As the technological infrastructure for internet access continues to improve and evolve, consumers will be presented with more opportunities to access video, music and games on-demand with interactive capabilities. Time spent on mobile devices is growing rapidly, in particular by young adults streaming content as well as content from cable or satellite providers available live or on-demand on mobile devices. In addition, personal computers, streaming platforms, DVD players, Blu-ray players, gaming consoles and cable set-top boxes allow consumers to access streaming content. If other streaming or technology providers are able to respond and take advantage of changes in consumer viewing habits and technologies better than us, our business, financial condition and results of operations may be harmed.

New entrants may enter the TV streaming market with unique service offerings or approaches to providing content. In addition, our competitors may enter into business combinations or alliances that strengthen their competitive positions. If new technologies render the TV streaming market obsolete or we are unable to successfully compete with current and new competitors and technologies, our business may be harmed.

The use of Automatic Content Recognition (ACR) technology to collect viewing behavior data is emerging and may not be successful.

The utilization of viewing behavior data collected using ACR technology through Smart TVs to inform digital advertising and content delivery is an emerging industry, and future demand and market acceptance for this type of data is uncertain. If the market for the use of this data does not develop or develops more slowly than we expect, or if we are unable to successfully develop and monetize our Platform+ offerings or the viewing behavior data we collect, our growth prospects may be harmed.

Many factors may adversely affect the acceptance and growth of Platform+, including:

- developing and maintaining relationships and technology integrations with brand advertisers, advertising and media agencies, broadcast, cable and local television networks, digital publishers and streaming companies, data analytics firms and marketing technology firms;
- decisions by advertisers, media content providers, digital publishers or marketing technology companies to, or changes in their technology or rights that, restrict our ability to collect data or their refusal to implement mechanisms we request to ensure compliance with our legal obligations or technical requirements;
- changes by marketing technology companies that render inoperable the integrations we have with them;
- changes in the economic prospects of advertisers, advertising and media agencies, broadcast, cable and local television networks, digital publishers and streaming companies, data analytics firms, advertising technology firms, or the industries or verticals we expect to primarily serve with our Inscape data services;
- the failure to add, or the loss of, brand advertisers, advertising and media agencies, broadcast, cable and local television networks, digital publishers and streaming companies, data analytics firms and advertising technology firms running advertising campaigns using our services;
- the timing and amount of sales and marketing expenses incurred to attract new brand advertisers, advertising and media agencies, broadcast, cable and local television networks, digital publishers and streaming companies, data analytics firms and advertising technology firms to our services;
- changes in the demand for viewing behavior data;
- changes in consumer preferences and attitudes toward data collection, use, disclosure and other processing;
- changes in device functionality and settings, and other changes in technologies, including those that make it easier for consumers to prevent the placement monitoring technology and impact our ability to reach them online or collect and use exposure data, and decisions by consumers to opt out of being monitored or to use such technology; and
- changes in or the introduction of new laws, rules, regulations or industry standards or increased enforcement of international laws, rules, regulations or industry standards impacting the collection, use, privacy, security, sharing or other processing of data or otherwise.

Further, we currently do not collect, and might not in the future collect, viewing behavior data regarding content streamed through SmartCast or content viewed on Smart TVs located outside of the United States. Additionally, some of our agreements with third party content providers, including Netflix and Disney+, restrict us from using viewing data from consumers engaging with that third party's content. These potential limitations may impair our ability to monetize Platform+. Moreover, our Smart TV viewers must initially opt-in to data collection and can opt out of data collection at any time. Consumer attitudes toward data collection, use, disclosure, and other processing may change over time, and may result in more of our Smart TV viewers opting out of data collection.

If we are unable to adequately address these factors, we may not be able to successfully develop our Platform+ offerings and our anticipated future growth may be harmed.

Our future growth depends in part on the growth and integration of the digital and television advertising industries.

Many advertisers continue to devote a substantial portion of their advertising budgets to traditional, offline advertising, such as offline television, radio and print. The future growth of our business and, in particular, our Platform+ offerings, will depend on the continued integration of television and digital advertising, and on advertisers increasing their spend on television and digital advertising, and we cannot be certain that they will do so. We have invested to improve digital advertising, such as through our Automatic Content Recognition (ACR) and Dynamic Ad Insertion (DAI) technologies, but these technologies are still under development, and even if successfully developed, these efforts may not prove commercially successful. If advertisers do not perceive meaningful benefits from the integration of television and digital advertising, and in particular the benefit of viewing behavior data, including in terms of cost effectiveness, then the digital advertising market and our Platform+ offerings may develop more slowly than we expect, which may harm our business, financial condition and results of operations.

Changing consumer preferences towards data collection, privacy and security could cause consumers not to opt-in to or to opt-out of our data collection practices, which could harm our Platform+ business.

Certain of our data policies require consumers to opt-in to the collection, use, and disclosure of their data, including viewing data. Data collection, privacy and security have become the subject of increasing public concern and changing consumer preferences towards data collection, privacy and security could adversely affect consumer willingness to opt-in to our collection of their data. For example, prior to collection of information from a device about the content viewed on that television, we must prominently disclose to the consumer, separate and apart from any privacy policy, the types of data that will be collected, used and shared with third parties, including the identity or specific categories of such third parties, and the purposes for sharing of such information, and then obtain the consumer's affirmative express consent. Consumers may be reluctant or unwilling to opt-in to the collection of viewing data, and consumers that have opted-in to the collection of viewing data may opt-out of the collection of viewing data through the Smart TV user settings at any time.

In particular, the success of our Inscope data services depends in part on our ability to lawfully obtain information about the content viewed on a device through the use of ACR and other technologies from devices whose users choose to opt-in to the data collection. Furthermore, some consumers may be reluctant or unwilling to opt into our collection of their data or connect to the internet through our Smart TVs for a variety of reasons, including because they have concerns regarding the risks associated with data privacy and security. If consumers choose not to opt-in to the collection of their data as a result of these concerns, this could negatively impact the growth potential for our Platform+ business.

A breach of the confidentiality or security of information we hold or of the security of the computer systems used in and for our business could be detrimental to our business, financial condition and results of operations.

We rely on others to operate complex computer systems that store and otherwise process sensitive corporate, personal and other information, including intellectual property, proprietary business information, payment card information and other consumer data and confidential information, which they are contractually required to maintain on a confidential basis. The information we collect through our Inscope data services does not include consumers' names, addresses, phone numbers, social security numbers, credit card information or other contact information, but it does include device or other persistent identifiers, IP addresses, viewing behavior data and other personal information. We also maintain a separate database of personal information in connection with consumers who register our devices for warranty purposes or otherwise contact us, such as for consumer service assistance. More generally, in the ordinary course of our business, we collect, store, transmit and otherwise process large amounts of sensitive corporate, personal and other information, including intellectual property, proprietary business information, payment card information and other consumer data and confidential information. It is critical that we work to maintain the confidentiality, integrity and availability of such information.

Like all services that connect with the internet, our Inscope data services, and our website, as well as our information technology systems and infrastructure and those of our third-party service providers, and our databases and data centers provided by third-party service providers have in the past and may in the future be subject to security breaches, intrusions, incidents, attacks, malware and ransomware attacks, social engineering attacks, phishing attempts, attempts to overload our servers with denial-of-service, employee and contractor theft and other malfeasance, unauthorized access by third parties or internal actors, or other attacks and disruptions, any of which could lead to interruptions, delays, or shutdowns of our services, or the inadvertent or unauthorized access, destruction, modification, acquisition, release, transfer, loss, disclosure or use of information about consumers or their devices or other sensitive, personal or confidential information. Attacks of this nature are increasing in frequency, levels of persistence, sophistication and intensity, and evolving in nature, and are conducted by sophisticated and organized groups and individuals with a wide range of motives and expertise, including organized criminal groups, "hacktivists," terrorists, nation states and others. Threats to and vulnerabilities in our computer systems and those of our service providers have resulted and may result from human error, fraud or malice on the part of our employees, third-party service providers and business partners or by malicious third parties, including state-sponsored organizations with significant financial and technological resources, or from accidental technological failure. Additionally, geopolitical events and resulting government activity could also lead to information security threats and attacks by affected jurisdictions and their sympathizers. For example, despite our efforts to secure our information technology systems and the data contained in those systems, including any efforts to educate or train our employees, we remain vulnerable to phishing and other types of attacks and breaches. In the past, employees have been victims of spearphishing and other phishing attacks, and we anticipate these attacks continuing, which may result in our employees and contractors being victims of these attacks in the future. The security risks we face have been heightened by an increase in our employees and service providers working remotely in response to the COVID-19 pandemic. In addition, due to political uncertainty and military actions associated with Russia's actions in Ukraine, we and our service providers are vulnerable to heightened risks of information security threats and attacks from or affiliated with nation-state actors, including attacks that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our devices and services.

To date we have not had any material cybersecurity breaches however, we cannot be certain that current or future criminal capabilities, discovery of existing or new vulnerabilities in our and our service providers' systems and attempts to exploit those vulnerabilities, physical systems or facility break-ins and data thefts or other developments will not compromise or breach the technology protecting the systems and information possessed by us and our service providers, or that this has not already occurred. Given the unpredictability of the timing, nature and scope of cybersecurity attacks and other security-related incidents, our technology may fail to adequately secure our systems and the information we maintain, and we may be unable to anticipate or prevent techniques used to obtain unauthorized access or to sabotage systems, react in a timely manner, or implement adequate preventative measures. In the event that our or our service providers' protection efforts are unsuccessful and there is unauthorized access to, or unauthorized destruction, modification, acquisition, release, transfer, loss, disclosure or use of information or the breach of the security of information, we could suffer substantial harm. A breach of our or our service providers' network security or systems could have serious negative consequences for our business and future prospects, including costs to comply with applicable breach notification laws, disruption to our business, litigation, disputes, regulatory investigation and oversight, mandatory corrective action, fines, penalties, damages, indemnity obligations, damages for contract breach, reduced consumer demand for our devices and harm to our reputation and brand. We may face difficulties or delays in identifying, mitigating or otherwise responding to any security breach or incident.

Further, a portion of our technology infrastructure is operated by third parties such as Amazon Web Services, among other providers, over which we have no direct control, and some of these third parties in turn subcontract with other third-party service providers. We are reliant in part on their security measures to protect our sensitive corporate, personal and other information, including intellectual property, proprietary business information, payment card information, consumer data and other confidential information. Our ability to monitor our service providers' security measures is limited, and, in any event, third parties may be able to circumvent those security measures, resulting in the unauthorized access to, misuse, disclosure, loss or destruction of our and our customers' information, including sensitive and personal information. Third parties that we work with have in the past experienced security incidents and phishing attacks and may have similar experiences in the future. If those third parties do not adequately protect our information, it could result in decreased revenue and our reputation and brand could suffer irreparable harm, causing consumers to reject our devices in the future, our data providers not to share data with us, or advertisers or other downstream users or licensees of our viewing behavior data not to do business with us. For example, we use third-party payment processors to collect payment information for purchases on our website and through our Smart TVs. If these third parties suffer a data breach involving our consumers' payment card data, we may be subject to substantial penalties and related enforcement for failure to adhere to the technical or operational security requirements of the Payment Card Industry (PCI) Data Security Standard (DSS) imposed by the PCI Council to protect cardholder data. Penalties arising from PCI DSS enforcement are uncertain as penalties may be imposed by entities within the payment card processing chain without regard to any statutory or universally mandated framework. Such enforcement could threaten our relationship with our banks, card brands we do business with, and our third-party payment processors. Further, we could be forced to expend significant financial and operational resources in response to any actual or perceived security breach or security incident, including in repairing system damage, increasing cybersecurity protection costs by deploying additional personnel and modifying or enhancing our protection technologies, investigating and remediating any information security vulnerabilities, notifying affected individuals and providing them with identity-protection services, and litigating and resolving governmental investigations and other proceedings and legal claims and litigation, all of which could divert resources and the attention of our management and key personnel.

We incur significant costs to detect and prevent security breaches and other security-related incidents. Nevertheless, our efforts may not be successful. The inability to implement and maintain adequate safeguards may harm our business, financial condition and results of operations. For example, we do not yet have a formally documented data retention policy or business continuity/disaster recovery plan. If we are not able to detect and identify activity on our systems that might be nefarious in nature, determine the scope of or contain the nefarious activity, or design processes or systems to reduce the impact of similar activity at a third-party provider, our business could suffer harm. In such cases, we could face exposure to legal claims, particularly if the retailer or consumer suffered actual harm. We cannot ensure that any limitations of liability provisions in our agreements with consumers or retailers, contracts with service providers and other contracts for a security lapse or breach or other security-related matter would be enforceable or adequate or would otherwise protect us from any liabilities or damages with respect to any particular claim. In any event, an unauthorized disclosure of information or a breach of the security of our systems or data, media reports about such an incident, whether accurate or not, or our failure to make adequate or timely disclosures to the public, regulators, or law enforcement agencies following any such event, whether due to delayed discovery or a failure to follow existing protocols, may harm our reputation, brand, business, financial condition and results of operations.

Security compromises experienced by others in our industry, our retailers or us may lead to public disclosures and widespread negative publicity. Any security compromise in our industry, whether actual or perceived, could erode consumer confidence in the effectiveness of our security measures, negatively impact our ability to attract new consumers, cause existing consumers to elect not to use our devices or subject us to third-party lawsuits, regulatory fines or other actions or liabilities, which may harm our business, financial condition and results of operations.

Additionally, we cannot be certain that our insurance coverage will be adequate for data security liabilities actually incurred, will cover any indemnification claims against us relating to any incident, that insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, may harm our reputation, brand, business, financial condition and results of operations.

Significant system disruptions, loss of data center capacity or interruption of telecommunication links may harm our business, financial condition and results of operations.

Our business is heavily dependent upon highly complex data processing capability. Protection of our data centers and the third-party data centers at which we collect and maintain data against damage or interruption from fire, flood, earthquakes, tornadoes, other natural disasters, acts of war (including Russia's actions in Ukraine) or terrorism, cybersecurity attacks, ransomware, power loss, telecommunications or equipment failure, infrastructure changes, human or software errors, viruses, denial of service attacks, fraud or other disasters and events beyond our control is critical to our continued success. We also rely on bandwidth providers, internet service providers and mobile networks to deliver data to us from Smart TVs and the online content available through our Smart TVs is dependent on links to telecommunication providers. Any damage to, failure of, or outages of the systems of the data centers that we utilize or the systems of our third-party providers could result in interruptions to the availability or functionality of our Inscape data services or our Smart TVs. If for any reason our arrangements with our third-party providers, including providers of our third-party data centers, are terminated, we could experience additional expense in arranging for new technology, services and support. In addition, the failure of the data centers that we utilize or any third-party providers to meet our capacity requirements could result in interruptions in the availability or functionality of our devices or impede our ability to scale our operations.

We believe we and the third parties on which we rely have taken reasonable precautions to protect necessary data centers and telecommunication links from events that could interrupt our operations. Such third parties, however, are responsible for maintaining their own network security, disaster recovery and system management procedures. Any damage to the data centers that we utilize or any failure of our telecommunications links that causes loss of data center capacity or otherwise causes interruptions in our operations, however, may materially adversely affect our ability to quickly and effectively respond to our retailers' requirements, which could result in loss of their confidence, adversely impact our ability to attract new retailers and force us to expend significant resources to repair the damage. Such events may harm our business, financial condition and results of operations.

Any material disruption of our information systems may harm our business, financial condition and results of operations.

We are increasingly dependent on information systems to process transactions, respond to retailer inquiries, provide technical support to consumers, manage our supply chain and inventory, ship goods on a timely basis and maintain cost-efficient operations, in particular for our Inscape data services. There have been and may continue to be significant supply chain attacks (such as the attacks resulting from vulnerabilities in SolarWinds Orion, Accellion FTA, Microsoft Exchange, and other widely-used software and technology infrastructure) and there may be a rise in the threat, frequency and/or sophistication of cyber attacks due to the recent geopolitical tensions, so we cannot guarantee that our or our third-party providers' systems and networks have not been breached or that they do not contain exploitable defects or bugs that could result in a breach of or disruption to our systems and networks or the systems and networks of third parties that support us and our services. Any material disruption, outage, failure or slowdown of our systems or those of our service providers, including a disruption or slowdown caused by our failure to successfully upgrade our systems, system failures, viruses, computer "hackers," cybersecurity attacks, denial of service attacks, ransomware or other causes, as well as fire, flood, earthquakes, tornadoes, power loss, telecommunications or equipment failure, infrastructure changes, human or software errors, fraud or other disasters and events beyond our control, could cause delays in our supply chain or cause information, including data related to retailer orders, to be lost, corrupted, altered or delayed, which could result in delays in the delivery of merchandise to retailers or lost sales, especially if the disruption or slowdown occurs during the holiday season. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. Any of these events could reduce demand for our devices or impair our ability to complete sales through our ecommerce channels and cause our revenue to decline. If our information systems are inadequate to handle our growth, we could lose retailers or our business, financial condition and results of operations may be harmed.

As we expand our operations, we expect to utilize additional systems and service providers that may also be essential to managing our business, in particular for our Inscape data services. Although the systems and services that we require are typically available from a number of providers, it is time consuming and costly to qualify and implement these relationships. Therefore, our ability to manage our business would suffer if one or more of our providers suffers an interruption in their business, or experiences delays, disruptions or quality control problems in their operations, or we have to change or add systems

and services. Furthermore, we may not be able to control the quality of the systems and services we receive from third-party service providers, which could impair our ability to implement appropriate internal controls over financial reporting.

If our devices contain defects or errors, we could incur significant unexpected expenses, experience device returns and lost sales, suffer damage to our reputation and brand, and be subject to product liability or other claims.

Our devices are complex and may contain defects, bugs, or vulnerabilities, or be subject to errors or failures, particularly when first introduced or when new models are released. Our devices have a one-, two- or three-year limited warranty against manufacturing defects and workmanship. While our warranty is limited to repairs and returns, warranty claims may result in significant costs and litigation, the occurrence of which may harm our business, financial condition and results of operations. If our devices contain defects or errors, we could experience decreased sales and increased device returns, and loss of our retailers, consumers and market share. If defects are not discovered until after retailers or consumers purchase our devices, our retailers and consumers could lose confidence in the quality of our devices and our reputation and brand may be harmed. If significant bugs or vulnerabilities are not discovered and patched in a timely manner, unauthorized parties could gain access to such devices. Any negative publicity related to the perceived quality of our devices could affect our brand image, decrease retailer and consumer demand, and may harm our business, financial condition and results of operations. In addition, although substantially all of our device warranty expenses are reimbursed by our manufacturers under our standard device supply agreements, if our manufacturers fail to honor these obligations, or if the indemnities in our device supply agreements are insufficient or do not cover our losses, we could incur significant service, warranty and insurance costs to correct any defects, warranty claims or other problems, including costs related to device recalls.

We may undertake acquisitions to expand our business, which may pose risks to our business, dilute the ownership of our stockholders or restrict our operations.

As part of our business and growth strategy, we have in the past acquired and made significant investments in, and may in the future acquire or make significant investments in, businesses, assets, technologies or services that we believe complement our business, although we have no present commitments or agreements to enter into any such acquisitions or investments. For example, in December 2014, we acquired Advanced Media Research Group, Inc., a software and application development company, and in August 2015, we acquired Cognitive Media Networks, Inc., a software provider that enables our Inscape data services. We have limited experience acquiring and integrating businesses, and may not be successful in doing so. Acquisitions involve numerous risks, any of which could harm our business and negatively affect our business, financial condition and results of operations, including:

- intense competition for suitable acquisition targets, which could increase acquisition costs and adversely affect our ability to consummate deals on favorable or acceptable terms;
- failure or material delay in closing a transaction;
- transaction-related lawsuits or claims;
- difficulties in integrating the technologies, operations, existing contracts and personnel of an acquired company;
- difficulties in retaining key employees or business partners of an acquired company;
- diversion of financial and management resources from existing operations or alternative acquisition opportunities;
- failure to realize the anticipated benefits or synergies of a transaction;
- failure to identify the problems, liabilities or other shortcomings or challenges of an acquired company or technology, including issues related to intellectual property, regulatory compliance practices, litigation, revenue recognition or other accounting practices, privacy, data protection and data security practices, or employee or user issues;
- risks that regulatory bodies may enact new laws or promulgate new regulations that are adverse to an acquired company or business;
- risks that we may be required to comply with additional laws and regulations, or to engage in substantial remediation efforts to cause the acquired company to comply with applicable laws or regulations;
- costs and potential difficulties associated with the requirement to test and assimilate the internal control processes of the acquired business;
- theft of our trade secrets or confidential information that we share with potential acquisition candidates;
- risk that an acquired company or investment in new offerings cannibalizes a portion of our existing business; and
- adverse market reaction to an acquisition.

If we fail to address the foregoing risks or other problems encountered in connection with past or future acquisitions of businesses, new technologies, services and other assets and strategic investments, or if we fail to successfully integrate such acquisitions or investments, our business, financial condition and results of operations may be harmed. Acquisitions by us could also result in large write-offs or assumptions of debt and contingent liabilities, any of which could substantially harm our business, financial condition and results of operations. In addition, to finance any acquisitions, it may be necessary for us to raise additional funds through equity, equity-linked or debt financings. Additional funds may not be available on terms that are favorable to us, and in the case of equity or equity-linked financings, could result in dilution to our stockholders. Furthermore, funds obtained through debt financing could contain covenants that restrict how we operate our business or obtain other financing in the future.

We are subject to international business risks and uncertainties.

Our supply chain and manufacturing partners are based in, or have operations in countries outside of the United States including Vietnam, China, Taiwan, Thailand and Mexico. Further, we may expand our marketing operations internationally, which may lead to operations across many additional countries. For example, we have previously established sales channels through which we sell our devices in Canada and Mexico, though we have currently suspended sales in these countries. We expect our revenue from outside of the United States to increase in the future. Accordingly, we intend to expand our relationships in these countries and may establish additional relationships in other countries to grow our operations. Operating in foreign countries requires significant resources and management attention, and we have limited experience entering new geographic markets. We cannot guarantee that our international efforts will be successful.

Some of our manufacturers of key components, including LCD and OLED panels, reside in China. The Chinese economy differs from the economies of most developed countries in many respects, including the amount of government involvement, the level of development, the growth rate, the control of foreign exchange and the allocation of resources. The Chinese government exercises significant control over China's economic growth through the allocation of resources, control of the incurrence and payment of foreign currency-denominated obligations, setting of monetary policy and provision of preferential treatment to particular industries or companies. Changes in any of these policies, laws and regulations could adversely affect the overall economy in China or our Chinese manufacturers, which could harm our business through higher device costs, reduced availability or both. Additionally, the impact of the COVID-19 outbreak and the timing and extent of government mandated shut downs have impacted some of our manufacturers and may continue to impact them in the future.

Furthermore, the global nature of our business creates various domestic and local regulatory challenges and subjects us to risks associated with our international operations. We are subject to the U.S. Foreign Corrupt Practices Act (the FCPA) and similar anti-bribery and anti-corruption laws in other jurisdictions in which we conduct activities, such as China. These laws generally prohibit companies, their employees, agents, representatives, business partners and third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments to government officials or others in the private sector for the purpose of influencing official actions, obtaining or retaining business, directing business to another, or securing an advantage.

Our ability to maintain current relationships with our manufacturers and vendors, to conduct operations with our existing international partners and to grow our business internationally is subject to risks associated with international operations, such as:

- inability to localize our devices, including to adapt for local practices and translate into foreign languages;
- difficulties in staffing and managing foreign operations;
- burdens of complying with a wide variety of laws and regulations, including those relating to the collection, use and other processing of consumer data;
- more stringent or differing regulations relating to privacy, data protection and data security, particularly in Canada and the European Union;
- unexpected changes in regulatory requirements;
- adverse tax effects and foreign exchange controls making it difficult to repatriate earnings and cash, or reinvest earnings from operations in one country to fund the capital needs of our operations in other countries;
- exposure to political or economic instability and general economic fluctuations in specific countries or markets;
- risks resulting from changes in currency exchange rates;
- changes in diplomatic and trade relationships, including ongoing trade disputes between the United States and China;
- terrorist activities, natural disasters and pandemics, including the regional or local impacts of any such activity;

- political, economic and social instability, war (including ongoing geopolitical tensions related to Russia's actions in Ukraine, resulting sanctions imposed by the United States and other countries, and retaliatory actions taken by Russia in response to such sanctions) or armed conflict;
- trade restrictions;
- differing employment practices and laws and labor disruptions, including strikes and other work stoppages;
- the imposition of government controls;
- lesser degrees of intellectual property protection;
- tariffs and customs duties, or other barriers to some international markets, and the classifications of our goods by applicable governmental bodies;
- a legal system subject to undue influence or corruption; and
- a business culture in which illegal sales practices may be prevalent.

The occurrence of any of these risks could negatively affect our operations or international business expansion and consequently our business, financial condition and results of operations may be harmed.

Our Inscope data services currently focus on data generated from television content consumption in the United States. In order to expand these services internationally, we would be required to expend significant time and resources to be able to ensure that we can collect consumer and content data in other countries, and that we do so in compliance with laws in such countries. We cannot guarantee that we would be able to do so in a cost-effective manner, if at all.

We intend to run our operations in compliance with local regulations, such as tax, civil, environmental and other laws in each country where we may have presence or operations. However, there are inherent legal, financial and operational risks involved in conducting international operations, and we cannot be certain that these risks will not prevent us from being able to successfully develop and expand our international operations.

As we increase our international sales and business, we may engage with third-party intermediaries to market our devices and to obtain necessary permits, licenses and other regulatory approvals. In addition, we or our employees, agents, representatives, business partners and third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of our employees, agents, representatives, business partners and third-party intermediaries, even if we do not explicitly authorize such activities. In addition, U.S. public companies are required to maintain records that accurately and fairly represent their transactions and have an adequate system of internal accounting controls. We cannot assure you that our employees, agents, representatives, business partners and third-party intermediaries will not take actions in violation of applicable law, for which we may be ultimately held responsible.

Detecting, investigating and resolving actual or alleged violations of anti-corruption laws can require a significant diversion of time, resources, and attention from senior management, as well as significant defense costs and other professional service fees. In addition, noncompliance with anti-corruption and anti-bribery laws can subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, enforcement actions, fines, damages, other civil and/or criminal penalties and injunctions against us, our officers, or our employees, disgorgement of profits, suspension or debarment from contracting with the U.S. government or other persons, reputational harm, adverse media coverage and other collateral consequences. If any subpoenas or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal proceeding, our reputation, brand, business, financial condition and results of operations may be harmed.

We are highly dependent on our Chief Executive Officer and senior management team, and we may fail to attract, retain, motivate or integrate highly skilled personnel, which may harm our business, financial condition and results of operations.

Our future success depends in significant part on the continued service of William Wang, our Founder, Chairman and Chief Executive Officer, and our senior management team. Mr. Wang is critical to the strategic direction and overall management of our company as well as our research and development process. Mr. Wang and each member of our management team is an at-will employee. We do not carry key person life insurance on Mr. Wang or any other member of our senior management team. If we lose the services of any member of our senior management team, we may not be able to find a suitable replacement or integrate a replacement in a timely manner or at all, which would seriously harm our business, financial condition and results of operations.

In addition, our continuing growth will, to a large extent, depend on the attention of Mr. Wang to our daily affairs. Our future success also depends, in part, on our ability to continue to attract and retain highly skilled personnel. Competition for these personnel in the Orange County area of California, where our headquarters is located, and in other locations where we maintain

offices, is intense, and the industry in which we operate is generally characterized by significant competition for skilled personnel as well as high employee attrition. We may not be successful in attracting, retaining, training or motivating qualified personnel to fulfill our current or future needs. Additionally, the former employers of our new employees may attempt to assert that our new employees or we have breached their legal obligations, which may be time-consuming, distracting to management and may divert our resources. Current and potential personnel also often consider the value of equity awards they receive in connection with their employment, and to the extent the perceived value of our equity awards declines relative to our competitors, our ability to attract and retain highly skilled personnel may be harmed. If we fail to attract and integrate new personnel or retain and motivate our current personnel, our business, financial condition and results of operations may be harmed.

The quality of our consumer support is important to our consumers, and if we fail to provide adequate levels of consumer support, we could lose consumers, which would harm our business.

Our consumers depend on our consumer support organization to resolve any issues relating to our devices and SmartCast operating system. A high level of support is critical for the successful marketing and sale of our devices. We currently outsource our consumer support operation to two third-party consumer support providers. If we do not effectively train, update and manage our third-party consumer support providers to assist our consumers, and if those support providers do not succeed in helping them quickly resolve issues or provide effective ongoing support, it could adversely affect our ability to sell our devices to consumers and harm our reputation with potential new consumers.

Our success will depend in part on our continued ability to offer devices utilizing a display technology that has broad market appeal.

Most of our total net revenue is currently derived from the sale of devices utilizing LCD display technology, which is currently the most common flat panel display technology, and OLED display technology. We do not design or manufacture either LCD or OLED display technology. Our ability to adopt or incorporate the latest LCD and OLED display technologies into our Smart TVs depends on continued advancement in the design and manufacture of LCD and OLED display technologies by others. Furthermore, technologies other than LCD and OLED technologies are also currently available or may become available. These new display technologies, which are at various stages of development and production, may gain wider market acceptance than LCD or OLED technology for use in televisions. We currently do not offer Smart TVs using displays incorporating these alternative display technologies. If consumers prefer devices manufactured by our competitors utilizing display technologies that we have not adopted, this may harm our business, financial condition and results of operations.

We have and may continue to discontinue support for older versions of our devices, resulting in consumer dissatisfaction that could negatively affect our business, financial condition and results of operations.

We have historically maintained, and we believe our consumers may expect, extensive backward compatibility for our older products and the software that supports them, allowing older products to continue to benefit from new software updates. We expect that in the near term, this backward compatibility will no longer be practical or cost-effective, and we may decrease or discontinue service for our older products. Further, certain older products may continue to work but may no longer receive software updates (other than critical patches) and/or we may still continue to offer updates to the user interface and applications available on the platform without providing support for updating all functions of our older products. To the extent we no longer provide extensive backward compatibility for our products, we may damage our relationship with our existing consumers, as well as our reputation, brand loyalty and ability to attract new consumers.

For these reasons, any decision to decrease or discontinue backward compatibility may decrease sales, generate legal claims and may harm our business, financial condition and results of operations.

Changes in how network operators manage data that travel across their networks could harm our business.

Our business relies upon the ability of our consumers to access high-quality streaming content through the internet. As a result, the growth of our business depends on our consumers' ability to obtain and maintain low-cost, high-speed access to the internet, which relies in part on the network operators' continuing willingness to upgrade and maintain their equipment as needed to sustain a robust internet infrastructure as well as their continued willingness to preserve the open and interconnected nature of the internet. We exercise no control over network operators, which makes us vulnerable to any errors, interruptions or delays in their operations. Any material disruption or degradation in internet services may harm our business.

To the extent that the number of internet users continues to increase, network congestion could adversely affect the reliability of our over-the-top services. We may also face increased costs of doing business if network operators engage in discriminatory practices with respect to streamed video content in an effort to monetize access to their networks by data providers. In the past, internet service providers have attempted to implement usage-based pricing, bandwidth caps and traffic "shaping" or throttling. To the extent network operators were to create tiers of internet access service and either charge us or our content providers for access to these tiers or prohibit us or our content providers from having our services available on some or all of these tiers, our

quality of service could decline, our operating expenses could increase and our ability to attract and retain consumers could be impaired, each of which may harm our business.

In addition, most network operators that provide consumers with access to the internet also provide these consumers with multichannel video programming. These network operators have an incentive to use their network infrastructure in a manner adverse to the continued growth and success of other companies seeking to distribute similar video programming. To the extent that network operators are able to provide preferential treatment to their own data and content, as opposed to ours, our business may be harmed.

Our financial and operating performance may be adversely affected by epidemics, adverse weather conditions, climate change, natural disasters and other catastrophes, public health crises, including the COVID-19 pandemic, and political instability.

Our headquarters is located in the Orange County area of California, an area susceptible to earthquakes. A major earthquake or other natural disaster, fire, act of terrorism or other catastrophic event, or the effects of climate change (such as sea level rise, drought, flooding, wildfires and increased storm severity), in California or elsewhere that results in the destruction or disruption of any of our critical business operations or information technology systems could severely affect our ability to conduct normal business operations and, as a result, our future results of operations may be harmed.

Our key manufacturing, supply, assembly and distribution partners have global operations, including in Vietnam, China, Taiwan, Mexico and Thailand as well as the United States. Political instability or crises, civil unrest, the effects of climate change, adverse weather conditions, natural disasters and other catastrophes, epidemics or outbreaks of disease in any of those countries, public health crises, including the COVID-19 pandemic, or political crises, such as terrorist attacks, war and other political instability, such as the ongoing geopolitical tensions related to Russia's actions in Ukraine, resulting sanctions imposed by the United States and other countries, and retaliatory actions taken by Russia in response to such sanctions, may harm our business, financial condition and results of operations. Any prolonged occurrence of these or other events or conditions in any of these locations may interrupt the business operations of our manufacturers as well as the manufacturers of key components, including LCD and OLED panels, which may harm our business and results of operations. For instance, health or other government regulations adopted in response to a natural disaster, epidemic, including the COVID-19 pandemic, or outbreak, or a severe disruption or increase in the pricing of basic food stuffs, may require closure of our manufacturers' facilities and/or our retailers' facilities, leading to reduced production, delayed or cancelled orders and decrease in demand for our devices. These regulations also could result in severe travel restrictions and closures that would restrict our ability to ship our devices.

We may require additional capital, which may not be available on terms acceptable to us, or at all.

Historically, we have funded our operations and capital expenditures primarily through equity issuances and cash generated from our operations. To support our growing business, we must have sufficient capital to continue to make significant investments in our devices. If we raise additional funds through the issuance of equity, equity-linked, or debt securities, those securities may have rights, preferences, or privileges senior to those of our Class A common stock, and our existing stockholders may experience dilution. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities.

Our ability to obtain financing will depend on, among other things, our business plans, and operating performance, and the condition of the capital markets at the time we seek financing, including disruptions caused by external events such as COVID-19. We cannot be certain that additional financing will be available to us on favorable terms, or at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly limited, and our business, financial condition and results of operations may be harmed.

Risks Relating to Our Supply Chain, Content Providers and Other Third Parties

A small number of retailers account for a substantial majority of our Device net revenue, and if our relationships with any of these retailers is harmed or terminated, or the level of business with them is significantly reduced, our results of operations may be harmed.

We depend on a small number of retailers for a substantial majority of our Device business and believe that in the future we will continue to generate a substantial majority of our Device net revenue from a small number of retailers. Our four largest retailers, measured by net revenue, accounted for 70% and 77% of our Device net revenue for the three months ended March 31, 2022 and 2021, respectively. Moreover, Best Buy, Sam's Club, Costco and Walmart each accounted for more than 10% of our Device net revenue for the years ended December 31, 2021, 2020, and 2019. Walmart, Sam's Club and certain other entities purchasing from us are affiliates under common control, and while Walmart and Sam's Club have historically submitted orders

to us through separate purchasing departments, their affiliation enhances the risk of our retailer concentration as, among other things, their purchasing departments could become centralized in the future.

We do not typically enter into binding long-term contracts with our retailers. We generally sell our devices on the basis of purchase orders, and our retailers may cancel or defer orders with little or no notice and without significant or any penalties. Our ability to maintain close and satisfactory relationships with our retailers is important to the ongoing success and profitability of our business. If any of our significant retailers reduces, delays, or cancels its orders, or the financial condition of our key retailers deteriorates, our business may be seriously harmed. In addition, our retailers may become competitors. For example, one of our significant retailers, Walmart, has introduced its own brand of televisions, Onn, and may choose to promote their own devices over ours or could ultimately cease selling or promoting our devices entirely. If we were to lose one of our major retailers, or if a major retailer were to significantly reduce its volume of business with us or provide more or better shelf space to devices of our competitors, our Device net revenue and Device gross profit could be materially reduced, which could have a significant adverse impact on our business, financial condition and results of operations.

If we do not effectively maintain and further develop our device sales channels, including developing and supporting our retail sales channels, or if any of our retailers experience financial difficulties or fails to promote our devices, our business may be harmed.

We depend upon effective sales channels to reach the consumers who are the ultimate purchasers of our devices. We primarily sell our devices directly through a mix of retail channels, including big box retailers, wholesale clubs, online marketplaces and, to a much smaller extent, independent regional retailers. We depend on these retailers to provide adequate and attractive space for our devices in their stores, which will become more challenging to the extent average television sizes increase. Many of our retailers limit the shelf space they provide to any single brand, which makes future market share gains by us more difficult. We further depend on our retailers to employ, educate and motivate their sales personnel to effectively sell our media entertainment devices, and in online channels, we must ensure we and our retailers have adequate resources to educate and attract consumers to our devices. If our retailers do not adequately display our devices, choose to promote competitors' devices over ours (including through more prominent or higher-impact store displays or through in-store recommendations to consumers from their sales personnel), or do not effectively explain to consumers the advantages of our devices, our revenue could decrease and our business may be harmed. Similarly, our Device business could be adversely affected if any of our large retailers were to experience financial difficulties, or change the focus of their businesses in a way that de-emphasized the sale of our devices. We are also investing heavily in providing new retailers with in-store device displays and expanding the footprint of our device displays in existing stores, and there can be no assurance that this investment will lead to increased sales.

We depend on a limited number of manufacturers for our devices and their components. If we experience any delay or disruption, or quality control problems with our manufacturers in their operations, we may be unable to keep up with retailer and consumer demand for our devices, we could lose market share and revenue and our reputation, brand and business would be harmed.

We do not have internal manufacturing or testing facilities or capabilities, and all of our devices are manufactured, assembled, tested and packaged by third-party manufacturers, who are original design manufacturers (ODMs). Our manufacturers are, in turn, responsible for procuring or manufacturing the components used in the manufacturing of our devices from a limited number of suppliers. Our three largest manufacturers accounted for 82% and 84% of our inventory purchases for the three months ended March 31, 2022 and 2021, respectively.

Our reliance on our manufacturers, and indirectly, on their limited number of suppliers, involves a number of risks, including risks related to the following:

- our manufacturers and their suppliers may encounter financial or other business difficulties, change their strategic objectives, or perceive us to no longer be an attractive retailer;
- we have no long-term contracts with our manufacturers and as a result, our manufacturers could cease to provide devices to us with little or no notice;
- our manufacturers, or their suppliers, may experience disruptions in their manufacturing operations due to equipment breakdowns, cybersecurity attacks or security breaches or incidents, labor disputes or shortages, component or material shortages, cost increases or other similar problems;
- production capacity constraints;
- increases in manufacturing costs and lead times;
- untimely delivery and failures to meet production deadlines;
- errors in complying with device specifications;

- device and component quality and reliability issues;
- vessel delays and port congestion, which disrupt shipping operations;
- failure of a key manufacturer, or a key supplier to a manufacturer, to remain in business and adjust to market conditions;
- failure of our manufacturers and their suppliers to obtain timely domestic or foreign regulatory approvals or certificates for our devices;
- increases in pricing as a result of increases in tariffs and customs duties;
- our ODMs could become our competitors by selling directly to retailers, including our retailers, and discontinuing manufacturing or supplying us with their devices;
- our inability to pass price declines in the sales of our devices or price protection rebates we provide to our retailers through to our manufacturers;
- failure of manufacturers to honor indemnities in their agreements with us;
- disagreements or disputes between us and our manufacturers relating to our supply agreements or otherwise;
- delays in, or the inability to execute on, a supplier roadmap for components and technologies;
- geopolitical uncertainty and instability, such as the ongoing geopolitical tensions related to Russia's actions in Ukraine, may lead to changes in U.S. or foreign trade policies and general economic conditions that impact our business; and
- natural disasters, fires, pandemics, climate change, acts of terrorism or other catastrophic events which disrupt manufacturing operations or shipping routes.

The COVID-19 pandemic and responsive actions taken by government authorities and businesses may exacerbate any of these risks. For example, during certain periods in the second quarter of 2020, we experienced delays from certain manufacturers as they experienced an increase in demand and could not operate at full capacity due to physical distancing requirements.

We rely on our manufacturers to procure components of our devices, particularly LCD panels and chipsets. There are a limited number of suppliers of LCD and OLED panels and chipsets, and we do not expect the number of suppliers to meaningfully increase. In addition, some of our manufacturers' suppliers are affiliates of certain of our competitors, which creates the risk that these suppliers may favor their affiliated companies over us or our manufacturers in allocating or pricing supplies, or may refuse to supply to our manufacturers at acceptable prices, or at all, components for use in our devices. We run the risk that these or other suppliers may choose to withhold LCD and OLED panels from our manufacturers, and they may not cooperate with us (or our manufacturers), for competitive reasons in the future.

If component shortages or delays continue to occur, the price of certain components may increase, and we may be exposed to quality issues or the components may not be available at all. As a result, we could lose time-sensitive sales, incur additional freight costs or be unable to pass on price increases to our retailers. If we, or our manufacturers, cannot adequately address supply issues, we might have to re-design some devices, which could result in further costs and delays.

In addition, if we experience a significant increase in demand for our devices, our manufacturers might not have the capacity to, or might elect not to, meet our needs as they allocate production capacity to their other retailers. Identifying a suitable manufacturer is an involved process that requires us to become satisfied with the manufacturer's quality control, responsiveness and service, financial stability and labor and other ethical practices, and if we seek to source materials from new manufacturers there can be no assurance that we could do so in a manner that does not disrupt the manufacture and sale of our devices.

If we fail to manage our relationship with our manufacturers effectively, or if they experience operational difficulties, our ability to ship devices to our retailers could be impaired and our reputation, brand, business, financial condition and results of operations may be harmed.

If we are unable to accurately predict our future retailer demand and provide our manufacturers with an accurate forecast of our device requirements, we may experience delays in the manufacturing of the devices we sell and the costs of our devices may increase, which may harm our results of operations.

To ensure adequate inventory supply and meet the demands of our retailers, we must forecast inventory needs and place orders with our manufacturers based on our estimates of future demand for particular devices. Our ability to accurately forecast demand for our devices could be affected by a multitude of factors, including the timing of device introductions by competitors, unanticipated changes in general market demand (which we experienced recently as a result of the COVID-19 pandemic), macroeconomic conditions or consumer confidence. We provide our manufacturers with a rolling forecast of demand, which

they use to determine material and component requirements. Lead times for ordering materials and components, especially key components such as LCD and OLED panels, vary significantly and depend on various factors, such as the specific component manufacturer, contract terms and demand and supply for a component at any given time. We rely on our manufacturers and their suppliers to manage these lead times. If our forecasts are less than our actual requirements, our manufacturers and their suppliers may be unable to manufacture our devices or their components in sufficient quantity or in a timely manner, and we may be unable to meet retailer demand for our devices, or may be required to incur higher costs to secure the necessary production capacity and components. We experienced each of these effects in 2020 and 2021, due to an unexpected increase in consumer demand due to the COVID-19 pandemic. We could also overestimate future sales of our devices and risk causing our manufacturers to carry excess device and component inventory, which could result in our providing increased price protection or other sales incentives, which may harm our Device net revenue and Device gross profit. The cost of the components used in our devices also tends to drop rapidly as volumes increase and technologies mature. Therefore, if our manufacturers or their suppliers are unable to promptly use the components purchased in anticipation of our forecasts, the cost of the devices we sell may be higher than our competitors due to an over-supply of higher priced components.

Furthermore, a failure to deliver sufficient quantities of devices to meet the demands of our retailers may cause us to lose retailers. At certain times in the past, including in 2021, we have been unable to supply the number of Smart TVs demanded by certain of our retailers. If this were to occur more frequently, our relationship with these retailers may be materially affected, and they may decide to seek other sources of supply or cease doing business with us altogether.

We rely upon third parties for technology that is critical to our devices and services, and if we are unable to continue to use this technology and future technology, our ability to sell competitive and technologically advanced devices would be limited.

We did not develop most of the technology incorporated into and necessary for the operation and functionality of our devices. We rely on non-exclusive license rights from third parties for these technologies. We also license technology on a non-exclusive basis that is necessary to comply with various data compression, broadcast and wireless standards. Because the intellectual property we license is available to our competitors from third parties, barriers to entry for our competitors are lower than if we owned exclusive rights to the technology we license and use or if we had separately developed patented technology. In some cases, the owners of the intellectual property that we license routinely license the same or similar intellectual property to our competitors, such as Dolby, and AVC/H.264 patents licensed through MPEG LA. If a competitor enters into an exclusive arrangement with any of our third-party technology providers, or we are unable to continue to license or replace technologies we use following the expiration or termination of a license, our ability to develop and sell devices or services containing that technology could be severely limited. Our ability to continue licensing technology from a licensor after the expiration or termination of a license could also become more limited in the future for a variety of reasons, such as the licensor being acquired by one of our competitors. Even if such licenses are available, we may be required to pay the licensor substantial royalties based on sales of our devices. Our success will also depend in part on our continued ability to access these technologies on commercially reasonable terms. Upon expiration of these agreements, we are required to re-negotiate and renew them in order to continue to access these technologies. We have in the past been, and may in the future be, unable to reach a satisfactory agreement before our existing license agreements have expired. If we are unable to enter into or renew the necessary licenses on acceptable terms or at all, if any necessary licenses are subsequently terminated, our business, financial condition and results of operations may be harmed. Defense of any lawsuit or failure to obtain any of these licenses on favorable terms could prevent us from commercializing our devices, which may harm our business, financial condition and results of operations.

We rely primarily on third parties for the research and development behind the technologies underlying our devices.

We rely primarily on third-parties for the research and development of the technologies underlying our devices. The success of our devices is dependent on the research and development performed by these third parties. If our relationships with our third-party manufacturers and licensors is harmed or ends, we may need to incur additional research and development costs in order to remain competitive with our devices. In addition, our research and development providers may experience delays that are out of our control. For example, as a result of the COVID-19 pandemic, our research and development providers have experienced delays due to an inability to complete in-person research and development. Furthermore, we cannot control the amount or type of research and development done by our third-party providers. If they choose to invest less in research and development, or to invest in less relevant areas so that they fail to keep pace with the technological changes in our industries, our devices could be less competitive, and our business, financial condition and results of operations may be harmed.

Limited availability of raw materials, components and manufacturing equipment for our devices, or increases in the cost of these items, may harm our Device business, financial condition and results of operations.

We depend on our manufacturers obtaining adequate supplies of quality raw materials and components on a timely basis, and we have no long-term agreements with our manufacturers with fixed prices or quantities. As a result, it is important for them to control raw material and component costs and reduce the effects of fluctuations in price and availability. We do not have ultimate control over how or from whom our manufacturers, or their suppliers, source the raw materials or key components, such as glass substrates, liquid crystal material, driver integrated circuits, polarizers and color filters, used in our devices and key components. Our manufacturers, or their suppliers, may establish a working relationship with a single materials supplier if they believe it is advantageous to do so due to performance, quality, support, delivery, capacity, price or other considerations. Our manufacturers, or their suppliers, have experienced and may in the future experience a shortage of, or a delay in receiving, certain components as a result of strong demand, capacity constraints, including constraints due to the COVID-19 pandemic, financial weakness of the manufacturer or their suppliers, inability of manufacturers or their suppliers to borrow funds in the credit markets, disputes with other manufacturers or suppliers (some of whom are also competitors) or disruptions in the operations of component suppliers, or problems faced during the transition to a new component supplier. Our results of operations would be adversely affected if our manufacturers, or their suppliers, were unable to obtain adequate supplies of high-quality raw materials or components in a timely manner or make alternative arrangements for such supplies in a timely manner.

Furthermore, we may be limited in our ability to pass on increases in the cost of raw materials and components to our retailers. Our contracts with our retailers provide that price and quantity terms are contained in purchase orders, which are generally agreed upon two weeks in advance of delivery. Except under certain special circumstances, the price terms in the purchase orders are not subject to change. If we become subject to any significant increase in the price our manufacturers charge us due to increases in the price of raw materials or components that were not anticipated, we may be unable to pass on such cost increases to our retailers, particularly when we offer price protection, where we offer rebates to our retailers so that they can decrease the retail price of devices during the devices' life cycles to move such devices off their shelves.

In addition, certain manufacturing equipment used by our manufacturers, and their suppliers, is only available from a limited number of vendors. From time to time, increased demand for such equipment may cause lead times to extend beyond those normally required. The unavailability of such equipment could hinder the manufacturing capacity of our manufacturers, which could in turn impair our ability to meet our retailer orders. This could result in a loss of revenue, and our business, financial condition and results of operations may be harmed.

We do not control our manufacturers and actions that they might take could harm our reputation, brand and sales.

While we require our suppliers to comply with a code of conduct, we do not control their labor, environmental or other practices. A violation of labor, environmental or other laws by our manufacturers or their suppliers, or a failure of these parties to comply with our code of conduct or to follow ethical business practices, could lead to negative publicity and harm our reputation and brand. In addition, we may choose to seek alternative manufacturers if these violations or failures were to occur. Identifying and qualifying new manufacturers can be time consuming and we might not be able to substitute suitable alternatives in a timely manner or at an acceptable cost. In the past, other consumer device companies have faced significant criticism for the actions of their manufacturers and suppliers, and we could face such criticism ourselves. Any of these events could adversely affect our brand, harm our reputation and brand, reduce demand for our devices and harm our ability to meet demand if we need to identify alternative manufacturers.

We are dependent on logistics services provided by our third-party logistics providers, and failure to properly manage these relationships, or the failure of our logistics providers to perform as expected, may harm our results of operations.

We currently rely primarily on only two third-party logistics providers for our warehousing and transportation needs that are not already handled by our manufacturers. We have no assurance that business interruptions will not occur as a result of the failure by these providers to perform as expected or that either of these logistics providers will meet the needs of our Device business. Further, if we are unable to properly manage our relationships with our logistics providers, including by accurately forecasting our requirements, our net revenue, results of operations and gross profit may be harmed. We cannot ensure that our logistics providers will continue to perform services to our satisfaction, in a manner satisfactory to our retailers, manufacturers and their suppliers, or on commercially reasonable terms. Our manufacturers could become dissatisfied with our logistics providers or their cost levels and refuse to utilize either of these logistics providers. Our retailers could become dissatisfied and cancel their orders, impose charges on us or decline to make future purchases from us if a logistics provider fails to deliver devices on a timely basis and in compliance with retailers' shipping and packaging requirements, thereby increasing our costs and/or potentially causing our reputation and brand to suffer. If one of our logistics providers is not able to provide the agreed services at the level of quality we require or becomes unable to handle our existing or higher volumes, we may not be able to replace such logistics provider on short notice, which may harm our business.

Our logistics providers may also fail to perform as expected for reasons outside their control. For example, as a result of the COVID-19 pandemic, there has been an increase in logistics costs and delays in the performance of our logistics providers.

Such failure by our logistics providers to perform as expected may harm our business, financial condition and results of operations.

In addition, because we currently rely primarily on only two third-party logistics providers for our warehousing and transportation needs, if we encounter problems with either of these logistics providers, we may not be able to quickly shift to a new provider of these services, or shift the allocation of services between our existing providers, and our ability to meet retailer expectations, manage inventory, complete sales and achieve objectives for operating efficiencies may be harmed.

Most of our agreements with content providers are not long-term and can be terminated by the content providers under certain circumstances. Any disruption in the renewal of such agreements may result in the removal of certain content from our streaming platform and may harm our SmartCast Active Account growth and engagement.

We enter into agreements with all our content providers, which have varying terms and conditions, including expiration dates. Our agreements with content providers generally have terms of one to three years and can be terminated before the end of the term by the content provider under certain circumstances, such as if we materially breach the agreement, or occasionally without cause. Upon expiration of these agreements, we are required to re-negotiate and renew them in order to continue providing content from these content providers on our streaming platform. We have in the past and in the future may not be able to reach a satisfactory agreement before our existing agreements have expired. If we are unable to renew such agreements on a timely basis on mutually agreeable terms, we may be required to temporarily or permanently remove certain content from our streaming platform. The loss of any content from our streaming platform for any period of time may harm our business. More broadly, if we fail to maintain our relationships with the content providers on terms favorable to us, or at all, if these content providers face problems in delivering their content across our platform, or if these content providers do not prioritize development applications for our platforms, then we may lose advertisers or consumers and our business may be harmed.

A small number of content providers represent a disproportionate amount of content consumed on our Smart TVs, and if we fail to monetize these relationships, directly or indirectly, our business, financial condition and results of operations may be harmed.

Historically, a small number of content providers have accounted for a significant portion of the content streamed across our connected entertainment platform and the terms and conditions of our relationships with content providers vary. However, revenue generated from our largest content provider across our platform was not material to our total net revenue during the three months ended March 31, 2022, and we do not expect a material amount of revenue from our largest content provider for the foreseeable future. If we fail to maintain our relationships with the content providers that account for a significant amount of the content streamed by our consumers or if these content providers face problems in delivering their content across our platform, our ability to attract and retain consumers would be harmed.

Additionally, some of our agreements with third party content providers, including Netflix and Disney+, restrict us from using viewing data from consumers engaging with that third party's content. Accordingly, our contractual arrangements with third party content providers may limit our ability to monetize our relationships with them, and as a result, our business, financial condition and results of operations may be harmed.

The success of Platform+ depends in part on developing and maintaining relationships and technology integrations with a variety of third parties.

The success of Platform+ depends in part on developing and maintaining relationships and technology integrations with brand advertisers, advertising and media agencies, broadcast, cable and local television networks, digital publishers and streaming companies, data analytics firms and advertising technology firms. The television and digital advertising industries continue to evolve and we cannot ensure that we will be able to maintain and expand our existing relationships as well as develop relationships with additional constituents as they emerge. We also depend in part on marketing technology companies to collect and make data useful to advertisers. If these marketing technology companies fail to properly and securely collect user data from our devices, or if we fail to maintain and expand our relationships with these marketing technology companies, our business may be harmed.

Additionally, television content providers, digital publishers and marketing technology companies may begin to develop products supplementing their current product offerings to compete with our Platform+ offerings. For example, certain cable operators are vertically integrated with content providers and may choose to invest in alternate platforms. If we cannot maintain or expand our relationships with these constituents, our business, financial condition and results of operations may be harmed.

Risks Relating to Legal and Regulatory Matters

We are subject to a variety of federal, state and foreign laws and regulatory regimes. Failure to comply with governmental laws and regulations could subject us to, among other things, mandatory device recalls, penalties and legal expenses that may harm our business.

Our business is subject to regulation by various federal and state governmental agencies. Such regulation includes the radio frequency emission regulatory activities of the Federal Communications Commission, the anti-trust regulatory activities of the Federal Trade Commission and Department of Justice, the consumer protection laws of the Federal Trade Commission, the import/export regulatory activities of the Department of Commerce, the product safety regulatory activities of the Consumer Products Safety Commission, the regulatory activities of the Occupational Safety and Health Administration and the International Trade Commission, the environmental regulatory activities of the Environmental Protection Agency, the labor regulatory activities of the Equal Employment Opportunity Commission, laws related to privacy, data protection and security, and tax and other regulations by a variety of regulatory authorities in each of the areas in which we conduct business. We are also subject to regulation in other countries where we conduct business. In certain jurisdictions, such regulatory requirements may be more stringent than in the United States. In addition, we are subject to a variety of federal and state employment and labor laws and regulations, including the Americans with Disabilities Act, the Federal Fair Labor Standards Act, the WARN Act and other regulations related to working conditions, wage-hour pay, over-time pay, employee benefits, anti-discrimination, and termination of employment. Noncompliance with applicable regulations or requirements could subject us to investigations, sanctions, mandatory device recalls, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties, or injunctions.

We are subject to governmental export and import controls and economic sanctions laws that could subject us to liability and impair our ability to compete in international markets if we or our partners violate these laws or the laws are amended to restrict our ability to do business internationally. The United States and various foreign governments have imposed controls, license requirements and restrictions on the import or export of some technologies, including devices and services. Our devices are subject to U.S. export controls, including the Commerce Department's Export Administration Regulations and our business activities are subject to various economic and trade sanctions regulations established by the Treasury Department's Office of Foreign Assets Controls. These laws and regulations have in the past impacted, and we expect in the future will impact, our business, and any future changes in laws, regulations, policies or trade relations could harm our business. Exports and other transfers of our devices, technologies and services must be made in compliance with these laws. Furthermore, U.S. export control laws and economic sanctions prohibit the provision of devices and services to countries, governments, and persons subject to U.S. sanctions. Even though we attempt to ensure that we, our retailers and partners comply with the applicable export, sanctions and import laws, including preventing our devices from being provided to sanctioned persons or sanctioned countries, we cannot guarantee full compliance by all. Actions of our retailers and partners are not within our complete control, and our devices could be re-exported to those sanctioned persons or countries, or provided by our retailers to third persons in contravention of our requirements or instructions or the laws. Any such potential violation could have negative consequences, including government investigations, penalties, and our reputation, brand and revenue may be harmed.

Further, any government enforcement action may harm our business, financial condition and results of operations. If we are subject to any sanctions, penalties or restrictions by governmental agencies, or if we do not prevail in any possible governmental civil or criminal litigation matter in the future, our business, financial condition and results of operations may be harmed. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in professional service fees and our reputation and brand may be harmed.

We and our third-party service providers collect, store, use, disclose and otherwise process information collected from or about consumers of our devices. The collection and use of personal information subjects us to legislative and regulatory burdens, and contractual obligations, and may expose us to liability.

We collect, store, use, disclose and otherwise process personal information (including data that can be used to identify or contact a person) and other data supplied by consumers when, for example, consumers register our devices for warranty purposes, as well as personal information of our employees and third parties, and share this data with certain third parties. We also disclose viewing data to third parties when consumers opt-in to the collection, use and disclosure of viewing data. A wide variety of local, state, national and international laws and regulations, and industry standards and contractual obligations, apply to the collection, use, retention, protection, security, sharing, disclosure, transfer and other processing of personal information and data collected from or about individuals, including consumers and devices, and the regulatory frameworks and industry standards for privacy and security issues are evolving worldwide. In many cases, these laws and regulations apply not only to third-party transactions, but also to transfers of information between or among us, our subsidiaries and other parties with which we have commercial relationships.

For example, the European Union (EU) General Data Protection Regulation (GDPR) imposes stringent operational requirements for entities processing personal information and significant penalties for non-compliance. In particular, under the

GDPR, fines of up to 20 million euros or up to 4% of the annual global revenue of the noncompliant company, whichever is greater, could be imposed for violations of certain of the GDPR's requirements. Such penalties are in addition to any civil litigation claims by data subjects. Numerous legislative proposals also are pending before the U.S. Congress, various state legislative bodies and foreign governments concerning content regulation and data privacy and protection that could affect us. We expect that there will continue to be new proposed and adopted laws, regulations and industry standards concerning privacy, data protection and security in the United States and other jurisdictions in which we operate.

In the United States, we are subject to the supervisory and enforcement authority of the Federal Trade Commission with regard to the collection, use, sharing, and disclosure of certain data collected from or about consumers or their devices. Additionally, many states in which we operate have laws that protect the privacy and security of personal information. Certain state laws may be more stringent, broader in scope, or offer greater individual rights, with respect to personal information than federal, international or other state laws, and such laws may differ from each other, which may complicate compliance efforts. For example, California has adopted the California Consumer Privacy Act (CCPA), which provides new data privacy rights for California consumers and new operational requirements for covered companies. The CCPA provides that covered companies must provide new disclosures to California consumers and afford such consumers new data privacy rights that include the right to request a copy from a covered company of the personal information collected about them, the right to request deletion of such personal information, and the right to request to opt-out of certain sales of such personal information. The CCPA became operative in January 2020, and its implementing regulations took effect in August 2020. The California Attorney General can enforce the CCPA, including seeking an injunction and civil penalties for violations. The CCPA provides a private right of action for certain data breaches that is expected to increase data breach litigation. The CCPA has required, and may in the future require, us to modify our data practices and policies and to incur substantial costs and expenses in an effort to comply. California voters also passed a new privacy law, the California Privacy Rights Act (CPRA), in the November 2020 election. The CPRA significantly modifies the CCPA, including by imposing additional obligations on covered companies and expanding consumers' rights with respect to certain sensitive personal information, potentially resulting in further uncertainty and requiring us to incur additional costs and expenses in an effort to comply prior to the 2023 effective date. The CPRA also creates a new state agency that will be vested with authority to implement and enforce the CCPA and the CPRA. In addition, all 50 states have laws including obligations to provide notification of security breaches of computer databases that contain personal information to affected individuals, state officers and others. Aspects of the CCPA, the CPRA, and other laws and regulations relating to data protection, privacy, and information security, as well as their enforcement, remain unclear, and we have been, and may in the future be, required to modify our practices in an effort to comply with them. The CCPA and CPRA could mark the beginning of a trend toward more stringent privacy legislation in the United States. The CCPA has prompted a number of proposals for federal and state privacy legislation. For example, on March 2, 2021, Virginia enacted the Virginia Consumer Data Protection Act (CDPA) on July 7, 2021, Colorado enacted the Colorado Privacy Act (CPA), and Utah enacted the Utah Consumer Privacy Act (UCPA), on March 24, 2022, all of which are comprehensive privacy statutes that share similarities with the CCPA, CPRA, and legislation proposed in other states. The CDPA, CPA and UCPA will require us to incur additional costs and expenses in an effort to comply with these new laws before they become effective on January 1, 2023, July 1, 2023 and December 31, 2023 respectively. The CDPA, CPA, and UCPA and any other state or federal legislation that is passed could increase our potential liability, add layers of complexity to compliance in the U.S. market, increase our compliance costs and adversely affect our business.

While we strive to publish and prominently display privacy policies that are accurate, comprehensive, compliant with applicable laws, orders and settlements, regulations and industry standards, and fully implemented, we cannot assure you that our privacy policies and other statements regarding our practices will be sufficient to protect us from claims, proceedings, liability or adverse publicity relating to the privacy and security of information about consumers or their devices. Although we endeavor to comply with our privacy policies, we may at times fail to do so or be alleged to have failed to do so. The publication of our privacy policies and other documentation that provide promises and assurances about privacy and security can subject us to potential state and federal action if they are found to be deceptive, unfair, or misrepresentative of our actual practices, which may harm our business, financial condition and results of operations. Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to consumers or other third parties, including retailers, advertisers, service providers or developers, or any other legal or regulatory obligations, standards, orders or contractual or other obligations relating to privacy, data protection, data security, or consumer protection, or any compromise of security that results in unauthorized access to, or unauthorized loss, destruction, use, modification, acquisition, disclosure, release or transfer of personal information or other consumer data, has in the past resulted, and in the future may result, in the expenditure of substantial costs, time and other resources, proceedings or actions against us, legal liability, governmental investigations, enforcement actions and other proceedings, and claims, fines, judgments, awards, penalties and costly litigation (including class actions). Such proceedings or actions could hurt our reputation, force us to spend significant amounts in defense of and responses to such actions and proceedings, distract our management and technical personnel, increase our costs of doing business, adversely affect the demand for our devices, and ultimately result in the imposition of liability. Furthermore, any public statements against us by consumer advocacy groups or others, could cause our consumers to lose trust in us and

otherwise harm our reputation, brand and market position, which may harm our business, financial condition and results of operations.

We use information collected from or about consumers of our devices, and from the devices themselves, for analysis and licensing purposes, including to inform advertising or analyze viewing behaviors. If laws or government regulations relating to digital advertising, the use of location or behavioral data, or collection and use of internet user data and unique identifiers change, we may need to alter our business, or our business may be harmed.

Our business currently relies in part upon users opting-in to allow their Smart TV to detect viewing data. We license certain of this viewing data to authorized data partners, including analytics companies, media companies and advertisers. We may use viewing data for a number of purposes, including to provide, maintain, monitor and analyze usage, to improve services, to personalize our services and to deliver recommendations, advertisements, content and features that match viewer interests. Our data partners may use viewing data for summary analytics and reports, audience measurement, and to deliver tailored advertisements. Data about content viewed on a device is sometimes enhanced with household demographic data and data about digital actions (e.g., digital purchases and other consumer behavior taken by the Smart TV or other devices associated with the IP address we collect). This data also enables authorized data partners to deliver interest-based advertising both on the Smart TV and other devices, for example, devices sharing the same IP address.

U.S. federal and state governments, and foreign governments, have enacted or are considering legislation related to digital advertising, consumer privacy, and the collection, use, disclosure and other processing of data relating to individuals, including the GDPR and the CCPA, and we expect to see an increase in legislation and regulation related to digital advertising, the use of location or behavioral data, the collection and use of internet user data and unique device identifiers, such as IP address, and other privacy and data protection legislation and regulation. Such laws and regulations could affect our costs of doing business, and may adversely affect the demand for, or effectiveness and value of, our Inscape data services and our other devices and services. It is also possible that existing laws and regulations may be interpreted in new ways that would affect our business, including with respect to definitions of “personal data” or similar concepts, or the classification of IP addresses, machine, device or other persistent identifiers, location data, behavioral data and other similar information. Such laws and regulations may be inconsistent between countries and jurisdictions or conflict with other laws, regulations or other obligations to which we are or may become subject. Such new laws and regulations, or new interpretations of laws and regulations, may hamper our ability to expand our offerings into the EU or other jurisdictions outside of the United States, may prove inconsistent with our current or future business practices or the functionality of our Smart TVs, Inscape data services or other devices or services, and may diminish the volume or quality of our data by restricting our information collection methods or decreasing the amount and utility of the information that we would be permitted to collect, share and license.

The costs of compliance with, and the other burdens imposed by, these and other laws, regulations, standards, practices, contractual obligations or other obligations may be costly and onerous, which in turn may prevent us from offering or selling our devices or existing or planned features, products, or services, or may increase the costs of doing so, and may affect our ability to invest in or jointly develop devices or services. Such new laws and regulations, or new interpretations of laws and regulations, also may cause us to find it necessary or appropriate to change our business practices. We may be unable to change our business practices in a timely or cost-effective manner or at all, and doing so may harm our financial performance. Some of our competitors may have more access to lobbyists or governmental officials and may use such access to effect statutory or regulatory changes in a manner to commercially harm us while favoring their solutions. In addition, a determination by a court or government agency that any of our practices, or those of our agents, do not meet applicable standards could result in liability, or result in negative publicity, and may harm our business, financial condition and results of operations.

Our consumers may also object to or opt-out of the collection and use of data about the content viewed on a VIZIO device, which may harm our business. Other businesses have been criticized by privacy groups and governmental bodies for attempts to link personal identities and other information to data collected on the internet regarding users’ browsing and other habits. We are aware of several lawsuits filed against companies in the electronics or digital advertising industries alleging various violations of consumer protection and computer crime laws, asserting privacy-related theories, and regulatory authorities in the United States and other jurisdictions have pursued investigations of and enforcement actions against companies relating to their use and other processing of data relating to individuals. Any such claims, proceedings or investigations brought against us could hurt our reputation, brand and market position, force us to spend significant amounts to defend ourselves and otherwise respond to the action or other proceeding, distract our management and technical personnel, increase our costs of doing business, lower demand for our services and ultimately result in the imposition of monetary liability or restrict our ability to conduct our Inscape data services.

We have been subject to regulatory proceedings and orders related to the collection, use, and sharing of information from or about consumers and their devices, and continued compliance with regulators and regulatory orders will require additional costs and expenses.

In February 2017, we stipulated to the entry of a judgment in federal district court with, and paid certain penalties to, the Federal Trade Commission, the New Jersey Attorney General, and Director of the New Jersey Division of Consumer Affairs to settle alleged violations of Section 5 of the Federal Trade Commission Act and New Jersey Consumer Fraud Act (the Order). The Order requires us to provide additional notices (separate and apart from our privacy policies) to consumers when our devices are collecting viewing data under the Order, VIZIO devices connected to the internet may only collect viewing data from devices whose users have expressly consented to this practice, after receiving notice of the collection, use and sharing of viewing data, and we must provide instructions on how consumers may revoke such consent for our devices.

The Order also required us to delete certain viewing data we collected, prohibits us from misrepresenting our practices with respect to the privacy, security, or confidentiality of consumer information we collect, use or maintain and requires us to maintain a privacy program with biennial assessments of that program and maintain certain records regarding our collection and use of consumer information. The obligations under the Order remain in effect until 2037. Violation of existing or future regulatory orders, settlements, or consent decrees could subject us to substantial monetary fines and other penalties that could negatively affect our business, financial condition and results of operations.

While we have incurred, and will continue to incur, expenses to maintain privacy and security standards and protocols imposed by the Order, as well as applicable laws, regulations, judgments, settlements, industry standards and contractual obligations, increased regulation of data collection, use and security practices, including self-regulation and industry standards, changes in existing laws, enactment of new laws, increased enforcement activity, and changes in interpretation of laws, could increase our costs of compliance and operations, limit our ability to grow our business or otherwise harm our business.

Our actual or perceived failure to adequately protect information from or about consumers of our devices could harm our reputation, brand and business.

California law requires manufacturers that sell or offer to sell connected devices in California to equip each device with reasonable security features that are appropriate to the nature of the device, appropriate to the information it may collect, contain or transmit, and designed to protect the device and information on the device from unauthorized access, destruction, use, modification or disclosure. In addition, we are subject to other laws and regulations that obligate us to employ reasonable security measures.

We also are subject to certain contractual obligations to indemnify and hold harmless third parties, including advertisers, digital publishers, marketing technology companies and other users or buyers of our data from and against the costs or consequences of our noncompliance with laws, regulations, self-regulatory requirements or other legal obligations relating to privacy, data protection or data security, or inadvertent or unauthorized use or disclosure of these third parties' data that we process in connection with providing our devices.

We have implemented security measures in an effort to comply with applicable laws, regulations and other obligations, but given the evolving nature of security threats and evolving safeguards and the lack of prescriptive measures in many applicable laws, regulations, and other obligations, we cannot be sure that our chosen safeguards will protect against security threats to our business, including the personal information that we process, or that a regulator or other third party may not consider our security measures to be appropriate, reasonable, and/or in accordance with applicable legal requirements. Even security measures that are appropriate, reasonable, and/or in accordance with applicable legal requirements may not be able to fully protect our information technology systems and the data contained in those systems, or our data that is contained in third parties' systems. Moreover, certain data protection laws impose on us responsibility for our employees and third parties that assist with aspects of our data processing. Our employees' or third parties' intentional, unintentional or inadvertent actions may increase our vulnerability or expose us to security threats, such as phishing or spearphishing attacks or the introduction of ransomware or malware, and we may remain responsible for access to, loss or alteration of, or unauthorized disclosure or other processing of our data despite our security measures. Any actual or perceived failure to adequately protect information may subject us to legal, regulatory and contractual actions and may harm our reputation, brand, business, financial condition and results of operations.

From time to time, we have been and may be subject to legal proceedings, regulatory disputes, and governmental inquiries that could cause us to incur significant expenses, divert our management's attention, and may harm our business, financial condition and results of operations.

From time to time, we have been and may be subject to claims, lawsuits, government investigations and other proceedings involving products liability, competition and antitrust, intellectual property, privacy, consumer protection, securities, tax, labor and employment, environmental, commercial disputes and other matters that may harm our business, financial condition and results of operations. As we have grown, we have seen a rise in the number and significance of these disputes and inquiries.

Litigation and regulatory proceedings may be protracted and expensive, and the results are difficult to predict. Certain of these matters include speculative claims for substantial or indeterminate amounts of damages and include claims for injunctive relief. Additionally, our litigation costs could be significant. Adverse outcomes with respect to litigation or any of these legal proceedings may result in significant settlement costs or judgments, penalties and fines, or require us to modify our products or services, make content unavailable, or require us to stop offering certain features, all of which may harm our business, financial condition and results of operations.

The results of litigation, investigations, claims, and regulatory proceedings cannot be predicted with certainty, and determining reserves for pending litigation and other legal and regulatory matters requires significant judgment. There can be no assurance that our expectations will prove correct, and even if these matters are resolved in our favor or without significant cash settlements, these matters, and the time and resources necessary to litigate or resolve them, may harm our business, financial condition and results of operations.

Regulations related to conflict minerals may cause us to incur additional expenses and could limit the supply and increase the costs of certain metals used in the manufacturing of our devices.

As a public company, we are subject to the requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act) that require us to diligence, disclose and report whether or not our devices contain conflict minerals. The implementation of these requirements could adversely affect the sourcing, availability and pricing of the materials used in the manufacture of components used in our devices. In addition, we incur additional costs to comply with the disclosure requirements, including costs related to conducting diligence procedures to determine the sources of conflict minerals that may be used or necessary to the production of our devices and, if applicable, potential changes to devices, processes or sources of supply as a consequence of such verification activities. It is also possible that we may face reputational harm if we determine that certain of our devices contain minerals not determined to be conflict-free or if we are unable to alter our devices, processes or sources of supply to avoid such materials.

Compliance or the failure to comply with current and future environmental, device stewardship and producer responsibility laws or regulations could result in significant expense to us.

As a seller of consumer electronic devices, we are subject to a variety of state, local and foreign environmental, device stewardship and manufacturer responsibility laws and regulations, primarily relating to the collection, reuse and recycling of electronic waste, including the Smart TVs we sell, as well as regulations regarding the consumption of electricity and the hazardous material contents of electronic devices, device components and device packaging.

The cost of complying with recycling programs is difficult to predict because of the inability to reliably estimate the timing and quantity of our devices, at various sizes, that will be recycled in any given jurisdiction. Most of the states with television recycling programs assess fees based upon weight of the units recycled, by market share or a combination of the two. Some states also impose a charge on us for the cost of recycling televisions manufactured by companies which are no longer in business, usually based upon our current market share. Such orphaned televisions are predominately based on older, heavier CRT technology. We expect our expenses for compliance with recycling programs to be between approximately \$6 million and \$10 million each year, and if our sales or market share increases, the future cost of complying with the existing recycling programs could increase. Changes to laws regulating electronics recycling programs could increase our operational costs for funding these programs and result in increased regulatory oversight and a larger administrative burden. If more states adopt similar recycling plans, our costs of compliance and associated administrative burden will grow. Currently, we do not pass these costs on to our manufacturers and we may have a limited ability to pass these costs along to our retailers. If states offer consumer incentives for the return of televisions to recycling facilities, which has occurred in the past, our costs could increase unexpectedly. If the costs of compliance with these recycling programs increase beyond our estimates, our margins would be reduced and our business, financial condition and results of operations would be harmed. We believe that we are currently in compliance, and will be able to continue to comply, with such existing and emerging requirements, however we have in the past and may in the future experience disputes with such state or local authorities, and if we are found to not be in compliance with any present and future regulations, we could become subject to additional fines and liabilities, or prohibitions on sales of our Smart TVs or could otherwise jeopardize our ability to conduct business in the jurisdiction in which we are not compliant, which in turn may harm our business, financial condition and results of operations.

Our devices are subject to laws in some jurisdictions which ban the use of certain hazardous materials such as lead, mercury and cadmium in the manufacture of electrical equipment. Similar laws and regulations have been passed, are pending, or may be enacted in China and other regions, and we are, or may in the future be, subject to these laws and regulations. Also, changes to regulations relating to certain chemicals and flame retardants used in our devices have been proposed or are being considered by federal and state regulators. If these measures are implemented, we could face significant increased costs from suppliers who may be using such chemicals in component parts and would be required to remove them. Although we generally seek contractual provisions requiring our manufacturers to comply with device content requirements, we cannot guarantee that our manufacturers will consistently comply with these requirements. In addition, if there are changes to these or other laws (or their

interpretation) or if new similar laws are passed in other jurisdictions, we may be required to re-engineer our devices to use components compatible with these regulations. This re-engineering and component substitution could result in additional costs to us or disrupt our operations or logistics.

Issues related to climate change may result in regulatory requirements that would have an adverse impact on the financial condition of the business. At the federal level, a new administration could place new requirements to reduce greenhouse gases on our operations, including manufacturing, transportation and distribution, resulting in increased costs. Recently proposed changes to laws at the state and local levels targeting reductions in greenhouse gases would also result in increased administrative costs to the business.

From time to time new environmental, device stewardship and producer responsibility regulations are enacted, or existing requirements are changed, and it is difficult to anticipate how such regulations and changes will be implemented and enforced. We continue to evaluate the necessary steps for compliance with regulations as they are enacted and are actively looking to alternative methods of compliance in the event certain proposed changes in law may materially impact our operations. We also expect that our devices will be affected by new environmental laws and regulations on an ongoing basis, including content of device components. Although we cannot predict the future impact of such laws or regulations, they will likely result in additional costs and may increase penalties associated with violations or require us to change the content of our devices and packaging or how these are manufactured. As a result, we may experience negative consequences from these emerging requirements including, but not limited to, supply shortages or delays, increased raw material and component costs, accelerated obsolescence of certain raw materials used in our components and devices, and the need to modify or create new designs for our existing and future devices, all of which may harm our business, financial condition and results of operations.

We are subject to taxation-related risks in multiple jurisdictions, and the adoption and interpretation of new tax legislation, tax regulations, tax rulings, or exposure to additional tax liabilities could materially affect our business, financial condition and results of operations.

We are a U.S.-based multinational company subject to income and other taxes in the United States and other foreign jurisdictions in which we do business. As a result, our provision for (benefit from) income taxes is derived from a combination of applicable tax rates in the various jurisdictions in which we operate. Significant judgment is required in determining our global provision for (benefit from) income taxes, value added and other similar taxes, deferred tax assets or liabilities and in evaluating our tax positions on a worldwide basis. It is possible that our tax positions may be challenged by tax authorities, which may have a significant impact on our global provision for (benefit from) income taxes. If such a challenge were to be resolved in a manner adverse to us, it could have a material adverse effect on our business, financial condition and results of operations.

Tax laws are regularly re-examined and evaluated globally. New laws and interpretations of the law are taken into account for financial statement purposes in the quarter or year that they become applicable. Tax authorities are increasingly scrutinizing the tax positions of multinational companies. If U.S. or other foreign tax authorities change applicable tax laws, or if there is a change in interpretation of existing law, our overall liability could increase, and our business, financial condition and results of operations may be harmed.

In December 2017, the legislation commonly referred to as the Tax Cuts and Jobs Act (the Tax Act) was enacted, which contains significant changes to U.S. tax law, including a reduction in the U.S. corporate tax rate, a transition to a new partial territorial system of taxation. The primary impact of the Tax Act on our provision for (benefit from) income taxes was a reduction of the future tax benefits of our deferred tax assets as a result of the reduction in the corporate tax rate. In addition, beginning in 2022, the Tax Act will require U.S. research and experimental expenditures to be capitalized and amortized ratably over a five-year period. Any such expenditures attributable to research conducted outside the United States must be capitalized and amortized over a 15-year period, which is currently not applicable to us but may be in the future. Certain provisions of the Tax Act were modified by legislation enacted in March 2020, entitled the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), and the impact of both the Tax Act and the CARES Act is subject to ongoing technical guidance and accounting interpretation, which we will continue to monitor and assess. Additionally, both the Biden administration and Congress have proposed to increase the U.S. corporate income tax rate and the tax rate on foreign earnings. In addition, the Organisation for Economic Co-operation and Development (OECD), the European Union (EU), as well as a number of other countries and organizations, have recently enacted new laws, and proposed or recommended changes to existing tax laws that may increase our tax obligations in many countries where we do business or require us to change the manner in which we operate our business. As we expand the scale of our business activities, any changes in U.S. or foreign tax laws that apply to such activities may increase our worldwide effective tax rate and harm our business, financial condition and results of operations.

Risks Relating to Intellectual Property

Third parties may claim we are infringing, misappropriating or otherwise violating their intellectual property rights and we could be prevented from selling our devices, or suffer significant litigation expense, even if these claims have no merit.

The media entertainment devices industry, and especially the television industry, is characterized by the existence of a large number of patents and frequent claims and litigation regarding patent, trade secret and other intellectual property rights. There is no easy mechanism through which we can ascertain a list of all patent applications that have been filed in the United States or elsewhere and whether, if any applications are granted, such patents would harm our business. Furthermore, the rapid technological changes that characterize our industry require that we quickly implement new processes and components with respect to our devices. Often with respect to recently developed processes and components, a degree of uncertainty exists as to who may rightfully claim ownership rights in such processes and components. Uncertainty of this type increases the risk that claims alleging that such components or processes infringe, misappropriate or otherwise violate third-party rights may be brought against us. We may also be unaware of intellectual property rights of others that may cover some of our devices.

Leading companies in the television industry, some of which are our competitors, have extensive patent portfolios with respect to television technology. From time to time, third parties, including these leading companies, have asserted and currently are asserting patent, copyright, trademark and other intellectual property related claims against us and demand license or royalty payments or payment for damages, seek injunctive relief and pursue other remedies including, but not limited to, an order barring the import of our devices. We expect to continue to receive such communications and be subject to such claims, and we review the merits of each claim as they are received.

The cost to us of any patent litigation or other proceeding, even if resolved in our favor, could be substantial. Claims of intellectual property infringement, misappropriation or other violation against us or our manufacturers have required and might in the future require us to redesign our devices, rebrand our services, enter into costly settlement or license agreements, pay costly damage awards, potentially including treble damages and attorneys' fees, if we are found to have willfully infringed a party's intellectual property, or require us to face a temporary or permanent injunction prohibiting us from marketing or selling our devices or services. As a result of patent infringement claims, or to avoid potential claims, we have in the past and may in the future choose or be required to seek licenses from third parties. These licenses may not be available on acceptable terms, or at all. Even if we are able to obtain a license, the license would likely obligate us to pay license fees or royalties or both, which may be substantial, and the rights granted to us might be nonexclusive, which could result in our competitors gaining access to the same intellectual property rights.

Litigation against us, even if without merit, can be time consuming, could divert management attention and resources, require us or our manufacturers to incur significant legal expense, prevent us from using or selling the challenged technology, damage our reputation and brand, require us or our manufacturers to design around the challenged technology and cause the price of our stock to decline. In addition, these third-party claimants, some of which are potential competitors, may initiate litigation against the manufacturers of our devices or key components, including LCD and OLED panels, or our retailers, alleging infringement, misappropriation or other violation of their proprietary rights with respect to existing or future devices. Also, third parties may make infringement claims against us that relate to technology developed and owned by one of our manufacturers for which our manufacturers may or may not indemnify us. Even if we are indemnified against such costs, the indemnifying party may be unable to uphold its contractual obligations and determining the scope of these obligations could require additional litigation. Moreover, our agreements with our retailers generally contain intellectual property indemnification obligations, and we may be responsible for indemnifying our retailers against certain intellectual property claims or liability they may face relating to our devices or offerings. Additionally, our retailers may not purchase our offerings if they are concerned that they may infringe, misappropriate or otherwise violate third-party intellectual property rights.

The complexity of the technology involved and inherent uncertainty and cost of intellectual property litigation increases our risks. In the event of a meritorious or successful claim of infringement, and our failure or inability to license or independently develop or acquire access to alternative technology on a timely basis and on commercially reasonable terms, or substitute similar intellectual property from another source, we may be required to:

- discontinue making, using, selling or importing substantially all or some of our devices as currently engineered;
- offer less competitive devices with reduced or limited functionality;
- pay substantial monetary damages for the prior use of third-party intellectual property;
- change how our devices are manufactured or the design of our devices;
- shift significant liabilities to our manufacturers who may not be financially able to absorb them;
- enter into licensing arrangements with third parties on economically unfavorable or impractical terms and conditions; and/or

- pay higher prices for the devices we sell.

As a result of the occurrence of any of the foregoing, we may be unable to offer competitive devices, suffer a material decrease or interruption in sales and our business, financial condition and results of operations may be harmed.

If we become subject to liability for content that we distribute through our devices, our business, financial condition and results of operations may be harmed.

As a distributor of content, we face potential liability for negligence, copyright, patent or trademark infringement, public performance royalties or other claims based on the nature and content of materials that we distribute. The Digital Millennium Copyright Act (DMCA) is intended, in part, to limit the liability of eligible service providers for caching, hosting, or linking to, user content that include materials that infringe copyrights or other rights of others. We rely on the protections provided by the DMCA in conducting our business, and may be adversely impacted by future legislation and future judicial decisions altering these safe harbors or if international jurisdictions refuse to apply similar protections. If we become liable for these types of claims as a result of the content that is streamed through our technology, then our business may suffer. Litigation to defend these claims could be costly and the expenses and damages arising from any liability could harm our business, financial condition and results of operations. We cannot assure that we are insured or indemnified to cover claims of these types or liability that may be imposed on us.

Some of our consumer devices contain “open source” software, and any failure to comply with the terms of one or more of these open source licenses could negatively affect our business.

Some of our devices are, or may be distributed with, software licensed by its authors or other third parties under so-called “open source” licenses, including, for example, the GNU General Public License, GNU Lesser General Public License, the Mozilla Public License, the BSD License and the Apache License.

Some of those licenses may require, as a condition of the license, that:

- we release the source code for our proprietary software, or modifications or derivative works we create based upon, incorporating, or using the open source software,
- we provide notices with our devices, and/or
- we license the modifications or derivative works we create based upon, incorporating, or using the open source software under the terms of a particular open source license or other license granting third parties certain rights of further use, including that the licensee publicly release all or part of the source code to such software and/or make available any derivative works of the open source code on unfavorable terms or at no cost.

From time to time, companies that incorporate open source software into their devices have faced claims challenging the ownership of open source software and/or compliance with open source license terms. Additionally, the terms of certain open source licenses to which we are subject have not been interpreted by U.S. or foreign courts, and there is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide the open source software subject to those licenses. Accordingly, we could be subject to suits and liability for copyright infringement claims and breach of contract by parties claiming ownership of, or demanding release of, what we believe to be open source software or noncompliance with open source licensing terms. While we monitor our use of open source software and try to ensure that none is used in a manner that would require us to disclose the source code or that would otherwise breach the terms of an open source agreement, such use could nevertheless occur, or could be claimed to have occurred, and we may be required to release our proprietary source code, pay damages for breach of contract, purchase a costly license, re-engineer our applications, discontinue sales in the event re-engineering cannot be accomplished on a timely basis or take other remedial action that may divert resources away from our development efforts, any of which may harm our business, financial condition and results of operations. This reengineering process could require us to expend significant additional research and development resources, and we may not be able to complete the re-engineering process successfully. In addition to risks related to license requirements, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of software. If an author or other third-party that distributes such open source software were to allege that we had not complied with the conditions of one or more of those open source licenses, we could be required to incur legal expenses in defending against such allegations, and if our defenses were not successful we could be enjoined from distribution of the devices that contained the open source software and required to either make the source code for the open source software available, to grant third parties certain rights of further use of our software, or to remove the open source software from our devices, which could disrupt our distribution and sale of some of our devices, or help third parties, including our competitors, develop products and services that are similar to or better than ours, any of which may harm our business, financial condition and results of operations.

We rely upon trade secrets and other intellectual property rights, including unpatented proprietary know-how and expertise to maintain our competitive position in the television industry. Our intellectual proprietary rights may be difficult to

establish, maintain, enforce and protect, which could enable others to copy or use aspects of our devices without compensating us, thereby eroding our competitive advantages and harming our business.

We rely on a combination of copyright, trademark, patent and trade secret laws, nondisclosure agreements with employees, contractors and manufacturers and other contractual provisions to establish, maintain, protect and enforce our intellectual property and other proprietary rights. Our success depends, in part, on our ability to protect our intellectual property and proprietary rights under the intellectual property laws of the United States and other countries. The laws of some foreign countries may not be as protective of intellectual property rights as those of the United States, and mechanisms for enforcement of our intellectual property and proprietary rights in such countries may be inadequate. Despite our efforts to protect our intellectual property, unauthorized parties may attempt to copy aspects of our device design, to obtain and use technology and other intellectual property that we regard as proprietary, or to adopt names, trademarks and logos similar to the VIZIO name, trademark and logo, especially in international markets where intellectual property rights may be less protected. Furthermore, our competitors may independently develop similar technology or duplicate our intellectual property. Policing the unauthorized use of our intellectual property and proprietary rights is difficult and expensive. Pursuing infringers of our intellectual property and proprietary rights could result in significant costs and diversion of resources, and any failure to pursue infringers could result in our competitors utilizing our technology and offering similar devices, potentially resulting in loss of a competitive advantage and decreased sales. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential and proprietary information could be compromised by disclosure during this type of litigation. If we fail to protect and enforce our intellectual property rights adequately, our competitors might gain access to our technology, we may not receive any return on the resources expended to create or acquire the intellectual property or generate any competitive advantage based on it, and our brand, business, financial condition and results of operations may be harmed.

Additionally, various factors outside our control pose a threat to our intellectual property rights, as well as to our devices. For example, we may fail to obtain effective intellectual property protection, or the efforts we have taken to protect our intellectual property rights may not be sufficient or effective, and any of our intellectual property rights may be challenged, which could result in them being narrowed in scope or declared invalid or unenforceable. Despite our efforts to protect our intellectual property proprietary rights, there can be no assurance our intellectual property rights will be sufficient to protect against others offering products or services that are substantially similar to ours. For example, it is possible that third parties, including our competitors, may obtain patents relating to technologies that overlap or compete with our technology. If third parties obtain patent protection with respect to such technologies, they may assert, and have in the past asserted, that our technology infringes their patents and seek to charge us a licensing fee or otherwise preclude the use of our technology.

We rely heavily on trade secrets, unpatented proprietary know-how, expertise and information, as well as continuing technological innovation in our business and confidentiality to protect our intellectual property. We seek to protect our proprietary information by entering into confidentiality and/or license agreements with our employees, consultants, service providers and advertisers. We also enter into confidentiality and invention assignment agreements with our employees and consultants. We also seek to preserve the integrity and confidentiality of our trade secrets and proprietary information by the use of measures designed to maintain physical security of our premises and physical and electronic security of our information technology systems, but it is possible that the security measures of the premises or information technology systems used in our business and operations, some of which are supported by third parties, could be breached. However, policing unauthorized use of our trade secrets, technology and proprietary information is difficult and we cannot assure you that any steps taken by us will prevent misappropriation of our trade secrets, technology and proprietary information. We cannot be certain that we have entered into confidentiality, invention assignment and/or license agreements with all relevant parties, and we cannot be certain that our trade secrets, technology and other proprietary information will not be disclosed or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. There can be no assurance that we will be able to effectively maintain the secrecy and confidentiality of this intellectual property. Such agreements may be insufficient or breached and we also cannot be certain that we will have adequate remedies for any breach. Individuals not subject to invention assignment agreements may make adverse ownership claims to our current and future intellectual property. Additionally, to the extent that our employees, consultants or other third parties with whom we do business use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. We may have employees leave us and work for competitors. Attempts may be made to copy or reverse-engineer aspects of our devices or to obtain and use information that we regard as proprietary. The disclosure of our trade secrets or other know-how as a result of such a breach may harm our business. If any of our trade secrets, technology or other proprietary information were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent such competitor from using that technology or information to compete with us, which could harm our competitive position.

To a lesser extent, we rely on patent laws to protect our proprietary methods and technologies. While we have issued patents and pending patent applications in the United States and other jurisdictions, the claims eventually allowed on any of our patents

may not be sufficiently broad to protect our technology or offerings and services. Any issued patents may be challenged or invalidated in litigation and/or in other adversarial proceedings such as opposition, *inter partes* review, post-grant review, reissue, reexamination or other post-issuance proceedings, or may be circumvented, and any rights granted under these patents may not actually provide adequate defensive protection or competitive advantages to us. Additionally, the process of obtaining patent protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. Additional uncertainty may result from changes to intellectual property legislation enacted in the United States, including the Leahy-Smith America Invents Act, and other national governments and from interpretations of the intellectual property laws of the United States and other countries by applicable courts and agencies. Accordingly, despite our efforts, we may be unable to obtain adequate patent protection, or to prevent third parties from infringing upon or misappropriating our intellectual property.

Any additional investment in protecting our intellectual property through additional trademark, patent or other intellectual property filings could be expensive or time-consuming. We may not be able to obtain protection for our technology and even if we are successful in obtaining effective patent, trademark, trade secret and copyright protection, it is expensive to maintain these rights, both in terms of application and maintenance costs, and the time and cost required to defend our rights could be substantial. Moreover, our failure to develop and properly manage new intellectual property could hurt our market position and business opportunities.

If we fail to comply with our obligations under license or technology agreements with third parties, we may be required to pay damages and we could lose license rights that are critical to our business.

We license certain intellectual property, including patents and technology, from third parties, that is important to our business, and in the future we may enter into additional agreements that provide us with licenses to valuable intellectual property or technology. If we fail to comply with any of the obligations under our license agreements, we may be required to pay damages and the licensor may have the right to terminate the license. Termination by the licensor would cause us to lose valuable rights, and could prevent us from selling our devices, or inhibit our ability to commercialize future devices. Our business would suffer if any current or future licenses terminate, if the licensors fail to abide by the terms of the license, if the licensors fail to enforce licensed patents against infringing third parties, if the licensed intellectual property rights are found to be invalid or unenforceable, or if we are unable to enter into necessary licenses on acceptable terms. In addition, our rights to certain technologies are licensed to us on a non-exclusive basis. The owners of these non-exclusively licensed technologies are therefore free to license them to third parties, including our competitors, on terms that may be superior to those offered to us, which could place us at a competitive disadvantage. Moreover, our licensors may own or control intellectual property that has not been licensed to us and, as a result, we may be subject to claims, regardless of their merit, that we are infringing or otherwise violating the licensor's rights. In addition, the agreements under which we license intellectual property or technology from third parties are generally complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement. Any of the foregoing may harm our competitive position, business, financial condition and results of operations.

Risks Relating to Ownership of Our Class A Common Stock

The multi class structure of our common stock has the effect of concentrating voting power with our Founder, Chairman and Chief Executive Officer, William Wang, and his affiliates, which will limit your ability to influence or direct the outcome of key corporate actions and transactions, including a change in control.

Our Class B common stock has 10 votes per share, and our Class A common stock has one vote per share. William Wang, our Founder, Chairman and Chief Executive Officer and his affiliates hold all of the issued and outstanding shares of our Class B common stock. In addition, Mr. Wang has entered into voting agreements whereby he maintains voting control over the shares of Class B common stock held by his affiliates.

The shares beneficially owned by Mr. Wang (including shares over which he has voting control) represent a majority of the voting power of all our shares. As a result, for the foreseeable future, Mr. Wang will be able to control matters requiring approval by our stockholders, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major transaction requiring stockholder approval. Mr. Wang may have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interest. The concentration of control will limit or preclude your ability to influence corporate matters for the foreseeable future and could have the effect of delaying, preventing or deterring a change in control of our company, could deprive you and other holders of Class A common stock of an opportunity to receive a premium for your Class A common stock as part of a sale of our company and could negatively affect the market price of our Class A common stock. In addition,

this may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may feel are in your best interest as one of our stockholders.

Future transfers by Mr. Wang and his affiliates of the Class B common stock they hold will generally result in those shares converting into shares of Class A common stock, subject to limited exceptions, such as certain transfers effected for estate planning or charitable purposes. In addition, each share of Class B common stock will convert automatically into one share of Class A common stock upon the date fixed by the Board of Directors that is no less than 61 days and more than 180 days following (i) the first date on which the number of shares of Class B common stock held by Mr. Wang and his affiliates is less than 25% of the Class B common stock held by Mr. Wang and his affiliates as of immediately prior to the completion of our IPO (the 25% Ownership Threshold); (ii) the date on which Mr. Wang is terminated for cause (as defined in our amended and restated certificate of incorporation); or (iii) the date upon which (A) Mr. Wang is no longer providing services to us as chief executive officer and (B) Mr. Wang is no longer a member of our Board of Directors, either as a result of Mr. Wang's voluntary resignation or as a result of a request or agreement by Mr. Wang not to be re-nominated as a member of our Board of Directors at a meeting of our stockholders. Additionally, shares of Class B common stock will convert automatically at the close of business on the date that is 12 months after the death or permanent and total disability of Mr. Wang, during which 12-month period the shares of our Class B common stock shall be voted as directed by a person designated by Mr. Wang and approved by our Board of Directors (or if there is no such person, then our secretary then in office).

The trading price of our Class A common stock has been volatile, and you could lose all or part of your investment.

The trading price of our Class A common stock has been volatile and could fluctuate significantly in response to a number of factors, most of which we cannot predict or control and which could cause you to lose all or part of your investment in our Class A common stock. Factors that could cause fluctuations in the trading price of our Class A common stock include the following:

- announcements or introductions of new devices or technologies, commercial relationships, acquisitions, strategic partnerships, joint ventures, capital commitments or other events by us or our competitors;
- failure of any of our new devices or services to achieve commercial success;
- developments by us or our competitors with respect to patents or other intellectual property rights;
- variations and actual or anticipated fluctuations in our total net revenue and other results of operations, or the results of operations of our competitors;
- fluctuations in the operating performance, stock market prices or trading volumes of securities of similar companies;
- failure by us to reach an agreement or renew an agreement with an important content provider;
- changes in operating performance and stock market valuations of competitors;
- general market conditions and overall fluctuations in U.S. equity markets, including fluctuations related to the COVID-19 pandemic;
- general economic conditions in domestic or international markets caused by geopolitical uncertainty and instability, such as the ongoing geopolitical tensions related to Russia's actions in Ukraine, resulting sanctions imposed by the United States and other countries, and retaliatory actions taken by Russia in response to such sanctions;
- changes in accounting principles;
- sales of our Class A common stock, including sales by our executive officers, directors and significant stockholders, short selling of our Class A common stock, or the anticipation of sales;
- actual or perceived cybersecurity attacks or security breaches or incidents;
- additions or departures of any of our key personnel;
- lawsuits threatened or filed by us or against us, and announcements related to any such litigation;
- changing legal or regulatory developments in the United States and other countries, including with respect to data privacy, data protection and security;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- changes in recommendations by securities analysts, failure to obtain or maintain analyst coverage of our Class A common stock or our failure to achieve analyst earnings estimates;
- discussion of us or our stock price by the financial press and in online investor communities;

- changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors; and
- other events or factors, including those resulting from war, incidents of terrorism or responses to these events.

In addition, the stock market has experienced substantial price and volume volatility that is often seemingly unrelated to the operating performance of particular companies. These broad market fluctuations may cause the trading price of our Class A common stock to decline. Furthermore, the trading price of our Class A common stock may be adversely affected by third-parties trying to drive down the price. Short sellers and others, some of whom post anonymously on social media, may be positioned to profit if the trading price of our Class A common stock declines and their activities can negatively affect the trading price of our Class A common stock. In the past, securities class action litigation has often been brought against a company after a period of volatility in the market price of its common stock. We may become involved in this type of litigation in the future. Any securities litigation claims brought against us could result in substantial expenses and the diversion of our management's attention from our business.

We cannot predict the impact our multi-class structure may have on our stock price.

We cannot predict whether our multi-class structure will result in a lower or more volatile market price of our Class A common stock or in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multiple-class share structures in certain of their indexes. In July 2017, FTSE Russell and S&P Dow Jones announced that they would cease to allow most newly public companies utilizing dual or multi-class capital structures to be included in their indices. Affected indices include the Russell 2000 and the S&P 500, S&P MidCap 400 and S&P SmallCap 600, which together make up the S&P Composite 1500. Beginning in 2017, MSCI, a leading stock index provider, opened public consultations on their treatment of no-vote and multi-class structures and temporarily barred new multi-class listings from certain of its indices; however, in October 2018, MSCI announced its decision to include equity securities "with unequal voting structures" in its indices and to launch a new index that specifically includes voting rights in its eligibility criteria. Under the announced policies, our multi-class capital structure makes us ineligible for inclusion in certain indices, and as a result, mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track those indices are not expected to invest in our stock. These policies are still fairly new and it is as of yet unclear what effect, if any, they will have on the valuations of publicly traded companies excluded from the indices, but it is possible that they may depress these valuations compared to those of other similar companies that are included. Because of our multi-class structure, we will likely be excluded from certain of these indexes and we cannot assure you that other stock indexes will not take similar actions. Given the sustained flow of investment funds into passive strategies that seek to track certain indexes, exclusion from stock indexes would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected.

We are a "controlled company" within the meaning of the New York Stock Exchange rules. As a result, we qualify for, and rely on, exemptions from certain corporate governance requirements that provide protection to stockholders of other companies.

As a result of our multi-class common stock structure, William Wang, our Founder, Chairman and Chief Executive Officer controls, a majority of the voting power of our outstanding capital stock. As a result, we are a "controlled company" within the meaning of the corporate governance standards of the New York Stock Exchange. Under these rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of our Board of Directors consist of "independent directors" as defined under the New York Stock Exchange rules;
- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement for an annual performance evaluation of the compensation and nominating and corporate governance committees.

We currently utilize, and intend to continue to utilize, certain of these exemptions. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the New York Stock Exchange.

In addition, the New York Stock Exchange has developed listing standards regarding compensation committee independence requirements and the role and disclosure of compensation consultants and other advisers to the compensation committee that, among other things, requires:

- compensation committees be composed of independent directors, as determined pursuant to new independence requirements;
- compensation committees be explicitly charged with hiring and overseeing compensation consultants, legal counsel and other committee advisors; and
- compensation committees be required to consider, when engaging compensation consultants, legal counsel or other advisors, certain independence factors, including factors that examine the relationship between the consultant or advisor's employer and us.

As a controlled company, we are not subject to these compensation committee independence requirements.

Some provisions of our amended and restated certificate of incorporation and Delaware law inhibit potential acquisition bids and other actions that you may consider favorable.

Our corporate documents and Delaware law contain provisions that may enable our Board of Directors to resist a change in control of our company even if a change in control were to be considered favorable by our stockholders. These provisions include, among other things, the authorization of undesignated preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval.

These provisions, our multi-class common stock structure and Mr. Wang's overall voting power, could discourage, delay or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for other stockholders to take certain corporate actions such as the election of directors of their choosing. For example, following the first date on which the outstanding shares of our Class B common stock represent less than a majority of the total combined voting power of our Class A common stock and our Class B common stock (the Voting Threshold Date), our stockholders will only be able to take action at a duly called annual or special meeting of our stockholders and may not be able to effect action by written consent.

In addition, we are subject to Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a Delaware corporation from engaging in any broad range of business combinations with any stockholder who owns, or at any time in the last three years owned, 15% or more of our outstanding voting stock for a period of three years following the date on which the stockholder became an interested stockholder. This provision could have the effect of delaying or preventing a change of control, whether or not it is desired by or beneficial to our stockholders.

We do not expect to pay any dividends on our Class A common stock for the foreseeable future.

We do not anticipate that we will pay any dividends to holders of our Class A common stock in the foreseeable future. Accordingly, investors must rely on sales of their Class A common stock as the only way to realize any gains on their investment. Investors seeking or expecting cash dividends should not purchase our Class A common stock. Further, in the event we do pay any cash dividends to holders of our Class A common stock, certain holders of options under our 2017 Incentive Award Plan also hold dividend equivalent rights, which entitle them to cash payments based on the number of unexercised shares subject to such options.

Our amended and restated bylaws designate a state or federal court located within the State of Delaware and the federal district courts of the United States as the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our stockholders, (iii) any action arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation, or our amended and restated bylaws, or (iv) any other action asserting a claim that is governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware), in all cases subject to the court having jurisdiction over indispensable parties named as defendants, and provided that this exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Securities Exchange Act of 1934, as amended (the Exchange Act).

Section 22 of the Securities Act of 1933, as amended (the Securities Act), creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different

courts, among other considerations, our amended and restated bylaws also provide that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

Any person or entity purchasing or otherwise acquiring or holding or owning (or continuing to hold or own) any interest in any of our securities shall be deemed to have notice of and consented to the foregoing bylaw provisions. Although we believe these exclusive forum provisions benefit us by providing increased consistency in the application of Delaware law and federal securities laws in the types of lawsuits to which each applies, the exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with us or any of our directors, officers, stockholders, or other employees, which may discourage lawsuits with respect to such claims against us and our current and former directors, officers, stockholders, or other employees. Our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder as a result of our exclusive forum provisions. Further, in the event a court finds either exclusive forum provision contained in our amended and restated bylaws to be unenforceable or inapplicable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our results of operations.

General Risk Factors

Our management team has limited experience managing a public company.

Most members of our management team have limited experience managing a publicly-traded company, interacting with public company investors, and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage our transition to being a public company subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which may harm our business, financial condition and results of operations.

We are exposed to increased regulatory oversight and incur increased costs as a result of being a public company.

We are required to satisfy the listing requirements and rules of the New York Stock Exchange, which results in us incurring significant legal, accounting and other expenses. We also incur costs associated with public company reporting requirements and corporate governance requirements, including additional directors' and officers' liability insurance and requirements under the Sarbanes-Oxley Act of 2002 (the SOX Act) as well as rules implemented by the Securities and Exchange Commission (the SEC) and the New York Stock Exchange. These rules and regulations have increased, and will continue to increase, our legal and financial compliance costs, and have made, and will continue to make, certain activities more time consuming and costly. Further, we have incurred costs in connection with hiring additional legal, accounting, financial and compliance staff with appropriate public company experience and technical accounting knowledge. Any of these expenses may harm our business, financial condition and results of operations.

If we fail to maintain effective internal controls, we may not be able to report financial results accurately or on a timely basis, or to detect fraud, which may harm our business or share price.

Effective internal controls are necessary for us to provide reasonable assurance with respect to our financial reports and to effectively prevent financial fraud. Pursuant to the SOX Act, we are required to periodically evaluate the effectiveness of the design and operation of our internal controls. Internal controls over financial reporting may not prevent or detect misstatements because of inherent limitations, including the possibility of human error or collusion, the circumvention or overriding of controls or fraud. If we fail to maintain an effective system of internal controls, our business, financial condition and results of operations may be harmed, and we could fail to meet our reporting obligations, which may harm our business and our share price.

We are required to maintain internal controls over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the SOX Act requires annual management assessments of the effectiveness of our internal controls over financial reporting and a report by our independent auditors addressing these assessments. We will be required to provide an annual management report on the effectiveness of our internal control over financial reporting commencing with our second annual report on Form 10-K. Both our independent auditors and we will be testing our internal controls pursuant to the requirements of Section 404 of the SOX Act and could, as part of that documentation and testing, identify areas for further attention or improvement. We are in the process of designing, implementing, and testing the internal control over financial reporting required to comply with this obligation, which process is time consuming, costly, and complicated. If we identify material weaknesses in our internal control over financial reporting, if we are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our

Class A common stock could be negatively affected, and we could become subject to investigations by the New York Stock Exchange, the SEC, or other regulatory authorities, which could require additional financial and management resources.

We rely on assumptions and estimates to calculate certain of our key metrics, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

We calculate certain of our key metrics, including SmartCast ARPU, SmartCast Hours and Total VIZIO Hours using internal company data that has not been independently verified. While these numbers are based on what we believe to be reasonable calculations for the applicable period of measurement, there are inherent challenges in measuring our key metrics. We regularly review and may adjust our processes for calculating our internal metrics to improve their accuracy. Our measures of our key metrics may differ from estimates published by third parties or from similarly-titled metrics of our competitors due to differences in methodology. If advertisers, content or platform partners or investors do not perceive our key metrics to be accurate representations of our SmartCast ARPU, SmartCast Hours and Total VIZIO Hours, or if we discover material inaccuracies in our key metrics, our reputation may be harmed and content partners, advertisers and partners may be less willing to allocate their budgets or resources to our devices and services, which could negatively affect our business, financial condition and results of operations. Further, as our business develops, we may revise or cease reporting certain metrics if we determine that such metrics are no longer accurate or appropriate measures of our performance. If investors, analysts, consumers or retailers do not believe our reported measures, such as SmartCast ARPU, SmartCast Hours and Total VIZIO Hours, are sufficient or accurately reflect our business, we may receive negative publicity and our operating results may be adversely impacted.

We need to maintain operational and financial systems that can support our expected growth, increasingly complex business arrangements, and rules governing revenue and expense recognition and any inability or failure to do so could adversely affect our financial reporting, billing and payment services.

We have a complex business that is growing in size and complexity. To manage our growth and our increasingly complex business operations, especially as we move into new markets internationally or acquire new businesses, we will need to maintain and may need to upgrade our operational and financial systems and procedures, which requires management time and may result in significant additional expense. Our business arrangements with our content providers and advertisers, and the rules that govern revenue and expense recognition in our data services business are increasingly complex. To manage the expected growth of our operations and increasing complexity, we must maintain operational and financial systems, procedures and controls and continue to increase systems automation to reduce reliance on manual operations. An inability to do so will negatively affect our financial reporting, billing and payment services. Our current and planned systems, procedures and controls may not be adequate to support our complex arrangements and the rules governing revenue and expense recognition for our future operations and expected growth. Delays or problems associated with any improvement or expansion of our operational and financial systems and controls could adversely affect our relationships with our consumers and partners, cause harm to our reputation and brand, and could also result in errors in our financial and other reporting.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations may be harmed.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in our stock price. Significant assumptions and estimates used in preparing our condensed consolidated financial statements include those related to revenue recognition, sales incentives, accounts receivable and allowance for doubtful accounts, share-based compensation expense, excess and obsolete inventory write-downs, warranty reserves, long-lived assets and accounting for income taxes including deferred tax assets and liabilities.

Our results of operations may be adversely affected by changes in accounting principles applicable to us.

Generally accepted accounting principles (GAAP) in the United States are subject to interpretation by the Financial Accounting Standards Board (FASB), the SEC, and other various bodies formed to promulgate and interpret appropriate accounting principles. Changes in accounting principles applicable to us, or varying interpretations of current accounting principles, in particular, with respect to revenue recognition, could have a significant effect on our reported results of operations. Further, any difficulties in the implementation of changes in accounting principles, including the ability to modify our accounting systems,

could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors' confidence in us.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit No.	Description of Document	Form	Incorporated by Reference		
			File No.	Exhibit	Filing Date
10.1	<u>Amended and Restated 2017 Incentive Award Plan and forms of agreements thereunder</u>				
31.1	<u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>				
31.2	<u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>				
32.1†	<u>Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>				
32.2†	<u>Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>				
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Comprehensive Loss, (iv) Condensed Consolidated Statements of Stockholders' Equity, (v) Condensed Consolidated Statements of Cash Flows, and (vi) Notes to Condensed Consolidated Financial Statements.				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				

† The certifications attached as Exhibit 32.1 and Exhibit 32.2 that accompany this Quarterly Report on Form 10-Q are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of VIZIO Holding Corp. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VIZIO Holding Corp.

Date: May 12, 2022

By: /s/ William Wang
William Wang
Chief Executive Officer
(Principal Executive Officer)

Date: May 12, 2022

By: /s/ Adam Townsend
Adam Townsend
Chief Financial Officer
(Principal Financial Officer)

**VIZIO HOLDING CORP.
2017 INCENTIVE AWARD PLAN**

ARTICLE 1

PURPOSE

The purpose of the VIZIO Holding Corp. 2017 Incentive Award Plan (as it may be amended or restated from time to time, the “Plan”) is to promote the success and enhance the value of VIZIO Holding Corp. (the “Company”) by linking the individual interests of the members of the Board, Employees, and Consultants to those of Company shareholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to Company shareholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company’s operation is largely dependent.

ARTICLE 2

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 “Administrator” shall mean the entity that conducts the general administration of the Plan as provided in Article 11. With reference to the duties of the Committee under the Plan which have been delegated to one or more persons pursuant to Section 11.6, or as to which the Board has assumed, the term “Administrator” shall refer to such person(s) unless the Committee or the Board has revoked such delegation or the Board has terminated the assumption of such duties.

2.2 “Applicable Accounting Standards” shall mean Generally Accepted Accounting Principles in the United States, International Financial Reporting Standards or such other accounting principles or standards as may apply to the Company’s financial statements under United States federal securities laws from time to time.

2.3 “Applicable Law” shall mean any applicable law, including without limitation:

(a) provisions of the Code, the Securities Act, the Exchange Act and any rules or regulations thereunder; (b) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether federal, state, local or foreign; and (c) rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded.

2.4 “Award” shall mean an Option, a Stock Appreciation Right, a Restricted Stock award, a Restricted Stock Unit award, an Other Stock-Based Award or a Dividend Equivalent award, which may be awarded or granted under the Plan.

2.5 “Award Agreement” shall mean any written notice, agreement, terms and conditions, contract or other instrument or document evidencing an Award, including through electronic medium, which shall contain such terms and conditions with respect to an Award as the Administrator shall determine consistent with the Plan.

2.6 “Board” shall mean the Board of Directors of the Company.

2.7 “Cause” shall mean, with respect to any particular Holder, the commission of any act of fraud, embezzlement or dishonesty by the Holder, any unauthorized use or disclosure by the Holder of confidential information or trade secrets of the Company (or any parent or subsidiary of the Company), or any other intentional misconduct by the Holder adversely affecting the business or affairs of the Company (or any parent or subsidiary of the Company) in a material manner. Notwithstanding the foregoing, if the Holder is a party to a written employment, consulting, or similar

agreement with the Company (or any parent or subsidiary of the Company) in which the term “cause” is defined, then “Cause” shall be as such term is defined in such applicable written employment, consulting, or similar agreement.

2.8 “Change in Control” shall mean the occurrence of any of the following events:

(a) A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group (“Person”), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than 50% of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection, (i) the acquisition of additional stock by any one Person, who is considered to own more than 50% of the total voting power of the stock of the Company will not be considered a Change in Control, and (ii) if the stockholders of the Company immediately before such change in ownership continue to retain immediately after the change in ownership, in substantially the same proportions as their ownership of shares of the Company’s voting stock immediately prior to the change in ownership, the direct or indirect beneficial ownership of 50% or more of the total voting power of the stock of the Company or of the ultimate parent entity of the Company, such event will not be considered a Change in Control under this subsection (a). For this purpose, indirect beneficial ownership will include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company, as the case may be, either directly or through one or more subsidiary corporations or other business entities; or

(b) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12)-month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this subsection (b), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(c) A change in the ownership of a substantial portion of the Company’s assets which occurs on the date that any Person acquires (or has acquired during the twelve (12)-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (c), the following will not constitute a change in the ownership of a substantial portion of the Company’s assets: (i) a transfer to an entity that is controlled by the Company’s stockholders immediately after the transfer, or (ii) a transfer of assets by the Company to: (A) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company’s stock, (B) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (C) a Person, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company, or (D) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (c)(ii)(C). For purposes of this subsection (c), gross fair market value shall mean the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Section 409A.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (x) its sole purpose is to change the state of the Company’s incorporation, or (y) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company’s securities immediately before such transaction.

2.9 “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time, together with the regulations and official guidance promulgated thereunder, whether issued prior or subsequent to the grant of any Award.

2.10 “Committee” shall mean a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board, or a duly authorized committee of the Board, in accordance with Article 11 hereof.

2.11 “Common Stock” shall mean the Class A common stock, no par value, of the Company.

2.12 “Company” shall have the meaning set forth in Article 1.

2.13 “Consultant” shall mean any person, including any advisor, engaged by the Company or a parent or subsidiary of the Company to render services to such entity if: (i) the consultant or adviser renders *bona fide* services to the Company; (ii) the services rendered by the consultant or advisor are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company’s securities; and (iii) the consultant or advisor is a natural person, or such other advisor or consultant as is approved by the Administrator.

2.14 “Director” shall mean a member of the Board, as constituted from time to time.

2.15 “Disability” shall mean total and permanent disability as defined in Section 22(e)(3) of the Code, provided that in the case of Awards other than Incentive Stock Options, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.

2.16 “Dividend Equivalent” shall mean a right to receive the equivalent value (in cash or Shares) of dividends paid on Shares, awarded under Section 9.2.

2.17 “DRO” shall mean a “domestic relations order” as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended from time to time, or the rules thereunder.

2.18 “Effective Date” shall mean August 25, 2017, which is the date the Plan was originally adopted by the Board.

2.19 “Eligible Individual” shall mean any person who is an Employee, a Consultant or a Non-Employee Director, as determined by the Administrator.

2.20 “Employee” shall mean any officer or other employee (as determined in accordance with Section 3401(c) of the Code and the Treasury Regulations thereunder) of the Company or of any parent or subsidiary of the Company.

2.21 “Equity Restructuring” shall mean a nonreciprocal transaction between the Company and its shareholders, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that affects the number or kind of Shares (or other securities of the Company) or the share price of Common Stock (or other securities) and causes a change in the per-share value of the Common Stock underlying outstanding Awards.

2.22 “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended from time to time.

2.23 “Exchange Program” shall mean a program under which (i) outstanding Awards are surrendered or cancelled in exchange for awards of the same type (which may have higher or lower exercise prices and different terms), awards of a different type, and/or cash, (ii) Holders would have the opportunity to transfer any outstanding Awards to a financial institution or other person or entity selected by the Administrator, and/or (iii) the exercise price of an outstanding Award is increased or reduced. The Administrator will determine the terms and conditions of any Exchange Program in its sole discretion.

2.24 “Fair Market Value” shall mean, as of any given date, the value of a Share determined as follows:

(a) If the Common Stock is (i) listed on any established securities exchange (such as the New York Stock Exchange, the Nasdaq Capital Market, the Nasdaq Global Market and the Nasdaq Global Select Market), (ii) listed on any national market system or (iii) listed, quoted or traded on any automated quotation system, its Fair Market Value shall be the closing sales price for a Share as quoted on such exchange or system for such date or, if there is no closing sales price for a Share on the date in question, the closing sales price for a Share on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(b) If the Common Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Common Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked

prices for a Share on such date, the high bid and low asked prices for a Share on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(c) For purposes of any Awards granted on the Registration Date, the Fair Market Value will be the initial price to the public as set forth in the final prospectus included within the registration statement on Form S-1 filed with the Securities and Exchange Commission for the initial public offering of the Common Stock; or

(d) If the Common Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be determined by the Administrator in good faith.

2.25 “Fiscal Year” shall mean the fiscal year of the Company.

2.26 “Greater Than 10% Stockholder” shall mean an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any subsidiary corporation (as defined in Section 424(f) of the Code) or parent corporation thereof (as defined in Section 424(e) of the Code).

2.27 “Holder” shall mean a person who has been granted an Award.

2.28 “Incentive Stock Option” shall mean an Option that is intended to qualify as an incentive stock option and conforms to the applicable provisions of Section 422 of the Code.

2.29 “Non-Employee Director” shall mean a Director of the Company who is not an Employee.

2.30 “Non-Qualified Stock Option” shall mean an Option that is not an Incentive Stock Option or which is designated as an Incentive Stock Option but does not meet the applicable requirements of Section 422 of the Code.

2.31 “Option” shall mean a right to purchase Shares at a specified exercise price, granted under Article 5. An Option shall be either a Non-Qualified Stock Option or an Incentive Stock Option; provided, however, that Options granted to Non-Employee Directors and Consultants shall only be Non-Qualified Stock Options.

2.32 “Option Term” shall have the meaning set forth in Section 5.4.

2.33 “Organizational Documents” shall mean, collectively, (a) the Company’s articles of incorporation, certificate of incorporation, bylaws or other similar organizational documents relating to the creation and governance of the Company, and (b) the Committee’s charter or other similar organizational documentation relating to the creation and governance of the Committee.

2.34 “Other Stock-Based Award” shall mean a stock bonus award, performance award or incentive award that is paid in cash, Shares or a combination of both, awarded under Section 9.1, which may include, without limitation, deferred stock, deferred stock units, stock payments and performance awards.

2.35 “Permitted Transferee” shall mean, with respect to a Holder, any “family member” of the Holder, as defined in Rule 701 under the Securities Act, after taking into account Applicable Law.

2.36 “Plan” shall have the meaning set forth in ARTICLE 1.

2.37 “Prior Plan” shall mean the VIZIO Holding Corp. 2007 Incentive Award Plan, as amended from time to time.

2.38 “Program” shall mean any program adopted by the Administrator pursuant to the Plan containing the terms and conditions intended to govern a specified type of Award granted under the Plan and pursuant to which such type of Award may be granted under the Plan.

2.39 “Publicly Listed Company” shall mean that the Company or its successor (i) is required to file periodic reports pursuant to Section 12 of the Exchange Act and (ii) the Common Stock is listed on one or more established securities exchanges (such as the New York Stock Exchange, the Nasdaq Capital Market, the Nasdaq Global Market and the Nasdaq Global Select Market) or is quoted on Nasdaq or a successor quotation system.

2.40 “Registration Date” means the effective date of the first registration statement that is filed by the Company and declared effective pursuant to Section 12(b) of the Exchange Act, with respect to any class of the Company’s securities.

2.41 “Restricted Stock” shall mean Common Stock awarded under Article 7 that is subject to certain restrictions and may be subject to risk of forfeiture or repurchase.

2.42 “Restricted Stock Units” shall mean the right to receive Shares awarded under Article 8.

2.43 “Section 16(b)” shall mean Section 16(b) of the Exchange Act.

2.44 “Section 409A” shall mean Section 409A of the Code and the Department of Treasury Regulations and other interpretive guidance issued thereunder, including, without limitation, any such regulations or other guidance that may be issued after the Effective Date.

2.45 “Securities Act” shall mean the Securities Act of 1933, as amended.

2.46 “Shares” shall mean shares of Common Stock.

2.47 “Stock Appreciation Right” shall mean an Award entitling the Holder (or other person entitled to exercise pursuant to the Plan) to exercise all or a specified portion thereof (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying the difference obtained by subtracting the exercise price per share of such Award from the Fair Market Value on the date of exercise of such Award by the number of Shares with respect to which such Award shall have been exercised, subject to any limitations the Administrator may impose.

2.48 “SAR Term” shall have the meaning set forth in Section 5.4.

2.49 “Subsidiary” shall mean any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing at least fifty percent (50%) of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

2.50 “Substitute Award” shall mean an Award granted under the Plan in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, in any case, upon the assumption of, or in substitution for, outstanding equity awards previously granted by a company or other entity; provided, however, that in no event shall the term “Substitute Award” be construed to refer to an award made in connection with the cancellation and repricing of an Option or Stock Appreciation Right.

2.51 “Termination of Service” shall mean:

(a) As to a Consultant, the time when the engagement of a Holder as a Consultant to the Company or a parent or subsidiary of the Company is terminated for any reason, with or without cause, including, without limitation, by resignation, discharge, death or retirement, but excluding terminations where the Consultant simultaneously commences or remains in employment or service with the Company or any parent or subsidiary of the Company.

(b) As to a Non-Employee Director, the time when a Holder who is a Non-Employee Director ceases to be a Director for any reason, including, without limitation, a termination by resignation, failure to be elected, death or retirement, but excluding terminations where the Holder simultaneously commences or remains in employment or service with the Company or any parent or subsidiary of the Company.

(c) As to an Employee, the time when the employee-employer relationship between a Holder and the Company or any parent or subsidiary of the Company is terminated for any reason, including, without limitation, a termination by resignation, discharge, death, Disability or retirement; but excluding terminations where the Holder simultaneously commences or remains in employment or service with the Company or any parent or subsidiary of the Company.

The Administrator, in its sole discretion, shall determine the effect of all matters and questions relating to any Termination of Service, including, without limitation, whether a Termination of Service has occurred, whether a

Termination of Service resulted from a discharge for cause and all questions of whether particular leaves of absence constitute a Termination of Service. For purposes of the Plan, a Holder's employee-employer relationship or consultancy relationship shall be deemed to be terminated in the event that the parent or subsidiary of the Company employing or contracting with such Holder ceases to remain a parent or subsidiary of the Company following any merger, sale of stock or other corporate transaction or event (including, without limitation, a spin-off).

ARTICLE 3.

SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to Sections 3.1(b), 3.1(c), and 12.2, the aggregate number of Shares which may be issued or transferred pursuant to Awards under the Plan is the sum of (i) 24,446,502 Shares, (ii) the number of Shares which as of the Effective Date were available for issuance under the Prior Plan, plus (iii) the number of Shares subject to awards outstanding under the Prior Plan as of the Effective Date which, on or after the Effective Date, are forfeited or otherwise terminate or expire for any reason without the issuance of shares to the holder thereof, with the maximum number of Shares to be added to the Plan pursuant to clauses (ii) and (iii) equal to 40,520,655 Shares (such sum, the "Share Limit"). Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Common Stock, treasury Common Stock or Common Stock purchased on the open market.

(b) Subject to the provisions of Section 12.2, the Share Limit will be increased on the first day of each Fiscal Year beginning with the 2022 Fiscal Year, in an amount equal to the least of (i) 26,500,000 Shares, (ii) 5% of the outstanding shares of all classes of the Company's common stock on the last day of the immediately preceding Fiscal Year, or (iii) such number of Shares determined by the Board.

(c) If any Shares subject to an Award are forfeited or expire, an Award is surrendered pursuant to an Exchange Program, or an Award is settled for cash (in whole or in part) (including Shares repurchased by the Company under Section 7.4 at the same price paid by the Holder), the Shares subject to such Award shall, to the extent of such forfeiture, expiration, surrender, or cash settlement, again be available for future grants of Awards under the Plan and shall be added back to the Share Limit in the same number of Shares as were debited from the Share Limit in respect of the grant of such Award (as may be adjusted in accordance with Section 11.1(a) hereof). In addition, the following Shares shall be added to the Shares authorized for grant under Section 3.1(a) and shall be added back to the Share Limit in the same number of Shares as were debited from the Share Limit in respect of the grant of such Award (as may be adjusted in accordance with Section 11.1(a) hereof): (i) Shares tendered by a Holder or withheld by the Company in payment of the exercise price of an Option; and (ii) Shares tendered by the Holder or withheld by the Company to satisfy any tax withholding obligation with respect to an Award. Any Shares repurchased by the Company under Section 7.4 at the same price paid by the Holder so that such Shares are returned to the Company shall again be available for Awards. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not be counted against the Shares available for issuance under the Plan. Notwithstanding the provisions of this Section 3.1(c), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an incentive stock option under Section 422 of the Code. Notwithstanding the foregoing and, subject to adjustment as provided in Section 12.2, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the aggregate Share number stated in Section 3.1(a), plus, to the extent allowable under Section 422 of the Code and the Treasury Regulations promulgated thereunder, any Shares that become available for issuance under the Plan pursuant to Sections 3.1(b) and 3.1(c).

(d) Substitute Awards shall not reduce the Shares authorized for grant under the Plan, except as may be required by reason of Section 422 of the Code.

ARTICLE 4.

GRANTING OF AWARDS

4.1 Participation. The Administrator may, from time to time, select from among all Eligible Individuals, those to whom an Award shall be granted and shall determine the nature and amount of each Award, which shall not be inconsistent with the requirements of the Plan. No Eligible Individual or other Person shall have any right to be granted an Award pursuant to the Plan and neither the Company nor the Administrator is obligated to treat Eligible Individuals, Holders or any other persons uniformly. Participation by each Holder in the Plan shall be voluntary and nothing in the Plan or any Program shall be construed as mandating that any Eligible Individual or other Person shall participate in the Plan.

4.2 Award Agreement. Each Award shall be evidenced by an Award Agreement that sets forth the terms, conditions and limitations for such Award as determined by the Administrator in its sole discretion (consistent with the requirements of the Plan and any applicable Program). Award Agreements evidencing Incentive Stock Options shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 422 of the Code.

4.3 At-Will Service. Nothing in the Plan or in any Program or Award Agreement hereunder shall confer upon any Holder any right to continue in the employ of, or as a Director or Consultant for, the Company or any parent or subsidiary of the Company, or shall interfere with or restrict in any way the rights of the Company and any parent or subsidiary of the Company, which rights are hereby expressly reserved, to discharge any Holder at any time for any reason whatsoever, with or without cause, and with or without notice, or to terminate or change all other terms and conditions of employment or engagement, except to the extent expressly provided otherwise in a written agreement between the Holder and the Company or any parent or subsidiary of the Company.

4.4 Foreign Holders. Notwithstanding any provision of the Plan or applicable Program to the contrary, in order to comply with the laws in countries other than the United States in which the Company and its Subsidiaries operate or have Employees, Non-Employee Directors or Consultants, or in order to comply with the requirements of any foreign securities exchange or other Applicable Law, the Administrator, in its sole discretion, shall have the power and authority to: (a) determine which Subsidiaries shall be covered by the Plan; (b) determine which Eligible Individuals outside the United States are eligible to participate in the Plan; (c) modify the terms and conditions of any Award granted to Eligible Individuals outside the United States to comply with Applicable Law (including, without limitation, applicable foreign laws or listing requirements of any foreign securities exchange); (d) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable; provided, however, that no such subplans and/or modifications shall increase the Share Limit contained in Section 3.1; and (e) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals or listing requirements of any foreign securities exchange.

4.5 Non-Employee Director Limitations. No Non-Employee Director may be paid, issued or granted, in any Fiscal Year, cash compensation and equity awards (including any Awards issued under this Plan) with an aggregate value greater than \$500,000 (with the value of each equity award based on its grant date fair value (determined in accordance with U.S. generally accepted accounting principles)). Any cash compensation paid or Awards granted to an individual for his or her services as an Employee, or for his or her services as a Consultant (other than as a Non-Employee Director), will not count for purposes of the limitation under this Section 4.5.

ARTICLE 5.

GRANTING OF OPTIONS AND STOCK APPRECIATION RIGHTS

5.1 Granting of Options and Stock Appreciation Rights to Eligible Individuals. The Administrator is authorized to grant Options and Stock Appreciation Rights to Eligible Individuals from time to time, in its sole discretion, on such terms and conditions as it may determine, which shall not be inconsistent with the Plan.

5.2 Qualification of Incentive Stock Options. The Administrator may grant Options intended to qualify as Incentive Stock Options only to employees of the Company, any of the Company's present or future "parent corporations" or "subsidiary corporations" as defined in Sections 424(e) or (f) of the Code, respectively. No person who qualifies as a Greater Than 10% Stockholder may be granted an Incentive Stock Option unless such Incentive Stock Option conforms to the applicable provisions of Section 422 of the Code. To the extent that the aggregate fair market value of stock with respect to which "incentive stock options" (within the meaning of Section 422 of the Code, but without regard to Section 422(d) of the Code) are exercisable for the first time by a Holder during any calendar year under the Plan, and all other plans of the Company and any parent corporation or subsidiary corporation thereof (as defined in Section 424(e) and 424(f) of the Code, respectively), exceeds \$100,000, the Options shall be treated as Non-Qualified Stock Options to the extent required by Section 422 of the Code. The rule set forth in the immediately preceding sentence shall be applied by taking Options and other "incentive stock options" into account in the order in which they were granted and the fair market value of stock shall be determined as of the time the respective options were granted. Any interpretations and rules under the Plan with respect to Incentive Stock Options shall be consistent with the provisions of Section 422 of the Code. Neither the Company nor the Administrator shall have any liability to a Holder, or any other Person, (a) if an Option (or any part thereof) which is intended to qualify as an Incentive Stock Option fails to qualify as an Incentive Stock Option or (b) for any action or omission by the Company or the Administrator that causes an Option not to qualify as an Incentive Stock Option, including without limitation, the conversion of an Incentive Stock Option to a Non-Qualified Stock Option or the grant of an Option intended as an Incentive Stock Option that fails to satisfy the requirements under the Code applicable to an Incentive Stock Option.

5.3 Option and Stock Appreciation Right Exercise Price. The exercise price per Share subject to each Option and Stock Appreciation Right shall be set by the Administrator, but shall not be less than 100% of the Fair Market Value of a Share on the date the Option or Stock Appreciation Right, as applicable, is granted. In addition, in the case of Incentive Stock Options granted to a Greater Than 10% Stockholder, such price shall not be less than 110% of the Fair Market Value of a Share on the date the Option is granted.

Notwithstanding the foregoing, in the case of an Option or Stock Appreciation Right that is a Substitute Award, the exercise price per share of the Shares subject to such Option or Stock Appreciation Right, as applicable, may be less than the Fair Market Value per share on the date of grant; provided that the exercise price of any Substitute Award shall be determined in accordance with the applicable requirements of Sections 424 and/or 409A of the Code, as applicable.

5.4 Option and SAR Term. The term of each Option (the “Option Term”) and the term of each Stock Appreciation Right (the “SAR Term”) shall be set by the Administrator in its sole discretion; provided, however, that the Option Term or SAR Term, as applicable, shall not be more than (a) ten (10) years from the date the Option or Stock Appreciation Right, as applicable, is granted to an Eligible Individual (other than a Greater Than 10% Stockholder), or (b) five (5) years from the date an Incentive Stock Option is granted to a Greater Than 10% Stockholder. Except as limited by the requirements of Section 409A of the Code and regulations and rulings thereunder and without limiting the Company’s rights under Section 10.6, the Administrator may extend the Option Term of any outstanding Option or the SAR Term of any outstanding Stock Appreciation Right, and may extend the time period during which vested Options or Stock Appreciation Rights may be exercised, in connection with any Termination of Service of the Holder or otherwise, and may amend, subject to Section 10.6 and 12.1, any other term or condition of such Option or Stock Appreciation Right relating to such Termination of Service of the Holder or otherwise.

5.5 Option and SAR Vesting. The period during which the right to exercise, in whole or in part, an Option or Stock Appreciation Right vests in the Holder shall be set by the Administrator and set forth in the applicable Award Agreement. Unless otherwise determined by the Administrator in the Award Agreement, the applicable Program or by action of the Administrator following the grant of the Option or Stock Appreciation Right, (a) no portion of an Option or Stock Appreciation Right which is unexercisable at a Holder’s Termination of Service shall thereafter become exercisable and (b) the portion of an Option or Stock Appreciation Right that is unvested at a Holder’s Termination of Service shall automatically expire on the date of such Termination of Service.

5.6 Substitution of Stock Appreciation Rights. The Administrator may provide in the applicable Program or Award Agreement evidencing the grant of an Option that the Administrator, in its sole discretion, shall have the right to substitute a Stock Appreciation Right for such Option at any time prior to or upon exercise of such Option; provided that such Stock Appreciation Right shall be exercisable with respect to the same number of Shares for which such substituted Option would have been exercisable, and shall also have the same exercise price, vesting schedule and remaining term as the substituted Option.

ARTICLE 6.

EXERCISE OF OPTIONS AND STOCK APPRECIATION RIGHTS

6.1 Exercise and Payment. An exercisable Option or Stock Appreciation Right may be exercised in whole or in part. However, an Option or Stock Appreciation Right shall not be exercisable with respect to fractional Shares and the Administrator may require that, by the terms of the Option or Stock Appreciation Right, a partial exercise must be with respect to a minimum number of Shares. Payment of the amounts payable with respect to Stock Appreciation Rights pursuant to this Article 6 shall be in cash, Shares (based on its Fair Market Value as of the date the Stock Appreciation Right is exercised), or a combination of both, as determined by the Administrator.

6.2 Manner of Exercise. Except as set forth in Section 6.3, all or a portion of an exercisable Option or Stock Appreciation Right shall be deemed exercised upon delivery of all of the following to the Secretary of the Company, the stock plan administrator of the Company or such other person or entity designated by the Administrator, or his, her or its office, as applicable:

(a) A written or electronic notice complying with the applicable rules established by the Administrator stating that the Option or Stock Appreciation Right, or a portion thereof, is exercised. The notice shall be signed by the Holder or other person then entitled to exercise the Option or Stock Appreciation Right or such portion thereof;

(b) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with Applicable Law.

(c) In the event that the Option shall be exercised pursuant to Section 10.3 by any person or persons other than the Holder, appropriate proof of the right of such person or persons to exercise the Option or Stock Appreciation Right, as determined in the sole discretion of the Administrator; and

(d) Full payment of the exercise price and applicable withholding taxes for the Shares with respect to which the Option or Stock Appreciation Right, or portion thereof, is exercised, in a manner permitted by the Administrator in accordance with Sections 10.1 and 10.2.

6.3 Notification Regarding Disposition. The Holder shall give the Company prompt written or electronic notice of any disposition of Shares acquired by exercise of an Incentive Stock Option which occurs within (a) two years from the date of grant (including the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code) of such Option to such Holder, or (b) one year after the date of transfer of such Shares to such Holder. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the Holder in such disposition or other transfer.

6.4 Early Exercise of Options. The Administrator may provide in the terms of an Award Agreement that the Holder may exercise an Option in whole or in part prior to the full vesting of the Option in exchange for unvested shares of Restricted Stock with respect to any unvested portion of the Option so exercised. Shares of Restricted Stock acquired upon the exercise of any unvested portion of an Option shall be subject to such terms and conditions as the Administrator shall determine.

6.5 Termination of Service.

(a) If a Holder experiences a Termination of Service, other than for Cause or as the result of the Holder's death or Disability, the Holder may exercise his or her Option or Stock Appreciation Right within such period of time as is specified in the Award Agreement to the extent that such Award is vested on the date of termination (but in no event later than the expiration of the term of such Award as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, such Award will remain exercisable for three (3) months following the Holder's Termination of Service. Unless otherwise provided by the Administrator, if on the date of Termination of Service the Holder is not vested as to the entirety of such Award, the Shares covered by the unvested portion of such Award will revert to the Plan. If after termination the Holder does not exercise such Award within the time specified by the Administrator, such Award will terminate, and the Shares covered by such Award will revert to the Plan.

(b) If a Holder experiences a Termination of Service as a result of the Holder's Disability, the Holder may exercise his or her Option or Stock Appreciation Right within such period of time as is specified in the Award Agreement to the extent such Award is vested on the date of termination (but in no event later than the expiration of the term of such Award as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, such Award will remain exercisable for twelve (12) months following the Holder's Termination of Service. Unless otherwise provided by the Administrator, if on the date of Termination of Service the Holder is not vested as to the entirety of such Award, the Shares covered by the unvested portion of such Award will revert to the Plan. If after Termination of Service the Holder does not exercise such Award within the time specified herein, such Award will terminate, and the Shares covered by such Award will revert to the Plan.

(c) If a Holder dies while an Employee, Consultant, or Director, the Holder Option or Stock Appreciation Right may be exercised following the Holder's death within such period of time as is specified in the Award Agreement to the extent that such Award is vested on the date of death (but in no event may such Award be exercised later than the expiration of the term of such Award as set forth in the Award Agreement), by the Holder's designated beneficiary, provided such beneficiary has been designated prior to the Holder's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Holder, then such Award may be exercised by the personal representative of the Holder's estate or by the person(s) to whom such Award is transferred pursuant to the Holder's will or in accordance with the laws of descent and distribution. In the absence of a specified time in the Award Agreement, such Award will remain exercisable for twelve (12) months following the Holder's death. Unless otherwise provided by the Administrator, if at the time of death the Holder is not vested as to the entirety of such Award, the Shares covered by the unvested portion of such Award will immediately revert to the Plan. If such Award is not so exercised within the time specified herein, such Award will terminate, and the Shares covered by such Award will revert to the Plan.

(d) If a Holder experiences a Termination of Service for Cause, the Holder may exercise his or her Option or Stock Appreciation Right within such period of time as is specified in the Award Agreement to the extent that such Award is vested on the date of termination (but in no event later than the expiration of the term of such Award as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, such Award will

terminate immediately upon the Holder's Termination of Service. Unless otherwise provided by the Administrator, if on the date of Termination of Service the Holder is not vested as to the entirety of such Award, the Shares covered by the unvested portion of such Award will revert to the Plan. If after termination the Holder does not exercise such Award within the time specified by the Administrator, such Award will terminate, and the Shares covered by such Award will revert to the Plan.

(e) A Holder's Award Agreement may also provide that:

if the exercise of the Option or Stock Appreciation Right following the Holder's Termination of Service (other than upon the Holder's death or Disability) would result in liability under Section 16(b), then such Award will terminate on the earlier of (A) the expiration of the term of such Award set forth in the Award Agreement, or (B) the tenth (10th) day after the last date on which such exercise would result in liability under Section 16(b); or

if the exercise of the Option or Stock Appreciation Right following the Holder's Termination of Service (other than upon the Holder's death or Disability) would be prohibited at any time solely because the issuance of Shares would violate the registration requirements under the Securities Act, then such Award will terminate on the earlier of (A) the expiration of the term of such Award or (B) the expiration of a period of thirty (30)-day period after the Holder's Termination of Service during which the exercise of such Award would not be in violation of such registration requirements.

ARTICLE 7.

AWARD OF RESTRICTED STOCK

7.1 Award of Restricted Stock. The Administrator is authorized to grant Restricted Stock to Eligible Individuals, and shall determine the terms and conditions, including the restrictions applicable to each award of Restricted Stock, which terms and conditions shall not be inconsistent with the Plan or any applicable Program, and may impose such conditions on the issuance of such Restricted Stock as it deems appropriate. The Administrator shall establish the purchase price, if any, and form of payment for Restricted Stock; provided, however, that if a purchase price is charged, such purchase price shall be no less than the par value, if any, of the Shares to be purchased, unless otherwise permitted by Applicable Law. In all cases, legal consideration shall be required for each issuance of Restricted Stock to the extent required by Applicable Law.

7.2 Rights as Shareholders. Subject to Section 7.4, upon issuance of Restricted Stock, the Holder shall have, unless otherwise provided by the Administrator, all the rights of a stockholder with respect to said Shares, subject to the restrictions in the Plan, any applicable Program and/or the applicable Award Agreement, including the right to receive all dividends and other distributions paid or made with respect to the Shares to the extent such dividends and other distributions have a record date that is on or after the date on which the Holder to whom such Restricted Stock are granted becomes the record holder of such Restricted Stock; provided, however, that, in the sole discretion of the Administrator, any extraordinary distributions with respect to the Shares may be subject to the restrictions set forth in Section 7.3.

7.3 Restrictions. All shares of Restricted Stock (including any shares received by Holders thereof with respect to shares of Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) shall be subject to such restrictions and vesting requirements as the Administrator shall provide in the applicable Program or Award Agreement. By action taken after the Restricted Stock is issued, the Administrator may, on such terms and conditions as it may determine to be appropriate, accelerate the vesting of such Restricted Stock by removing any or all of the restrictions imposed by the terms of the applicable Program or Award Agreement.

7.4 Repurchase or Forfeiture of Restricted Stock. Except as otherwise determined by the Administrator, if no price was paid by the Holder for the Restricted Stock, upon a Termination of Service during the applicable restriction period, the Holder's rights in unvested Restricted Stock then subject to restrictions shall lapse, and such Restricted Stock shall automatically be surrendered to the Company and cancelled without consideration on the date of such Termination of Service. If a price was paid by the Holder for the Restricted Stock, upon a Termination of Service during the applicable restriction period, the Company shall have the right to repurchase from the Holder the unvested Restricted Stock then subject to restrictions at a cash price per share equal to the price paid by the Holder for such Restricted Stock or such other amount as may be specified in the applicable Program or Award Agreement. Notwithstanding the foregoing, the Administrator, in its sole discretion, may provide that upon certain events, including, without limitation, the Holder's death, retirement or Disability or any other specified Termination of Service or any other event, the Holder's rights in unvested Restricted Stock then subject to restrictions shall not lapse, such Restricted Stock shall vest and cease to be forfeitable and, if applicable, the Company shall cease to have a right of repurchase.

7.5 Section 83(b) Election. If a Holder makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Holder would otherwise be taxable under Section 83(a) of the Code, the Holder shall be required to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service along with proof of the timely filing thereof with the Internal Revenue Service.

ARTICLE 8.

AWARD OF RESTRICTED STOCK UNITS

8.1 Grant of Restricted Stock Units. The Administrator is authorized to grant Awards of Restricted Stock Units to any Eligible Individual selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator.

8.2 Term. Except as otherwise provided herein, the term, if any, of a Restricted Stock Unit award shall be set by the Administrator in its sole discretion.

8.3 Purchase Price. The Administrator shall specify the purchase price, if any, to be paid by the Holder to the Company with respect to any Restricted Stock Unit award; provided, however, that value of the consideration shall not be less than the par value of a Share, unless otherwise permitted by Applicable Law.

8.4 Vesting of Restricted Stock Units. At the time of grant, the Administrator shall specify the date or dates on which the Restricted Stock Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate, including, without limitation, vesting based upon the Holder's duration of service to the Company or any parent or subsidiary of the Company, one or more Performance Criteria, Company or parent or subsidiary of the Company performance, individual performance or other specific criteria, in each case on a specified date or dates or over any period or periods, as determined by the Administrator.

8.5 Maturity and Payment. At the time of grant, the Administrator shall specify the maturity date applicable to each grant of Restricted Stock Units, which shall be no earlier than the vesting date or dates of the Award and may be determined at the election of the Holder (if permitted by the applicable Award Agreement), consistent with the applicable provisions of Section 409A of the Code or an exemption therefrom. On the maturity date, the Company shall, in accordance with the applicable Award Agreement and subject to Section 10.4, transfer to the Holder one unrestricted, fully transferable Share for each Restricted Stock Unit scheduled to be paid out on such date and not previously forfeited, or in the sole discretion of the Administrator, an amount in cash equal to the Fair Market Value of such Shares on the maturity date or a combination of cash and Common Stock as determined by the Administrator.

8.6 Payment upon Termination of Service. An Award of Restricted Stock Units shall only be payable while the Holder is an Employee, a Consultant or a member of the Board, as applicable; provided, however, that the Administrator, in its sole discretion, may provide (in an Award Agreement or otherwise) that a Restricted Stock Unit award may be paid subsequent to a Termination of Service in certain events, including but not limited to the Holder's death, retirement or Disability or any other specified Termination of Service.

ARTICLE 9.

AWARD OF OTHER STOCK-BASED AWARDS AND DIVIDEND EQUIVALENTS

9.1 Other Stock-Based Awards. The Administrator is authorized to grant Other Stock-Based Awards, including awards entitling a Holder to receive Shares or cash to be delivered immediately or in the future, to any Eligible Individual. Subject to the provisions of the Plan and any applicable Program, the Administrator shall determine the terms and conditions of each Other Stock-Based Award, including the term of the Award, any exercise or purchase price, performance goals, transfer restrictions, vesting conditions and other terms and conditions applicable thereto, which shall be set forth in the applicable Award Agreement. Other Stock-Based Awards may be paid in cash, Shares, or a combination of cash and Shares, as determined by the Administrator, and may be available as a form of payment in the settlement of other Awards granted under the Plan, as stand-alone payments, as a part of a bonus, deferred bonus, deferred compensation or other arrangement, and/or as payment in lieu of compensation to which an Eligible Individual is otherwise entitled.

9.2 Dividend Equivalents. Dividend Equivalents may be granted by the Administrator, either alone or in tandem with another Award, based on dividends declared on the Common Stock, to be credited as of dividend payment dates during the period between the date the Dividend Equivalents are granted to a Holder (or such other date as may be

determined by the Administrator) and the date such Dividend Equivalents terminate or expire, as determined by the Administrator. Such Dividend Equivalents shall be converted to cash or additional Shares by such formula and at such time and subject to such restrictions and limitations as may be determined by the Administrator.

ARTICLE 10.

ADDITIONAL TERMS OF AWARDS

10.1 Payment. The Administrator shall determine the method or methods by which payments by any Holder with respect to any Awards granted under the Plan shall be made, including, without limitation: (a) cash or check, (b) Shares (including Shares issuable pursuant to the exercise, vesting or payment of the Award) held for such minimum period of time as may be established by the Administrator, in each case, having a fair market value on the date of delivery equal to the aggregate payments required, (c) delivery of a written or electronic notice that the Holder has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable upon exercise or vesting of an Award, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate payments required; provided that payment of such proceeds is then made to the Company upon settlement of such sale, (d) other form of legal consideration acceptable to the Administrator in its sole discretion, or (e) any combination of the above permitted forms of payment.

10.2 Tax Withholding. The Company or any parent or subsidiary of the Company shall have the authority and the right to deduct or withhold, or require a Holder to remit to the Company, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Holder's FICA, employment tax or other social security contribution obligation) required by law to be withheld with respect to any taxable event concerning a Holder arising as a result of the Plan or any Award. The Administrator may, in its sole discretion and in satisfaction of the foregoing requirement, allow a Holder to satisfy such obligations by any payment means described in Section 10.1 hereof, including without limitation, by allowing such Holder to have the Company or any parent or subsidiary of the Company withhold Shares otherwise issuable under an Award (or allow the surrender of Shares) or surrendering to the Company already-owned Shares. The number of Shares which may be so withheld or surrendered shall be limited to the number of Shares which have a fair market value on the date of withholding or surrender no greater than the aggregate amount of such liabilities based on the maximum individual statutory tax rate in the applicable jurisdiction at the time of such withholding (or such other rate as may be required to avoid adverse accounting consequences)). The Administrator shall determine the fair market value of the Shares, consistent with applicable provisions of the Code, for tax withholding obligations due in connection with a broker-assisted cashless Option or Stock Appreciation Right exercise involving the sale of Shares to pay the Option or Stock Appreciation Right exercise price or any tax withholding obligation.

10.3 Transferability of Awards.

(a) Except as otherwise provided in Sections 10.3(b) and 10.3(c):

(i) No Award under the Plan may be sold, pledged, assigned or transferred in any manner other than (A) by will or the laws of descent and distribution or (B) subject to the consent of the Administrator, pursuant to a DRO, unless and until such Award has been exercised or the Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed;

(ii) No Award or interest or right therein shall be liable for or otherwise subject to the debts, contracts or engagements of the Holder or the Holder's successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy) unless and until such Award has been exercised, or the Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed, and any attempted disposition of an Award prior to satisfaction of these conditions shall be null and void and of no effect, except to the extent that such disposition is permitted by Section 10.3(a)(i) and

(iii) During the lifetime of the Holder, only the Holder may exercise any exercisable portion of an Award granted to such Holder under the Plan, unless it has been disposed of pursuant to a DRO. After the death of the Holder, any exercisable portion of an Award may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Program or Award Agreement, be exercised by the Holder's personal representative or by any person empowered to do so under the deceased Holder's will or under the then-applicable laws of descent and distribution.

(b) Notwithstanding Section 10.3(a), the Administrator, in its sole discretion, may determine to permit a Holder or a Permitted Transferee of such Holder to transfer an Award other than an Incentive Stock Option (unless such Incentive Stock Option is intended to become a Nonqualified Stock Option) to any one or more Permitted Transferees of such Holder, subject to the following terms and conditions: (i) an Award transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee other than (A) to another Permitted Transferee of the applicable Holder or (B) by will or the laws of descent and distribution or, subject to the consent of the Administrator, pursuant to a DRO; (ii) an Award transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Award as applicable to the original Holder (other than the ability to further transfer the Award to any Person other than another Permitted Transferee of the applicable Holder); and (iii) the Holder (or transferring Permitted Transferee) and the receiving Permitted Transferee shall execute any and all documents requested by the Administrator, including, without limitation documents to (A) confirm the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under Applicable Law and (C) evidence the transfer. In addition, and further notwithstanding Section 10.3(a), hereof, the Administrator, in its sole discretion, may determine to permit a Holder to transfer Incentive Stock Options to a trust that constitutes a Permitted Transferee if, under Section 671 of the Code and other Applicable Law, the Holder is considered the sole beneficial owner of the Incentive Stock Option while it is held in the trust.

(c) Notwithstanding Section 10.3(a), a Holder may, in the manner determined by the Administrator, designate a beneficiary to exercise the rights of the Holder and to receive any distribution with respect to any Award upon the Holder's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Program or Award Agreement applicable to the Holder and any additional restrictions deemed necessary or appropriate by the Administrator. If the Holder is married or a domestic partner in a domestic partnership qualified under Applicable Law and resides in a community property state, a designation of a person other than the Holder's spouse or domestic partner, as applicable, as the Holder's beneficiary with respect to more than 50% of the Holder's interest in the Award shall not be effective without the prior written or electronic consent of the Holder's spouse or domestic partner. If no beneficiary has been designated or survives the Holder, payment shall be made to the person entitled thereto pursuant to the Holder's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Holder at any time; provided that the change or revocation is delivered in writing to the Administrator prior to the Holder's death.

10.4 Conditions to Issuance of Shares.

(a) The Administrator shall determine the methods by which Shares shall be delivered or deemed to be delivered to Holders. Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates or make any book entries evidencing Shares pursuant to the exercise of any Award, unless and until the Administrator has determined, with advice of counsel, that the issuance of such Shares is in compliance with Applicable Law and the Shares are covered by an applicable exemption from registration or an effective registration statement. In addition to the terms and conditions provided herein, the Administrator may require that a Holder make such reasonable covenants, agreements and representations as the Administrator, in its sole discretion, deems advisable in order to comply with Applicable Law.

(b) All share certificates delivered pursuant to the Plan and all Shares issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with Applicable Law. The Administrator may place legends on any share certificate or book entry to reference restrictions applicable to the Shares (including, without limitation, restrictions applicable to Restricted Stock).

(c) The Administrator shall have the right to require any Holder to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Award as may be imposed in the sole discretion of the Administrator.

(d) No fractional Shares shall be issued and the Administrator, in its sole discretion, shall determine whether cash shall be given in lieu of fractional Shares or whether such fractional Shares shall be eliminated by rounding down.

(e) The Company, in its sole discretion, may (i) retain physical possession of any stock certificate evidencing Shares until any restrictions thereon shall have lapsed and or (ii) require that the stock certificates evidencing such Shares be held in custody by a designated escrow agent (which may but need not be the Company) until the restrictions thereon shall have lapsed, and that the Holder deliver a stock power, endorsed in blank, relating to such Shares.

(f) Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by Applicable Law, the Company shall not deliver to any Holder certificates evidencing Shares issued in connection with any Award and instead such Shares shall be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

(g) The inability of the Company to obtain authority from any regulatory body having jurisdiction or to complete or comply with the requirements of any registration or other qualification of the Shares under any U.S. federal or state law, any non-U.S. law, or the rules and regulations of the Securities and Exchange Commission, the stock exchange on which Shares of the same class are then listed, or any other governmental or regulatory body, which authority, registration, qualification or rule compliance is deemed by the Company's counsel to be necessary or advisable for the issuance and sale of any Shares hereunder, will relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority, registration, qualification or rule compliance will not have been obtained.

10.5 Forfeiture and Claw-Back Provisions. The Administrator may specify in an Award Agreement that the Holder's rights, payments, and/or benefits with respect to an Award will be subject to reduction, cancellation, forfeiture, and/or recoupment upon the occurrence of certain specified events, in addition to any applicable vesting, performance or other conditions and restrictions of an Award. All Awards (including any proceeds, gains or other economic benefit actually or constructively received by a Holder upon any receipt or exercise of any Award or upon the receipt or resale of any Shares underlying the Award) shall be subject to the provisions of any claw-back policy as may be implemented and/or amended by the Company from time to time, including, without limitation, any claw-back policy adopted to comply with the requirements of Applicable Law. The Board may require a Holder to forfeit or return to and/or reimburse the Company all or a portion of the Award (including any proceeds, gains or other economic benefit actually or constructively received by a Holder upon any receipt or exercise of any Award or upon the receipt or resale of any Shares underlying the Award), pursuant to the terms of such Company policy or as necessary or appropriate to comply with Applicable Laws.

10.6 Amendment of Awards. Subject to Applicable Law, the Administrator may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or settlement, and converting an Incentive Stock Option to a Non-Qualified Stock Option. The Holder's consent to such action shall be required unless (a) the Administrator determines that the action, taking into account any related action, would not materially and adversely affect the Holder, or (b) the change is otherwise permitted under the Plan (including, without limitation, under Section 12.2 or 12.9).

10.7 Data Privacy. As a condition of receipt of any Award, each Holder explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this Section 10.7 by and among, as applicable, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing the Holder's participation in the Plan. The Company and its Subsidiaries may hold certain personal information about a Holder, including but not limited to, the Holder's name, home address and telephone number, date of birth, social security or insurance number or other identification number, salary, nationality, job title(s), any shares of stock held in the Company or any of its Subsidiaries, details of all Awards, in each case, for the purpose of implementing, managing and administering the Plan and Awards (the "Data"). The Company and its Subsidiaries may transfer the Data amongst themselves as necessary for the purpose of implementation, administration and management of a Holder's participation in the Plan, and the Company and its Subsidiaries may each further transfer the Data to any third parties assisting the Company and its Subsidiaries in the implementation, administration and management of the Plan. These recipients may be located in the Holder's country, or elsewhere, and the Holder's country may have different data privacy laws and protections than the recipients' country. Through acceptance of an Award, each Holder authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Holder's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Company or any of its Subsidiaries or the Holder may elect to deposit any Shares. The Data related to a Holder will be held only as long as is necessary to implement, administer, and manage the Holder's participation in the Plan. A Holder may, at any time, view the Data held by the Company with respect to such Holder, request additional information about the storage and processing of the Data with respect to such Holder, recommend any necessary corrections to the Data with respect to the Holder or refuse or withdraw the consents herein in writing, in any case without cost, by contacting his or her local human resources representative. The Company may cancel Holder's ability to participate in the Plan and, in the Administrator's discretion, the Holder may forfeit any outstanding Awards if the Holder refuses or withdraws his or her consents as described herein. For more information on the consequences of refusal to consent or withdrawal of consent, Holders may contact their local human resources representative.

10.8 Leaves of Absence/Transfer Between Locations. Unless the Administrator provides otherwise, vesting of Awards granted hereunder will be suspended during any unpaid leave of absence. A Holder will not cease to be an

Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, any parent of the Company, or any subsidiary of the Company. For purposes of Incentive Stock Options, no such leave may exceed three (3) months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then six (6) months following the first (1st) day of such leave any Incentive Stock Option held by the Holder will cease to be treated as an Incentive Stock Option and will be treated for tax purposes as a Non-Qualified Stock Option.

ARTICLE 11.

ADMINISTRATION

11.1 Administrator.

(a) Multiple Administrative Bodies. Different Committees with respect to different groups of Eligible Individuals or Holders may administer the Plan.

(b) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder will be structured to satisfy the requirements for exemption under Rule 16b-3.

(c) Other Administration. Other than as provided above, the Plan will be administered by (A) the Board or (B) a Committee, which committee will be constituted to satisfy Applicable Laws. The Board or any such Committee may delegate its authority hereunder to the extent permitted by Section 11.6.

11.2 Duties and Powers of Administrator. It shall be the duty of the Administrator to conduct the general administration of the Plan in accordance with its provisions. The Administrator shall have the power to interpret the Plan, all Programs and Award Agreements, and to adopt such rules for the administration, interpretation and application of the Plan and any Program as are not inconsistent with the Plan, to interpret, amend or revoke any such rules and to amend any Program or Award Agreement; provided that the rights or obligations of the Holder of the Award that is the subject of any such Program or Award Agreement are not materially adversely affected by such amendment, unless the consent of the Holder is obtained or such amendment is otherwise permitted under Section 10.6 or Section 12.9. In its sole discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee in its capacity as the Administrator under the Plan except with respect to matters which under Applicable Law are required to be determined in the sole discretion of the Committee.

11.3 Action by the Administrator. Unless otherwise established by the Board, set forth in any Organizational Documents or as required by Applicable Law, a majority of the Administrator shall constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by all members of the Administrator in lieu of a meeting, shall be deemed the acts of the Administrator. Each member of the Administrator is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any parent or subsidiary of the Company, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

11.4 Authority of Administrator. Subject to the Organizational Documents, any specific designation in the Plan and Applicable Law, the Administrator has the exclusive power, authority and sole discretion to:

- (a) Determine the Fair Market Value;
 - (b) Designate Eligible Individuals to receive Awards;
 - (c) Determine the type or types of Awards to be granted to each Eligible Individual (including, without limitation, any Awards granted in tandem with another Award granted pursuant to the Plan);
 - (d) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;
 - (e) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, purchase price, any Performance Criteria or performance criteria, any
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restrictions or limitations on the Award, any schedule for vesting, lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions related to non-competition and claw-back and recapture of gain on an Award, based in each case on such considerations as the Administrator in its sole discretion determines;

- (f) Institute and determine the terms and conditions of an Exchange Program;
- (g) Determine whether, to what extent, and under what circumstances an Award may be settled in, or the exercise price of an Award may be paid in cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;
- (h) Prescribe the form of each Award Agreement, which need not be identical for each Holder;
- (i) Decide all other matters that must be determined in connection with an Award;
- (j) Establish, adopt, or revise any Programs, rules and regulations as it may deem necessary or advisable to administer the Plan;
- (k) Interpret the terms of, and any matter arising pursuant to, the Plan, any Program or any Award Agreement;
- (l) Allow Holders to satisfy tax withholding obligations in such manner as prescribed in Section 10.2 of the Plan;
- (m) Authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;
- (n) Allow a Holder to defer the receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Holder under an Award;
- (o) Make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan; and
- (p) Accelerate wholly or partially the vesting or lapse of restrictions of any Award or portion thereof at any time after the grant of an Award, subject to whatever terms and conditions it selects and Section 12.2.

11.5 Decisions Binding. The Administrator's interpretation of the Plan, any Awards granted pursuant to the Plan, any Program or any Award Agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding and conclusive on all Persons.

11.6 Delegation of Authority. The Board or Committee may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to grant or amend Awards or to take other administrative actions pursuant to this Article 11; provided, however, that any delegation of administrative authority shall only be permitted to the extent it is permissible under any Organizational Documents and Applicable Law. Any delegation hereunder shall be subject to the restrictions and limits that the Board or Committee specifies at the time of such delegation or that are otherwise included in the applicable Organizational Documents, and the Board or Committee, as applicable, may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 11.6 shall serve in such capacity at the pleasure of the Board or the Committee, as applicable, and the Board or the Committee may abolish any committee at any time and re-vest in itself any previously delegated authority.

ARTICLE 12.

MISCELLANEOUS PROVISIONS

12.1 Amendment, Suspension or Termination of the Plan.

(a) The Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board; provided that, except as provided in Section 10.6 and Section 12.9, no amendment, suspension or termination of the Plan shall, without the consent of the Holder, materially adversely affect

any rights or obligations under any Award theretofore granted or awarded, unless the Award itself otherwise expressly so provides. The Board shall obtain stockholder approval of any Plan amendment to the extent necessary to comply with Applicable Laws.

(b) No Awards may be granted or awarded during any period of suspension or after termination of the Plan, and notwithstanding anything herein to the contrary, (i) in no event may any Incentive Stock Option be granted under the Plan after the tenth (10th) anniversary of the earlier of (A) the Board Restatement Approval Date (as defined below) or (B) the Shareholder Restatement Approval Date (as defined below), and (ii) Section 3.1(b) relating to automatic increases to the Share Limit will operate only until the tenth (10th) anniversary of the earlier of (A) the Board Restatement Approval Date or (B) the Shareholder Restatement Approval Date.

12.2 Changes in Common Stock or Assets of the Company, Acquisition or Liquidation of the Company and Other Corporate Events.

(a) In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to shareholders, or any other change affecting the shares of the Company's stock or the share price of the Company's stock other than an Equity Restructuring, the Administrator may make equitable adjustments, if any, to reflect such change with respect to: (i) the aggregate number and kind of Shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1 on the maximum number and kind of Shares which may be issued under the Plan); (ii) the number and kind of Shares (or other securities or property) subject to outstanding Awards; (iii) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (iv) the grant or exercise price per share for any outstanding Awards under the Plan.

(b) In the event of a Change in Control, any transaction or event described in Section 12.2(a), or any unusual or nonrecurring transactions or events affecting the Company, any Subsidiary of the Company, or the financial statements of the Company or any Subsidiary, or of changes in Applicable Law or Applicable Accounting Standards, the Administrator, in its sole discretion, and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in Applicable Law or Applicable Accounting Standards:

(i) To provide for the termination of any such Award in exchange for an amount of cash and/or other property with a value equal to the amount that would have been attained upon the exercise of such Award or realization of the Holder's rights (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction or event described in this Section 12.2 the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Holder's rights, then such Award may be terminated by the Company without payment);

(ii) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and applicable exercise or purchase price, in all cases, as determined by the Administrator;

(iii) To make adjustments in the number and type of Shares of the Company's stock (or other securities or property) subject to outstanding Awards, and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Awards and Awards which may be granted in the future;

(iv) To provide that such Award shall be exercisable or payable or fully vested with respect to all Shares covered thereby, notwithstanding anything to the contrary in the Plan or the applicable Program or Award Agreement;

(v) To replace such Award with other rights or property selected by the Administrator; and or

(vi) To provide that the Award cannot vest, be exercised or become payable after such event.

(c) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Sections 12.2(a) and 12.2(b):

The number and type of securities subject to each outstanding Award and the exercise price or grant price thereof, if applicable, shall be equitably adjusted; and or

The Administrator shall make such equitable adjustments, if any, as the Administrator, in its sole discretion, may deem appropriate to reflect such Equity Restructuring with respect to the aggregate number and kind of Shares that may be issued under the Plan (including, but not limited to, adjustments of the limitation in Section 3.1 on the maximum number and kind of Shares which may be issued under the Plan).

The adjustments provided under this Section 12.2(c) shall be nondiscretionary and shall be final and binding on the affected Holder and the Company.

(d) With respect to Awards granted to a Non-Employee Director, in the event of a Change in Control, the Holder will fully vest in and have the right to exercise Options and/or Stock Appreciation Rights as to all of the Shares underlying such Award, including those Shares which would not otherwise be vested or exercisable, all restrictions on Restricted Stock and Restricted Stock Units will lapse, and, with respect to Awards with performance-based vesting, unless specifically provided otherwise under the applicable Award Agreement, a Company policy applicable to the Holder, or other written agreement between the Holder and the Company, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met.

(e) In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Holder as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action.

(f) The Administrator, in its sole discretion, may include such further provisions and limitations in any Award, agreement or certificate, as it may deem equitable and in the best interests of the Company that are not inconsistent with the provisions of the Plan.

(g) Unless otherwise determined by the Administrator, no adjustment or action described in this Section 12.2 or in any other provision of the Plan shall be authorized to the extent it would (i) cause the Plan to violate Section 422(b)(1) of the Code, (ii) result in short-swing profits liability under Section 16 of the Exchange Act or violate the exemptive conditions of Rule 16b-3 of the Exchange Act, or (iii) cause an Award to fail to be exempt from or comply with Section 409A.

(h) The existence of the Plan, any Program, any Award Agreement and or the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the shareholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(i) In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to shareholders, or any other change affecting the Shares or the share price of the Common Stock including any Equity Restructuring, for reasons of administrative convenience, the Company, in its sole discretion, may refuse to permit the exercise of any Award during a period of up to thirty (30) days prior to the consummation of any such transaction.

12.3 No Shareholders Rights. Except as otherwise provided herein or in an applicable Program or Award Agreement, a Holder shall have none of the rights of a stockholder with respect to Shares covered by any Award until the Holder becomes the record owner of such Shares.

12.4 Paperless Administration. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Holder may be permitted through the use of such an automated system.

12.5 Effect of Plan upon Other Compensation Plans. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or any parent or subsidiary of the Company. Nothing in the Plan shall be construed to limit the right of the Company or any parent or subsidiary of the Company: (a) to establish any other forms of incentives or compensation for Employees, Directors or Consultants of the Company or any parent or subsidiary of the Company, or (b) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including without limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, partnership, limited liability company, firm or association.

12.6 Compliance with Laws. The Plan, the granting and vesting of Awards under the Plan and the issuance and delivery of Shares and the payment of money under the Plan or under Awards granted or awarded hereunder are subject to compliance with all Applicable Law (including but not limited to state, federal and foreign securities law and margin requirements), and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all Applicable Law. The Administrator, in its sole discretion, may take whatever actions it deems necessary or appropriate to effect compliance with Applicable Law, including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars. Notwithstanding anything to the contrary herein, the Administrator may not take any actions hereunder, and no Awards shall be granted, that would violate Applicable Law. To the extent permitted by Applicable Law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to Applicable Law.

12.7 Titles and Headings, References to Sections of the Code or Exchange Act. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control. References to sections of the Code or the Exchange Act shall include any amendment or successor thereto.

12.8 Governing Law. The Plan and any Programs and Award Agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of California without regard to conflicts of laws thereof or of any other jurisdiction.

12.9 Section 409A. To the extent that the Administrator determines that any Award granted under the Plan is subject to Section 409A, the Plan, the Program pursuant to which such Award is granted and the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A. To the extent applicable, the Plan, the Program and any Award Agreements shall be interpreted in accordance with Section 409A. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Administrator determines that any Award may be subject to Section 409A, the Administrator may (but is not obligated to), without a Holder's consent, adopt such amendments to the Plan and the applicable Program and Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (a) exempt the Award from Section 409A and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A and thereby avoid the application of any penalty taxes under Section 409A. The Company makes no representations or warranties as to the tax treatment of any Award under Section 409A or otherwise. The Company shall have no obligation under this Section 12.9 or otherwise to take any action (whether or not described herein) to avoid the imposition of taxes, penalties or interest under Section 409A with respect to any Award and shall have no liability to any Holder or any other person if any Award, compensation or other benefits under the Plan are determined to constitute non-compliant, "nonqualified deferred compensation" subject to the imposition of taxes, penalties and/or interest under Section 409A.

12.10 Lock-Up Period. The Company may, at the request of any representative of the underwriters or otherwise, in connection with any registration of the offering of any securities of the Company under the Securities Act, prohibit Holders from, directly or indirectly, selling or otherwise transferring any shares of Common Stock or other securities of the Company during a period of up to one hundred eighty days following the effective date of a registration statement of the Company filed under the Securities Act.

12.11 Restrictions on Shares. Shares acquired in respect of Awards shall be subject to such terms and conditions as the Administrator shall determine in its sole discretion, including, without limitation, restrictions on the transferability of Shares, the right of the Company to repurchase Shares, the right of the Company to require that Shares be transferred in the event of certain transactions, a right of first refusal in favor of the Company with respect to permitted transfers of Shares, tag-along rights, drag-along rights, redemption and co-sale rights and voting requirements. Such terms and conditions may, in the Administrator's sole discretion, be contained in the applicable Award Agreement

or in an exercise notice or stockholders agreement or in such other agreement as the Administrator shall determine, in each case, in a form determined by the Administrator in its sole discretion. The issuance of such Shares shall be conditioned on the Holder's consent to such terms and conditions and the Holder's entering into such agreement or agreements.

12.12 Holder Representations. The Company may require a Holder, as a condition to the grant or exercise of, or acquisition of Shares under, any Award, (i) to give written representations satisfactory to the Company as to the Holder's knowledge and experience in financial and business matters, and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters, and to give written representations satisfactory to the Company that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of acquiring or exercising the Award (as applicable); (ii) to give written representations satisfactory to the Company stating that the Holder is acquiring the Shares subject to the Award for the Holder's own account and not with any present intention of selling or otherwise distributing the Shares; and (iii) to give such other written representations as are deemed necessary or appropriate by the Company and its counsel. The foregoing requirements, and any representations given pursuant to such requirements, shall be inoperative if (A) the issuance of the Shares upon the exercise or acquisition of Shares under the applicable Award has been registered under a then currently effective registration statement under the Securities Act or (B) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Shares.

12.13 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Holder pursuant to an Award, nothing contained in the Plan or any Program or Award Agreement shall give the Holder any rights that are greater than those of a general creditor of the Company or any parent or subsidiary of the Company.

12.14 Indemnification. To the extent permitted under Applicable Law and the Organizational Documents, each member of the Administrator shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Organizational Documents, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

12.15 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any parent or subsidiary of the Company except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

12.16 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

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VIZIO HOLDING CORP. INCENTIVE AWARD PLAN
STOCK OPTION AND DIVIDEND EQUIVALENT GRANT NOTICE

VIZIO Holding Corp., a Delaware corporation (the “Company”), pursuant to its 2017 Incentive Award Plan, as may be amended from time to time (the “Plan”), hereby grants to the holder listed below (“Participant”), an option to purchase the number of shares of the Company’s Class A common stock (“Common Stock”), set forth below (the “Option”). Each Option is hereby granted in tandem with a corresponding Dividend Equivalent (as defined in the Plan), as further described in the Agreement. The Option and Dividend Equivalent are subject to all of the terms and conditions set forth herein, as well as in the Plan and the Stock Option Agreement attached hereto as Exhibit A (the “Stock Option Agreement”), each of which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Grant Notice and the Stock Option Agreement.

Participant:

Grant Date:

Vesting Commencement Date:

Exercise Price per Share:

\$ _____

Total Exercise Price:

\$ _____

Total Number of Shares Subject to the Option:

Expiration Date:

_____, unless terminated earlier in accordance with Section 4.3 of the Stock Option Agreement.

Vesting Schedule:

Subject to the terms and conditions of the Plan, the Stock Option Agreement (including, without limitation, Sections 4.1, 4.2 and 4.3 of the Stock Option Agreement) and this Grant Notice, the Option shall vest and become exercisable as to:

- (i) 25% of the Shares (_____ shares total) on _____;
- (ii) 25% of the Shares (_____ shares total) on _____;
- (iii) 25% of the Shares (_____ shares total) on _____;
- (iv) 25% of the Shares (_____ shares total) on _____.

In no event shall this Option vest and become exercisable for any additional Shares following Participant’s Termination of Service.

Type of Option: ☐ Incentive Stock Option** ☐ Non-Qualified Stock Option

***To the extent the Fair Market Value of shares of Common Stock under Incentive Stock Options that are exercisable for the first time by Participant in any calendar year exceeds \$100,000, the Options shall be Non-Qualified Stock Options as necessary to comply with Section 422(d) of the Code.*

[Signature Page Follows]

By his or her signature, Participant agrees to be bound by the terms and conditions of the Plan, the Stock Option Agreement, and this Grant Notice. Participant has reviewed the Stock Option Agreement, the Plan, and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Stock Option Agreement, and the Plan. Participant and, if applicable, his or her spouse, shall, concurrently with the execution of the Stock Option Agreement, sign and deliver to the Company the Consent of Spouse attached to the Stock Option Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Stock Option Agreement.

VIZIO HOLDING CORP.

PARTICIPANT

By: _____
Name: _____
Title: _____

Signed: _____
Print Name: _____
Address: _____

Attachments: Stock Option and Dividend Equivalent Agreement (**Exhibit A**)
Form of Exercise Notice (**Exhibit B**)
VIZIO Holding Corp. 2017 Incentive Award Plan(**Exhibit C**)

EXHIBIT A

TO STOCK OPTION AND DIVIDEND EQUIVALENT GRANT NOTICE

STOCK OPTION AND DIVIDEND EQUIVALENT AGREEMENT

Pursuant to the Stock Option and Dividend Equivalent Grant Notice (the “Grant Notice”) to which this Stock Option and Dividend Equivalent Agreement (this “Agreement”) is attached, VIZIO Holding Corp., a Delaware corporation (the “Company”), has granted to Participant an option under the Company’s 2017 Incentive Award Plan, as may be amended from time to time (the “Plan”), to purchase the number of shares of Common Stock indicated in the Grant Notice (the “Option Shares”). The Option is hereby granted in tandem with a corresponding number of Dividend Equivalents (as defined in the Plan), as further described in this Agreement.

ARTICLE 1.

GENERAL

1.1 Defined Terms. Wherever the following terms are used in this Agreement they shall have the meaning specified below, unless the context clearly indicates to the contrary. The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates. All capitalized terms used herein shall have the meanings specified in the Grant Notice or, if not defined therein or this Agreement, the Plan.

1.2 Incorporation of Terms of Plan. The Option and Dividend Equivalents are subject to the terms and conditions of the Plan. The Plan is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

ARTICLE 2.

GRANT OF OPTION

2.1 Grant of Option. In consideration of Participant’s past and/or continued employment with or service to the Company or any Subsidiary and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the “Grant Date”), the Company irrevocably grants to Participant the Option to purchase any part or all of an aggregate of the number of shares of Common Stock set forth in the Grant Notice, together with an equivalent number of tandem Dividend Equivalents, upon the terms and conditions set forth in the Plan and this Agreement, subject to adjustments as provided in Section 12.2 of the Plan. Unless designated as a Non-Qualified Stock Option in the Grant Notice, the Option shall be an Incentive Stock Option to the maximum extent permitted by law.

2.2 Exercise Price. The exercise price of the shares of Common Stock subject to the Option shall be as set forth in the Grant Notice, without commission or other charge; *provided, however*, that the exercise price per share of the shares of Common Stock subject to the Option shall not be less than 100% of the Fair Market Value of a share of Common Stock on the Grant Date. Notwithstanding the foregoing, if this Option is designated as an Incentive Stock Option and Participant is a Greater Than 10% Stockholder as of the Grant Date, the exercise price per share of the shares of Common Stock subject to the Option shall not be less than 110% of the Fair Market Value of a share of Common Stock on the Grant Date.

2.3 Consideration to the Company. In consideration of the grant of the Option and Dividend Equivalents by the Company, Participant agrees to render faithful and efficient services to the Company or any Subsidiary. Nothing in the Plan or this Agreement shall confer upon Participant any right to continue in the employ or service of the Company, any Subsidiary or any affiliate or shall interfere with or restrict in any way the rights of the Company, its Subsidiaries and its affiliates, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or an affiliate and Participant.

ARTICLE 3.

DIVIDEND EQUIVALENTS

3.1 The Option is granted together with a corresponding award of Dividend Equivalents with respect to the Option Shares. The Dividend Equivalents shall remain outstanding from the Grant Date until the earliest of the date on which the portion of the Option covering the Option Shares to which they correspond is exercised, becomes unexercisable under Section 4.3 or otherwise terminates, at which time such Dividend Equivalents shall automatically and without further action terminate and cease to be of any force or effect. The Dividend Equivalents shall entitle the Participant to receive, for each cash dividend declared by the Company whose record date occurs during the period commencing on the Grant Date and ending on the earliest of the date on which the portion of the Option covering the Option Shares to which the Dividend Equivalents correspond is exercised, becomes unexercisable or otherwise terminates, a cash payment, subject to and in accordance with this Agreement, an amount determined by multiplying (i) the number of corresponding Option Shares subject to the portion of the Option that is unexercised as of the record date for the applicable dividend and (ii) the amount of such cash dividend payable with respect to one Share. Each such payment shall be made on or within thirty (30) days following the applicable dividend payment date.

3.2 The Participant shall not be entitled to any Dividend Equivalent payment with respect to a record date that occurs after the termination for any reason of the portion of the Option covering the Option Shares to which the Dividend Equivalents correspond, whether due to exercise, forfeiture of the Option, or otherwise.

3.3 The Dividend Equivalents and any amounts that may become payable in respect thereof shall be treated separately from the Option and the rights arising in connection therewith for purposes of the designation of time and form of payments required by Section 409A of the Code. The Dividend Equivalents shall not be tied to or otherwise dependent upon the exercise of the Option.

ARTICLE 4.

PERIOD OF EXERCISABILITY

4.1 Commencement of Exercisability.

(a) Subject to Sections 4.2, 4.3, and 6.14 hereof, the Option shall become vested and exercisable in such amounts and at such times as are set forth in the Grant Notice.

(b) No portion of the Option which has not become vested and exercisable at the date of Participant's Termination of Service shall thereafter become vested and exercisable, except as may be otherwise provided by the Administrator or as set forth in a written agreement between the Company and Participant.

4.2 **Duration of Exercisability.** The installments provided for in the vesting schedule set forth in the Grant Notice are cumulative. Each such installment which becomes vested and exercisable pursuant to the vesting schedule set forth in the Grant Notice shall remain vested and exercisable until it becomes unexercisable under Section 4.3 hereof.

4.3 Expiration of Option. The Option may not be exercised to any extent by anyone after the first to occur of the following events:

(a) The Expiration Date set forth in the Grant Notice, which shall in no event be more than ten (10) years from the Grant Date;

(b) If this Option is designated as an Incentive Stock Option and Participant, at the time the Option was granted, was a Greater Than 10% Stockholder, the expiration of five (5) years from the Grant Date;

(c) The expiration of three (3) months from the date of Participant's Termination of Service, unless such termination occurs by reason of Participant's death or disability or Participant's Termination of Service for Cause;

(d) The expiration of one (1) year from the date of Participant's Termination of Service by reason of Participant's death or disability; or

(e) Except as the Administrator may otherwise approve, upon Participant's Termination of Service for Cause.

As used in this Agreement, “Cause” means the commission of any act of fraud, embezzlement or dishonesty by the Participant, any unauthorized use or disclosure by such person of confidential information or trade secrets of the Company (or any Subsidiary), or any other intentional misconduct by such person adversely affecting the business or affairs of the Company (or any Subsidiary) in a material manner. The foregoing definition shall not in any way preclude or restrict the right of the Company (or any Subsidiary) to discharge or dismiss any Participant or other person in the service of the Company (or any Subsidiary) for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of this Agreement, to constitute grounds for termination for Cause. Notwithstanding the foregoing, if Participant is a party to a written employment or similar agreement with the Company (or any Subsidiary) in which the term “cause” is defined, then “Cause” shall be as such term is defined in such applicable written employment or consulting agreement.

4.4 Special Tax Consequences. Participant acknowledges that, to the extent that the aggregate Fair Market Value (determined as of the time the Option is granted) of all shares of Common Stock with respect to which Incentive Stock Options, including the Option (if applicable), are exercisable for the first time by Participant in any calendar year exceeds \$100,000, the Option and such other options shall be Non-Qualified Stock Options to the extent necessary to comply with the limitations imposed by Section 422(d) of the Code. Participant further acknowledges that the rule set forth in the preceding sentence shall be applied by taking the Option and other “incentive stock options” into account in the order in which they were granted, as determined under Section 422(d) of the Code and the Treasury Regulations thereunder. Participant also acknowledges that an Incentive Stock Option exercised more than three (3) months after Participant’s termination of employment, other than by reason of death or disability, will be taxed as a Non-Qualified Stock Option.

4.5 Tax Indemnity.

(a) Participant agrees to indemnify and keep indemnified the Company, any Company affiliate and Participant’s employing company, if different, from and against any liability for or obligation to pay any Tax Liability (as defined below) that is attributable to (1) the grant or exercise of, or any benefit derived by Participant from, the Option or Dividend Equivalents, (2) the acquisition by Participant of the Common Stock on exercise of the Option or (3) the disposal of any Common Stock. For purposes of this Agreement, “Tax Liability” shall mean any liability for income tax, withholding tax and any other employment related taxes or social security contributions in any jurisdiction.

(b) The Option cannot be exercised until Participant has made such arrangements as the Company may require for the satisfaction of any Tax Liability that may arise in connection with the exercise of the Option and/or the acquisition of the Common Stock by Participant. The Company shall not be required to issue, allot or transfer Common Stock until Participant has satisfied this obligation.

(c) Participant hereby acknowledges that the Company (i) makes no representations or undertakings regarding the treatment of any Tax Liabilities in connection with any aspect of the Option or Dividend Equivalents and (ii) does not commit to and is under no obligation to structure the terms of the grant or any aspect of any Award, including the Option or Dividend Equivalents, to reduce or eliminate Participant’s liability for Tax Liabilities or achieve any particular tax result. Furthermore, if Participant becomes subject to tax in more than one jurisdiction between the date of grant of an Award, including the Option and Dividend Equivalents, and the date of any relevant taxable event, Participant acknowledges that the Company may be required to withhold or account for Tax Liabilities in more than one jurisdiction.

ARTICLE 5.

EXERCISE OF OPTION

5.1 Person Eligible to Exercise. Except as provided in Section 6.3 hereof, during the lifetime of Participant, only Participant may exercise the Option or any portion thereof, unless it has been disposed of pursuant to a DRO. After the death of Participant, any exercisable portion of the Option may, prior to the time when the Option becomes unexercisable under Section 4.3 hereof, be exercised by the deceased Participant’s personal representative or by any person empowered to do so under the deceased Participant’s will or under the then applicable laws of descent and distribution.

5.2 Partial Exercise. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable under Section 4.3 hereof. However, the Option shall not be exercisable with respect to fractional shares of Common Stock.

5.3 Manner of Exercise. The Option, or any exercisable portion thereof, may be exercised solely by delivery to the Secretary of the Company (or any third party administrator or other person or entity designated by the Company; for the avoidance of doubt, delivery shall include electronic delivery), during regular business hours, of all of the following prior to the time when the Option or such portion thereof becomes unexercisable under Section 4.3 hereof:

(a) An exercise notice in a form specified by the Administrator, which may be in electronic format, stating that the Option or portion thereof is thereby exercised, such notice complying with all applicable rules established by the Administrator. The notice shall be signed by Participant or other person then entitled to exercise the Option or such portion of the Option;

(b) The receipt by the Company of full payment for the shares of Common Stock with respect to which the Option or portion thereof is exercised, including payment of any applicable withholding tax, which shall be made by deduction from other compensation payable to Participant or in such other form of consideration permitted under Section 5.4 hereof that is acceptable to the Company;

(c) Any other written representations or documents as may be required in the Administrator's sole discretion to evidence compliance with the Securities Act, the Exchange Act or any other applicable law, rule or regulation; and

(d) In the event the Option or portion thereof shall be exercised pursuant to Section 5.1 hereof by any person or persons other than Participant, appropriate proof of the right of such person or persons to exercise the Option.

Notwithstanding any of the foregoing, the Company shall have the right to specify all conditions of the manner of exercise, which conditions may vary by country and which may be subject to change from time to time.

5.4 Method of Payment. Payment of the exercise price shall be by any of the following, or a combination thereof, at the election of Participant:

(a) Cash or check;

(b) To the extent permitted under applicable law, delivery of a notice that the Participant has placed a market sell order with a broker with respect to shares of Common Stock then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate exercise price; provided, that payment of such proceeds is then made to the Company upon settlement of such sale;

(c) With the consent of the Administrator, surrender of shares of Common Stock (including, without limitation, shares of Common Stock otherwise issuable upon exercise of the Option) held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences and having a Fair Market Value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof; and

(d) Other legal consideration acceptable to the Administrator.

5.5 Conditions to Issuance of Common Stock. The shares of Common Stock deliverable upon the exercise of the Option, or any portion thereof, may be either previously authorized but unissued shares of Common Stock, or issued shares which have then been reacquired by the Company. Such shares of Common Stock shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any shares of Common Stock purchased upon the exercise of the Option or portion thereof prior to fulfillment of all of the conditions in Section 10.4 of the Plan and following conditions:

(a) The admission of such shares of Common Stock to listing on all stock exchanges on which such Common Stock is then listed;

(b) The completion of any registration or other qualification of such shares of Common Stock under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or of any other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable;

(c) The obtaining of any approval or other clearance from any state or federal governmental agency which the Administrator shall, in its absolute discretion, determine to be necessary or advisable;

(d) The receipt by the Company of full payment for such shares of Common Stock, including payment of any applicable withholding tax, which may be in one or more of the forms of consideration permitted under Section 5.4 hereof; and

(e) The lapse of such reasonable period of time following the exercise of the Option as the Administrator may from time to time establish for reasons of administrative convenience.

Notwithstanding the foregoing, the issuance of such shares shall not be delayed if and to the extent that such delay would result in a violation of Section 409A of the Code. In the event that the Company delays the issuance of such shares because it reasonably determines that the issuance of such shares will violate Applicable Law, such issuance shall be made at the earliest date at which the Company reasonably determines that issuing such shares will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii).

5.6 Rights as Stockholder. The holder of the Option shall not be, nor have any of the rights or privileges of, a stockholder of the Company, including, without limitation, voting rights and rights to dividends (other than rights in respect of the Dividend Equivalents as set forth herein), in respect of any shares of Common Stock purchasable upon the exercise of any part of the Option unless and until such shares of Common Stock shall have been issued by the Company and held of record by such holder (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment will be made for a dividend or other right for which the record date is prior to the date the shares of Common Stock are issued, except as provided in Section 12.2 of the Plan.

ARTICLE 6.

OTHER PROVISIONS

6.1 Administration. The Administrator shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator, Committee or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the Option. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Administrator under the Plan and this Agreement.

6.2 Whole Shares. The Option may only be exercised for whole shares of Common Stock.

6.3 Option Not Transferable.

(a) Subject to Sections 5.1 and 6.3(b) hereof, the Option and Dividend Equivalents may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the shares underlying the Option have been issued, and all restrictions applicable to such shares have lapsed, or, subject to the consent of the Administrator, pursuant to a DRO. Neither the Option, Dividend Equivalents nor any interest or right therein shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

(b) Notwithstanding any other provision in this Agreement, with the consent of the Administrator and to the extent the Option is designated as a Non-Qualified Stock Option (or intended to become a Non-Qualified Stock Option), the Option may be transferred to, exercised by and paid to a Permitted Transferee), subject to Section 10.3 of the Plan and pursuant to such conditions and procedures as the Administrator may require.

(c) Unless transferred to a Permitted Transferee in accordance with Section 6.3(b), or, subject to the consent of the Administrator, pursuant to a DRO, during the lifetime of Participant, only Participant may exercise the Option or any portion thereof. Subject to such conditions and procedures as the Administrator may require, a Permitted Transferee may exercise the Option or any portion thereof during Participant's lifetime. After

the death of Participant, any exercisable portion of the Option may, prior to the time when the Option becomes unexercisable under Section 4.3, be exercised by Participant's personal representative or by any person empowered to do so under the deceased Participant's will or under the then applicable laws of descent and distribution.

(d) Notwithstanding any other provision in this Agreement, Participant may, in the manner determined by the Administrator, designate a beneficiary to exercise the rights of Participant and to receive any distribution with respect to the Option upon Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and this Agreement, except to the extent the Plan and this Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Administrator. If Participant is married or a domestic partner in a domestic partnership qualified under Applicable Law and resides in a community property state, a designation of a person other than Participant's spouse or domestic partner, as applicable, as his or her beneficiary with respect to more than 50% of Participant's interest in the Option shall not be effective without the prior written consent of Participant's spouse or domestic partner. If no beneficiary has been designated or survives Participant, payment shall be made to the person entitled thereto pursuant to Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by Participant at any time provided the change or revocation is filed with the Administrator prior to Participant's death.

6.4 Tax Withholding. The Company and its affiliates shall be entitled to require a cash payment (or other method of payment determined in accordance with Section 5.4 hereof) by or on behalf of the Participant and/or to deduct from other compensation payable to the Participant any sums required by federal, state or local tax law to be withheld with respect to the grant, vesting, exercise and/or payment of the Options and/or Dividend Equivalents. The Company shall have no obligation to make any payment in any form under this Agreement or under any Option or Dividend Equivalent issued in accordance herewith unless and until such tax obligations have been satisfied.

6.5 Tax Consultation. Participant understands that Participant may suffer adverse tax consequences as a result of the grant, vesting and/or exercise of the Option, and/or with the purchase or disposition of the shares of Common Stock subject to the Option. Participant represents that Participant has consulted with any tax consultants Participant deems advisable in connection with the purchase or disposition of such shares of Common Stock and that Participant is not relying on the Company for any tax advice.

6.6 Binding Agreement. Subject to the limitation on the transferability of the Option contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

6.7 Shares to Be Reserved. The Company shall at all times during the term of the Option reserve and keep available such number of shares of Common Stock as will be sufficient to satisfy the requirements of this Agreement.

6.8 Binding Agreement. Subject to the limitation on the transferability of the Option contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

6.9 Adjustments Upon Specified Events. The Administrator may accelerate the vesting of the Option in such circumstances as it, in its sole discretion, may determine. In addition, upon the occurrence of certain events relating to the Common Stock contemplated by Section 12.2 of the Plan (including, without limitation, an extraordinary cash dividend on such Common Stock), the Administrator shall make such adjustments the Administrator deems appropriate in the number of shares of Common Stock subject to the Option, the exercise price of the Option and the kind of securities that may be issued upon exercise of the Option. Participant acknowledges that the Option is subject to adjustment, modification and termination in certain events as provided in this Agreement and Section 12.2 of the Plan.

6.10 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 6.10, either party may hereafter designate a different address for notices to be given to that party. Any notice which is required to be given to Participant shall, if Participant is then deceased, be given to the person entitled to exercise his or her Option pursuant to Section 5.1 hereof by written notice under this Section 6.10. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

6.11 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

6.12 Governing Law; Severability. The laws of the State of California shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement without regard to conflicts of laws thereof or of any other jurisdiction. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

6.13 Conformity to Securities Laws. Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all Applicable Law and regulations and rules promulgated by the Securities and Exchange Commission thereunder, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Option is granted and may be exercised, only in such a manner as to conform to such Applicable Law. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such Applicable Law.

6.14 Amendment, Suspension and Termination. This Agreement may be amended in a writing signed by Participant or such other person as may be permitted to exercise the Option pursuant to Section 5.1 and a duly authorized representative of the Company. In addition, to the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board; *provided, however*, that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the Option in any material way without the prior written consent of Participant.

6.15 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

6.16 Notification of Disposition. If this Option is designated as an Incentive Stock Option, Participant shall give prompt notice to the Company of any disposition or other transfer of any shares of Common Stock acquired under this Agreement if such disposition or transfer is made (a) within two (2) years from the Grant Date with respect to such shares of Common Stock or (b) within one (1) year after the transfer of such shares of Common Stock to Participant. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by Participant in such disposition or other transfer.

6.17 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Option and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

6.18 Not a Contract of Service Relationship. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of the Company or any of its affiliates or interfere with or restrict in any way with the right of the Company or any of its affiliates, which rights are hereby expressly reserved, to discharge or to terminate for any reason whatsoever, with or without cause, the services of Participant's at any time.

6.19 Entire Agreement. The Plan and the Grant Notice (including all Exhibits thereto, including this Agreement) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

6.20 Section 409A. This Option is not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, "Section 409A"). However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement (or any Exhibits hereto), if at any time the Administrator determines that the Option (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement (or any Exhibits hereto), or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the

Administrator determines are necessary or appropriate either for the Option to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

6.21 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Option, and rights no greater than the right to receive the Common Stock as a general unsecured creditor with respect to options, as and when exercised pursuant to the terms hereof.

6.22 Consent to Personal Data Use. By acceptance of this Option, Participant acknowledges and consents to the collection, use, processing and transfer of personal data as described below. The Company, its parents, its Subsidiaries and Participant's employer (all together, the "Company Entities"), hold certain personal information, including Participant's name, home address and telephone number, date of birth, social security number or other employee tax identification number, employment history and status, salary, nationality, job title, and any equity compensation grants or Shares awarded, cancelled, purchased, vested, unvested or outstanding in Participant's favor, for the purpose of managing and administering the Plan ("Data"). The Company Entities will transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. The Company Entities may also make the Data available to public authorities where required under locally applicable law. These recipients may be located in Participant's country or elsewhere, which Participant separately and expressly consents to, accepting that outside Participant's location, data protection laws may not be as protective as within. Such third parties are currently assisting the Company in the implementation, administration and management of the Plan. From time to time and without notice, the Company Entities may retain additional or different third parties for any of the purposes mentioned. Participant hereby authorizes the Company Entities and all such third parties to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan on behalf of Participant to a third party with whom Participant may have elected to have payment made pursuant to the Plan. Participant may, at any time, review Data, require any necessary amendments to it or withdraw the consent herein in writing by contacting the Company through its local H.R. Director; however, withdrawing the consent may affect Participant's ability to participate in the Plan and receive the benefits intended by this Option. Data will only be held as long as necessary to implement, administer and manage Participant's participation in the Plan and any subsequent claims or rights

* * * * *

EXHIBIT B

TO STOCK OPTION AND DIVIDEND EQUIVALENT GRANT NOTICE

FORM OF EXERCISE NOTICE

Effective as of today, _____, 20____, the undersigned (“**Participant**”) hereby elects to exercise Participant’s option to purchase the number of shares of VIZIO Holding Corp. (the “**Company**”) Common Stock specified below (the “**Shares**”) under and pursuant to the VIZIO Holding Corp. 2017 Incentive Award Plan (the “**Plan**”) and the Stock Option and Dividend Equivalent Grant Notice and Stock Option and Dividend Equivalent Agreement evidencing such option (the “**Option Agreement**”). Capitalized terms used herein without definition shall have the meaning ascribed to such terms in the Grant Notice or, if not defined therein, the Option Agreement or, if not defined therein, the Plan.

Grant Date:

Number of Shares as to which Option is Exercised:

Exercise Price per Share:

Total Exercise Price:

Certificate to be issued in name of:

Payment delivered herewith:

\$ _____

\$ _____

\$ _____ (Representing the full exercise price for the Shares, as well as any applicable withholding tax)

Type of Option: ☐ Incentive Stock Option ☐ Non-Qualified Stock Option

1. Representations of Participant. Participant acknowledges that Participant has received, read and understood the Plan and the Option Agreement. Participant agrees to abide by and be bound by their terms and conditions.

2. Rights as Stockholder. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends (other than in respect of the Dividend Equivalents) or any other rights as a stockholder shall exist with respect to Shares subject to the Option, notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 12.2 of the Plan. Participant shall enjoy rights as a stockholder until such time as Participant disposes of the Shares.

3. Tax Consultation. Participant understands that Participant may suffer adverse tax consequences as a result of Participant’s purchase or disposition of the Shares. Participant represents that Participant has consulted with any tax consultants Participant deems advisable in connection with the purchase or disposition of the Shares and that Participant is not relying on the Company for any tax advice.

4. Participant understands that upon issuance of the Shares, the corresponding Dividend Equivalents associated with the exercised Options will terminate and Participant will no longer be entitled to receive Dividend Equivalents with respect to such exercised Options.

5. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

6. Interpretation. Any dispute regarding the Option or the interpretation of this Agreement shall be submitted by Participant or by the Company forthwith to the Administrator, which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Administrator shall be final, binding and conclusive on the Company and Participant.

7. Governing Law; Severability. This Agreement shall be administered, interpreted and enforced under the laws of the State of Delaware, without regard to the conflicts of law principles thereof. Should any

provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

8. Notices. Any notice required or permitted hereunder shall be given in accordance with the provisions set forth in Section 6.10 of the Option Agreement.

9. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Agreement.

(Signature page follows.)

**ACCEPTED BY:
VIZIO HOLDING CORP.**

**SUBMITTED BY:
PARTICIPANT**

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Address:_____

CONSENT OF SPOUSE

I, _____, spouse of _____, have read and approve the Option Agreement and this Exercise Notice. In consideration of granting of the right to my spouse to purchase the shares of Common Stock of the Company set forth in the Option Agreement and this Exercise Notice, I hereby appoint my spouse as my attorney-in-fact in respect to the exercise of any rights under the Option Agreement and this Exercise Notice and agree to be bound by the provisions of the Plan, the Option Agreement, and this Exercise Notice insofar as I may have any rights under the Plan or the Agreement or the Exercise Notice or any rights with respect to the shares issued pursuant thereto under the community property laws or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the foregoing Exercise Notice.

Dated: _____

Signature of Spouse

EXHIBIT C
TO STOCK OPTION AND DIVIDEND EQUIVALENT GRANT NOTICE
VIZIO HOLDING CORP. 2017 INCENTIVE AWARD PLAN

[See attached]

VIZIO HOLDING CORP.

2017 INCENTIVE AWARD PLAN

RESTRICTED STOCK AWARD GRANT NOTICE

VIZIO Holding Corp., a Delaware corporation, (the “Company”), pursuant to its 2017 Incentive Award Plan, as amended from time to time (the “Plan”), hereby grants to the individual listed below (the “Participant”), in consideration of the mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the number of shares of the Company’s Common Stock set forth below (the “Shares”). This Restricted Stock award is subject to all of the terms and conditions as set forth herein and in the Restricted Stock Award Agreement attached hereto as Exhibit A (the “Agreement”) (including without limitation the Restrictions on the Shares set forth in the Agreement) the Plan, and the Shareholders Agreement (as defined in the Agreement), each of which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Restricted Stock Award Grant Notice (the “Grant Notice”) and the Agreement.

Participant:

Grant Date:

Total Number of Shares of Restricted Stock:

Vesting Commencement Date:

Vesting Schedule:

Subject to the terms and conditions of the Plan, this Grant Notice and the Agreement, the Shares shall vest and become non-forfeitable as follows:

- (i) 25% of the Shares shall vest and become nonforfeitable upon the later of (x)_____, 20____, or (y) the date that the Company has made its first public offering of its Common Stock to the general public pursuant to a registration statement filed with, and declared effective by, the Securities and Exchange Commission under the Securities Act of 1933 (the “IPO”);
- (ii) 25% of the Shares shall vest and become nonforfeitable upon the later of (x) _____, 20____, or (y) the date of the IPO;
- (iii) 25% of the Shares shall vest and become nonforfeitable upon the later of (x) _____, 20____, or (y) the date of the IPO;
- (iv) 25% of the Shares shall vest and become nonforfeitable upon the later of (x) _____, 20____, or (y) the date of the IPO.

Notwithstanding any contrary provision of this Grant Notice or the Agreement, if the IPO does not occur on or before _____, 20____, after taking into consideration any accelerated vesting and lapsing of Restrictions which may occur in connection with a Change in Control (as defined in the Agreement) or the Participant’s Termination of Service, if any, the Shares shall thereupon be forfeited immediately and without any further action by the Company.

Participant’s interest in all of the Shares (if not sooner vested), shall become vested and nonforfeitable upon a Change in Control, provided the effective date of such Change in Control occurs prior to the earlier of (a) Participant’s Termination of Service or (b)_____, 20____.

Termination:

In no event shall the Company’s Repurchase Option lapse as to any Shares after Participant’s Termination of Service (except due to Participant’s death or Disability). In the event that Participant’s Termination of Service is due to Participant’s death or Disability, the Company’s Repurchase Option shall lapse as to 100% of the Shares on the date of such Termination of Service.

In no event, however, shall any Shares vest and become nonforfeitable following Participant’s Termination of Service, unless such Termination of Service is due to an involuntary termination by the Company “Without Cause” or a resignation by Participant for “Good Reason” (as such terms are defined in the Employment Agreement between the Company and the Participant. In the event of an involuntary termination by the Company Without Cause or a resignation by Participant for Good Reason, all of the Shares shall vest and become nonforfeitable as of the date the “Release” (as defined in the Employment Agreement) becomes irrevocable under the conditions described in the Employment Agreement pertaining thereto.

If the Participant experiences a Termination of Service prior to the applicable vesting date, any portion of the Award (and the Shares subject thereto) that has not become vested on or prior to the date of such Termination of Service (after taking into consideration any vesting that may occur in connection with such Termination of Service, if any) will thereupon be automatically forfeited by the Participant, and the Participant’s rights in such portion of the Award and any Shares subject thereto shall thereupon lapse and expire.

By his or her signature and the Company’s signature below, the Participant agrees to be bound by the terms and conditions of the Plan, the Agreement, the Shareholders Agreement, and this Grant Notice. Participant has reviewed the Agreement, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Agreement, the Shareholders Agreement, and the Plan. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice, the Shareholders Agreement, or the Agreement. In addition, by signing below, the Participant also agrees that the Company, in its sole discretion, may satisfy any withholding obligations in accordance with Section 2.1(e) of the Agreement by (i) withholding shares of Common Stock otherwise issuable to the Participant upon vesting of the shares of Restricted Stock, (ii) instructing a broker on the Participant’s behalf to sell shares of Common Stock otherwise issuable to the Participant upon vesting of the shares of Restricted Stock and submit the proceeds of such sale to the Company, or (iii) using any other method permitted by Section 2.1(e) of the Agreement, the Shareholders Agreement, or the Plan. If the participant is married or part of a registered domestic partnership, his or her spouse or domestic partner has signed the Consent of Spouse or Registered Domestic Partner attached to this Grant Notice as Exhibit B.

VIZIO HOLDING CORP.	PARTICIPANT:
By: _____	By: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____

- Attachments: Restricted Stock Agreement (**Exhibit A**)
Consent of Spouse (**Exhibit B**)
VIZIO Holding Corp. 2017 Incentive Award Plan, amendments and adjustments thereto (**Exhibit C**)
Joinder to the Shareholders Agreement (**Exhibit D**)
Assignment Separate from Certificate (**Exhibit E**)
Joint Escrow Instructions (**Exhibit F**)
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EXHIBIT A
TO RESTRICTED STOCK AWARD GRANT NOTICE
RESTRICTED STOCK AWARD AGREEMENT

Pursuant to the Restricted Stock Award Grant Notice (the “Grant Notice”) to which this Restricted Stock Award Agreement (this “Agreement”) is attached, VIZIO Holding Corp., a Delaware corporation (the “Company”) has granted to the Participant the number of shares of Restricted Stock (the “Shares”) under the Company’s 2017 Incentive Award Plan, as amended from time to time (the “Plan”), as set forth in the Grant Notice. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan and Grant Notice.

ARTICLE I

GENERAL

1.1 Defined Terms. Wherever the following terms are used in this Agreement they shall have the meanings specified below, unless the context clearly indicates otherwise. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan and the Grant Notice.

1.2 Incorporation of Terms of Plan. The Award (as defined below) is subject to the terms and conditions of the Plan, which are incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control. The Shares are also subject to the terms and conditions of that certain Shareholders Agreement, entered into as of September 15, 2008, by and among the Company and the other shareholders of the Company, as amended from time to time (the “Shareholders Agreement”). The Plan and the Shareholders Agreement are incorporated herein by reference.

ARTICLE II

AWARD OF RESTRICTED STOCK

2.1 Award of Restricted Stock.

(a) Award. Pursuant to the Grant Notice and upon the terms and conditions set forth in the Plan and this Agreement, effective as of the Grant Date set forth in the Grant Notice, the Company has granted to the Participant an award of Restricted Stock (the “Award”) under the Plan in consideration of the Participant’s past and/or continued employment with or service to the Company or any affiliate, and for other good and valuable consideration. The number of Shares subject to the Award is set forth in the Grant Notice.

(b) Book Entry Form; Certificates. At the sole discretion of the Administrator, the Shares will be issued in either (i) uncertificated form, with the Shares recorded in the name of the Participant in the books and records of the Company or of a duly appointed transfer agent of the Company with appropriate notations regarding the restrictions on transfer imposed pursuant to this Agreement, and upon vesting and the satisfaction of all conditions set forth in Sections 3.8 and 3.9 hereof, the Company shall remove such notations on any such vested Shares in accordance with Section 2.1(f) below; or (ii) certificated form pursuant to the terms of Sections 2.1(d), 4.1 and 5.7 below.

(c) Escrow. The Secretary of the Company or such other escrow holder as the Administrator may appoint may retain physical custody of any certificates representing the Shares until all of the Restrictions on transfer imposed pursuant to this Agreement lapse or shall have been removed; in such event, the Participant shall not retain physical custody of any certificates representing unvested Shares issued to him or her. The Participant, by acceptance of the Award, shall be deemed to appoint, and does so appoint, the Company and each of its authorized representatives as the Participant’s attorney(s)-in-fact to effect any transfer of unvested forfeited Shares (or Shares otherwise reacquired by the Company hereunder) to the Company as may be required pursuant to the Plan or this Agreement and to execute such documents as the Company or such representatives deem necessary or advisable in connection with any such transfer.

(d) Removal of Notations; Delivery of Certificates Upon Vesting. As soon as administratively practicable after the vesting of any Shares subject to the Award pursuant to Section 3.8 hereof, the Company shall, as applicable, either remove the notations on any Shares subject to the Award issued in book entry form which have vested

or deliver to the Participant a certificate or certificates evidencing the number of Shares subject to the Award which have vested (or, in either case, such lesser number of Shares as may be permitted pursuant to Section 10.2 of the Plan). The Participant (or the beneficiary or personal representative of the Participant in the event of the Participant's death or incapacity, as the case may be) shall deliver to the Company any representations or other documents or assurances required by the Company. The Shares so delivered shall no longer be subject to the Restrictions hereunder.

(e) Tax Withholding. As set forth in Section 10.2 of the Plan, the Company shall have the authority and the right to deduct or withhold, or to require the Participant to remit to the Company, an amount sufficient to satisfy all applicable federal, state and local taxes required by law to be withheld with respect to any taxable event arising in connection with the Award. The Company shall not be obligated to deliver any new certificate representing Shares to the Participant or the Participant's legal representative or enter such Shares in book entry form unless and until the Participant or the Participant's legal representative shall have paid or otherwise satisfied in full the amount of all federal, state and local taxes applicable to the taxable income of the Participant resulting from the grant or vesting of the Award or the issuance of Shares.

(f) To ensure compliance with the Restrictions, the provisions of the charter documents of the Company, and/or Applicable Law and for other proper purposes, the Company may issue appropriate "stop transfer" and other instructions to its transfer agent with respect to the Restricted Stock. The Company shall notify the transfer agent, if any, as and when the Restrictions lapse.

2.2 Consideration to the Company. In consideration of the grant of the Award pursuant hereto, the Participant agrees to render faithful and efficient services to the Company or any affiliate.

2.3 Shareholders Agreement. The Shares to be issued hereunder shall be subject to the Shareholders Agreement. As a condition to the issuance of the Shares hereunder, the Participant shall execute, deliver and deposit with the Secretary of the Company, or such other person designated by the Company, the Joinder to the Shareholders Agreement attached as Exhibit D to the Grant Notice.

2.4 Investment Intent. Participant is acquiring the Shares for his own account, for investment purposes only and not with a present view toward the distribution thereof or with any present intention of distributing or reselling any such Shares in violation of the Securities Act or any state securities laws. Participant acknowledges that, irrespective of any other provision of this Agreement, Participant shall not sell, exchange, transfer, alienate, convey, negotiate, pledge, hypothecate, encumber or assign or in any other way dispose of all or any of the Shares except in compliance with all applicable federal, state and foreign securities laws, including, without limitation, the Securities Act. Participant further acknowledges that Participant understands that the Shares are not registered under the Securities Act and must be held by Participant until the Shares are registered under the Securities Act or an exemption from such registration is available. Participant acknowledges that the Company shall have no obligation to take any action that may be necessary to make available any exemption from registration under the Securities Act. Participant also acknowledges that Participant is prepared to hold the Shares for an indefinite period of time and that Participant understands that Rule 144 issued under the Securities Act (which exempts certain resales of unrestricted securities) is not presently available to exempt the resale of the Shares from the registration requirements of the Securities Act.

2.5 Assets or Securities Issued With Respect to Shares. Any and all cash dividends (other than regular cash dividends) paid on the Shares (or other securities at the time held in escrow pursuant to Section 4.1 and the Joint Escrow Instructions) and any and all shares of Common Stock, capital stock or other securities or other property received by or distributed to Participant with respect to, in exchange for or in substitution of the Shares as a result of any stock dividend, stock split, reverse stock split, recapitalization, combination, reclassification, or similar change in the capital structure of the Company shall also be subject to the Repurchase Option (as defined in Section 3.1) and the restrictions on transfer in Section 3.4 below until such restrictions on the underlying Shares lapse or are removed pursuant to this Agreement (or, if such Shares are no longer outstanding, until such time as such Shares would have been released from the Company's Repurchase Option pursuant to this Agreement). In addition, in the event of any merger, consolidation, share exchange or reorganization affecting the Shares, including, without limitation, a Change in Control, then any new, substituted or additional securities or other property (including money paid other than as a regular cash dividend) that is by reason of any such transaction received with respect to, in exchange for or in substitution of the Shares shall also be subject to the Repurchase Option (as defined in Section 3.1) and the restrictions on transfer in Section 3.4 below until such restrictions on the underlying Shares lapse or are removed pursuant to this Agreement (or, if such Shares are no longer outstanding, until such time as such Shares would have been released from the Company's Repurchase Option pursuant to this Agreement). Any such assets or other securities received by or distributed to Participant with respect to, in exchange for or in substitution of any Unreleased Shares (as defined in Section 3.3) shall immediately be delivered to the Company to be held in escrow pursuant to Section 4.1.

ARTICLE III
RESTRICTIONS ON SHARES

3.1 Repurchase Option. Subject to the provisions of Section 3.2 below, if Participant has a Termination of Directorship before all of the Shares are released from the Company's Repurchase Option (as defined below), the Company shall, upon the date of such termination (as reasonably fixed and determined by the Company), have an irrevocable, exclusive option, but not the obligation, for a period of 90 days after the Participant's Termination of Service to repurchase all or any portion of the Unreleased Shares (as defined in Section 3.3) at such time (the "**Repurchase Option**") at the *lesser* of (i) the original cash Purchase Price or (ii) the then current Fair Market Value on the date of repurchase (the "**Repurchase Price**"). The Repurchase Option shall lapse and terminate 90 days after Participant has a Termination of Directorship. The Repurchase Option shall be exercisable by the Company by written notice to Participant or Participant's executor (with a copy to the escrow agent appointed pursuant to Section 4.1 below) and shall be exercisable, at the Company's option, by delivery to Participant or Participant's executor of such notice and a payment in cash or check in an amount equal to the Repurchase Price times the number of Shares to be repurchased (the "**Aggregate Repurchase Price**"). Upon delivery of such notice and the payment of the Aggregate Repurchase Price, the Company shall become the legal and beneficial owner of the Shares being repurchased and all rights and interests therein or relating thereto, and the Company shall have the right to retain and transfer to its own name the number of Shares being repurchased by the Company. In the event the Company repurchases any Shares under this Section 3.1, any cash, cash equivalents, assets or securities received by or distributed to Participant with respect to, in exchange for or in substitution of such Shares and held by the escrow agent pursuant to Section 4.1 and the Joint Escrow Instructions shall be promptly paid by the escrow agent to the Company.

3.2 Release of Shares from Repurchase Restriction. The Shares shall be released from the Company's Repurchase Option in accordance with the Vesting Schedule set forth in the Grant Notice. Any of the Shares released from the Company's Repurchase Option shall thereupon be released from the restrictions on transfer under Section 3.4.

3.3 Unreleased Shares. Any of the Shares which, from time to time, have not yet been released from the Company's Repurchase Option are referred to herein as "**Unreleased Shares**."

3.4 Restrictions on Transfer. No Unreleased Shares, or any dividends or other distributions thereon or any interest or right therein or part thereof, shall be liable for the debts, contracts or engagements of Participant or his successors in interest or shall be subject to sale or other disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such sale or other disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted sale or other disposition thereof shall be null and void and of no effect.

3.5 Right of First Refusal.

(a) Before any Shares held by Participant or any permitted transferee (each, a "**Holder**") may be sold, pledged, assigned, hypothecated, transferred or otherwise disposed of (each, a "**Transfer**"), the Company or its assignee(s) shall have a right of first refusal to purchase the Shares proposed to be Transferred on the terms and conditions set forth in this Section (the "**Right of First Refusal**"). In the event that the Company's Bylaws contain a right of first refusal with respect to the Shares, such right of first refusal shall apply to the Shares to the extent such provisions are more restrictive than the Right of First Refusal set forth in this Section and the Right of First Refusal set forth in this Section shall not in any way restrict the operation of the Company's Bylaws.

(b) In the event any Holder desires to Transfer any Shares, the Holder shall deliver to the Company a written notice (the "**Notice**") stating: (i) the Holder's bona fide intention to sell or otherwise Transfer such Shares; (ii) the name of each proposed purchaser or other transferee ("**Proposed Transferee**"); (iii) the number of Shares to be Transferred to each Proposed Transferee; and (iv) the price for which the Holder proposes to Transfer the Shares (the "**Offered Price**"), and the Holder shall offer such Shares at the Offered Price to the Company or its assignee(s).

(c) Within 30 days after receipt of the Notice, the Company and/or its assignee(s) may elect in writing to purchase all, but not less than all, of the Shares proposed to be Transferred to any one or more of the Proposed Transferees by delivery of a written exercise notice to the Holder (a "**Company Notice**"). The purchase price ("**Purchase Price**") for the Shares repurchased under this Section shall be the Offered Price.

(d) Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within 10 days after delivery of the Company Notice or in the manner and at the time mutually agreed to by the Company and the Holder. Should the Offered Price specified in the Notice be payable in property other than cash, the Company shall have the right to pay the purchase price in the form of cash equal in amount to the value of such property. If the Holder and the Company cannot agree on such cash value within 10 days after the Company's receipt of the Notice, the valuation shall be made by the Board. The payment of the purchase price shall then be made no later than (i) 10 days following delivery of the Company Notice or (ii) 10 days after such valuation shall have been made.

(e) If all or a portion of the Shares proposed in the Notice to be Transferred are not purchased by the Company and/or its assignee(s) as provided in this Section, then the Holder may sell or otherwise Transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other Transfer is consummated within sixty days after the date of the Notice and provided further that any such sale or other Transfer is effected in accordance with any applicable securities laws and the Proposed Transferee agrees in writing that the provisions of this Agreement (including, without limitation, the Right of First Refusal), if applicable, shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not Transferred to the Proposed Transferee within such sixty-day period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal as provided herein before any Shares held by the Holder may be sold or otherwise Transferred.

(f) The Right of First Refusal shall terminate as to all Shares upon the Public Trading Date.

(g) Any transfer or sale of the Shares is subject to restrictions on transfer imposed by any applicable federal, state or foreign securities laws. Any Transfer or attempted Transfer of any of the Shares not in accordance with the terms of this Agreement shall be void and the Company may enforce the terms of this Agreement by providing "stop transfer" instructions to its transfer agent, if any, and, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

3.6 Lock-Up Period. Participant hereby agrees that, if so requested by the Company or any representative of the underwriters (the "**Managing Underwriter**") in connection with any registration of the offering of any securities of the Company under the Securities Act, Participant shall not sell or otherwise transfer any shares of Common Stock or other securities of the Company during such period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company (which period shall not be longer than 180 days) (the "**Market Standoff Period**") following the effective date of a registration statement of the Company filed under the Securities Act; *provided, however*, that such restriction shall apply only to the first registration statement of the Company to become effective under the Securities Act that includes securities to be sold on behalf of the Company to the public in an underwritten public offering.

3.7 Forfeiture. Notwithstanding any contrary provision of this Agreement, upon the Participant's Termination of Service for any or no reason, any portion of the Award (and the Shares subject thereto) which has not vested prior to or in connection with such Termination of Service (after taking into consideration any accelerated vesting and lapsing of Restrictions which may occur in connection with such Termination of Service, if any) shall thereupon be forfeited immediately and without any further action by the Company, and the Participant's rights in any Shares and such portion of the Award shall thereupon lapse and expire. For purposes of this Agreement, "Restrictions" shall mean the restrictions on sale or other transfer set forth in Section 3.7 hereof and the exposure to forfeiture set forth in this Section 3.8.

3.8 Vesting and Lapse of Restrictions. Subject to Section 2.2(a) above, the Award shall vest and the Restrictions shall lapse in accordance with the vesting schedule set forth in the Grant Notice (rounding down to the nearest whole Share, other than with respect to the final vesting date).

3.9 Conditions to Delivery of Shares. Subject to Section 2.1 above, the Shares deliverable under this Award may be either previously authorized but unissued Shares, treasury Shares or Shares purchased on the open market. Such Shares shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any Shares under this Award prior to fulfillment of the conditions set forth in Section 10.4 of the Plan.

Notwithstanding the foregoing, the issuance of such Shares shall not be delayed if and to the extent that such delay would result in a violation of Section 409A of the Code. In the event that the Company delays the issuance of such

Shares because it reasonably determines that the issuance of such Shares will violate Applicable Law, such issuance shall be made at the earliest date at which the Company reasonably determines that issuing such Shares will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii).

ARTICLE IV

ESCROW OF SHARES

4.1 Escrow of Shares. To insure the availability for delivery of Participant's Unreleased Shares upon repurchase by the Company pursuant to the Repurchase Option under Section 3.1, Participant hereby appoints the Secretary of the Company, or any other person designated by the Administrator as escrow agent, as his attorney-in-fact to assign and transfer unto the Company, such Unreleased Shares, if any, repurchased by the Company pursuant to the Repurchase Option pursuant to Section 3.1 and any dividends or other distributions thereon, and shall, upon execution of this Agreement, deliver and deposit with the Secretary of the Company, or such other person designated by the Administrator, any share certificates representing the Unreleased Shares, together with the Assignment Separate from Certificate duly endorsed in blank, attached as Exhibit C to the Grant Notice. The Unreleased Shares and Assignment Separate from Certificate shall be held by the Secretary of the Company, or such other person designated by the Administrator, in escrow, pursuant to the Joint Escrow Instructions of the Company and Participant attached as Exhibit D to the Grant Notice, until the Company exercises its Repurchase Option as provided in Section 3.1, until such Unreleased Shares are released from the Company's Repurchase Option, or until such time as this Agreement no longer is in effect. Upon release of the Unreleased Shares from the Repurchase Option, the escrow agent shall deliver to Participant the certificate or certificates representing such Shares in the escrow agent's possession belonging to Participant in accordance with the terms of the Joint Escrow Instructions attached as Exhibit D to the Grant Notice, and the escrow agent shall be discharged of all further obligations hereunder; *provided, however*, that the escrow agent shall nevertheless retain such certificate or certificates as escrow agent if so required pursuant to other restrictions imposed pursuant to this Agreement. If the Shares are held in book entry form, then such entry will reflect that the Shares are subject to the restrictions of this Agreement. If any dividends or other distributions are paid on the Unreleased Shares held by the escrow agent pursuant to this Section 4.1 and the Joint Escrow Instructions, such dividends or other distributions shall also be subject to the restrictions set forth in this Agreement and held in escrow pending release of the Unreleased Shares with respect to which such dividends or other distributions were paid from the Company's Repurchase Option.

4.2 Transfer of Repurchased Shares. Participant hereby authorizes and directs the Secretary of the Company, or such other person designated by the Administrator, to transfer the Unreleased Shares as to which the Repurchase Option has been exercised from Participant to the Company.

4.3 No Liability for Actions in Connection with Escrow. The Company, or its designee, shall not be liable for any act it may do or omit to do with respect to holding the Shares in escrow and while acting in good faith and in the exercise of its judgment.

ARTICLE V

OTHER PROVISIONS

5.1 Section 83(b) Election. If the Participant makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Participant would otherwise be taxable under Section 83(a) of the Code, the Participant hereby agrees to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service.

5.2 Administration. The Administrator shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon the Participant, the Company and all other interested persons. No member of the Administrator or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the Award.

5.3 Restricted Stock Not Transferable. Until the Restrictions hereunder lapse or expire pursuant to this Agreement and the Shares vest, the Restricted Stock (including any Shares received by holders thereof with respect to Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) shall be subject to the restrictions on transferability set forth in Section 10.3 of the Plan; *provided, however*, that this Section 5.3

notwithstanding, with the consent of the Administrator, the Shares may be transferred to one or more Permitted Transferees, subject to and in accordance with Section 10.3 of the Plan.

5.4 Rights as Stockholder. Except as otherwise provided herein, upon the Grant Date, the Participant shall have all the rights of a stockholder of the Company with respect to the Shares, subject to the Restrictions, including, without limitation, voting rights and rights to receive any cash or stock dividends, in respect of the Shares subject to the Award and deliverable hereunder. Participant shall enjoy rights as a stockholder until such time as Participant disposes of the Shares or the Company and/or its assignee(s) exercises the Right of First Refusal hereunder. Upon such exercise, Participant shall have no further rights as a holder of the Shares so purchased except the right to receive payment for the Shares so purchased in accordance with the provisions of this Agreement, and Participant shall forthwith cause the certificate(s), if any issued, evidencing the Shares so purchased to be surrendered to the Company for transfer or cancellation.

5.5 Tax Consultation. The Participant understands that the Participant may suffer adverse tax consequences in connection with the Restricted Stock granted pursuant to this Agreement (and the Shares issuable with respect thereto). The Participant represents that the Participant has consulted with any tax consultants the Participant deems advisable in connection with the Restricted Stock and that the Participant is not relying on the Company for any tax advice.

5.6 Adjustments Upon Specified Events. The Administrator may accelerate the vesting of the Restricted Stock in such circumstances as it, in its sole discretion, may determine. The Participant acknowledges that the Restricted Stock is subject to adjustment, modification and termination in certain events as provided in this Agreement and Section 12.2 of the Plan.

5.7 Restrictive Legends and Stop-Transfer Orders.

(a) Certificates representing Shares issued pursuant to this Agreement shall, until all Restrictions (as defined below) imposed pursuant to this Agreement lapse or have been removed and the Shares have thereby become vested or the Shares represented thereby have been forfeited hereunder, bear the following legend:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN VESTING REQUIREMENTS AND MAY BE SUBJECT TO FORFEITURE UNDER THE TERMS OF A RESTRICTED STOCK AWARD AGREEMENT, BY AND BETWEEN VIZIO HOLDING CORP. AND THE REGISTERED OWNER OF SUCH SHARES, AND SUCH SHARES MAY NOT BE, DIRECTLY OR INDIRECTLY, OFFERED, TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNDER ANY CIRCUMSTANCES, EXCEPT PURSUANT TO THE PROVISIONS OF SUCH AGREEMENT.

(b) Certificates representing Shares issued pursuant to this Agreement shall be endorsed with any legends that may be required by federal, state or foreign securities laws, including but not limited to the following legends, or such other legends as shall be determined by the Administrator:

“THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”), NOR HAVE THEY BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. NO SALE OR TRANSFER OF THE SECURITIES EVIDENCED BY THIS CERTIFICATE WILL BE PERMITTED UNLESS (X) A REGISTRATION STATEMENT UNDER THE ACT IS IN EFFECT AS TO SUCH TRANSFER, (Y) THE TRANSFER IS MADE IN ACCORDANCE WITH RULE 144 UNDER THE ACT, OR (Z) THE ISSUER RECEIVES AN OPINION OF COUNSEL (WHICH OPINION AND COUNSEL ARE REASONABLY SATISFACTORY TO THE ISSUER) STATING THAT THE SALE OR TRANSFER IS EXEMPT FROM REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF THE ACT AND WITH APPLICABLE FEDERAL, STATE AND FOREIGN SECURITIES LAWS.

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER (INCLUDING A RIGHT OF FIRST REFUSAL) AS SET FORTH IN THE EXERCISE NOTICE BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SECURITIES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE

OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SECURITIES.

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND OTHER RESTRICTIONS SET FORTH IN THE SHAREHOLDERS AGREEMENT BY AND AMONG THE COMPANY AND THE STOCKHOLDERS OF THE COMPANY. SUCH TRANSFER RESTRICTIONS AND REPURCHASE RIGHTS ARE BINDING ON TRANSFEREES OF THESE SHARES. A COPY OF SUCH AGREEMENT AS IN EFFECT FROM TIME TO TIME MAY BE OBTAINED WITHOUT CHARGE UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY.”

(c) Participant agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate “stop transfer” instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(d) The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

5.8 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company’s principal office, and any notice to be given to the Participant shall be addressed to the Participant at the Participant’s last address reflected on the Company’s records. By a notice given pursuant to this Section 5.8, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

5.9 Participant’s Representations. If the Shares issuable hereunder have not been registered under the Securities Act or any applicable state laws on an effective registration statement at the time of such issuance, the Participant shall, if required by the Company, concurrently with such issuance, make such written representations as are deemed necessary or appropriate by the Company and/or its counsel.

5.10 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

5.11 Governing Law; Severability. This Agreement shall be administered, interpreted and enforced under the laws of the State of California, without regard to the conflicts of law principles thereof. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

5.12 Conformity to Securities Laws. The Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act, and any and all Applicable Law. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Award is granted, only in such a manner as to conform to such Applicable Law. To the extent permitted by Applicable Law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such Applicable Law.

5.13 Amendment, Suspension and Termination. This Agreement may be amended in a writing signed by Participant and a duly authorized representative of the Company. In addition, to the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board; *provided, however*, that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the Award in any material way without the prior written consent of the Participant.

5.14 Successors and Assigns. The Company or any affiliate may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company and its affiliates. Subject to the restrictions on transfer set forth in Section 5.3 hereof, this Agreement shall be binding upon the Participant and his or her heirs, executors, administrators, successors and assigns.

5.15 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if the Participant is subject to Section 16 of the Exchange Act, then the Plan, the Award and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

5.16 Not a Contract of Service Relationship. Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue to serve as an Employee or other service provider of the Company or any of its affiliates nor shall interfere with or restrict in any way the rights of the Company and its affiliates, which rights are hereby expressly reserved, to discharge or terminate the services of the Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or an affiliate and the Participant.

5.17 Entire Agreement. The Plan, the Grant Notice and this Agreement (including all Exhibits thereto, if any), and the Shareholders Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and its affiliates and the Participant with respect to the subject matter hereof.

5.18 Limitation on the Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. The Participant shall have only the rights of a general unsecured creditor of the Company and its affiliates with respect to amounts credited and benefits payable, if any, with respect to the Shares issuable hereunder.

EXHIBIT B

TO RESTRICTED STOCK AWARD GRANT NOTICE

CONSENT OF SPOUSE OR REGISTERED DOMESTIC PARTNER

I, _____, spouse or domestic partner of _____, have read and approve the Restricted Stock Award Grant Notice (the “***Grant Notice***”) to which this Consent of Spouse or Registered Domestic Partner is attached and the Restricted Stock Award Agreement (the “***Agreement***”) attached to the Grant Notice. In consideration of issuing to my spouse or domestic partner the shares of the Common Stock of VIZIO Holding Corp. set forth in the Grant Notice, I hereby appoint my spouse or domestic partner as my attorney-in-fact in respect of the exercise of any rights under the Agreement and agree to be bound by the provisions of the Agreement insofar as I may have any rights in said Agreement or any shares of the Common Stock of VIZIO Holding Corp. issued pursuant thereto under the community property laws or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the foregoing Agreement.

Dated: _____

Signature of Spouse or Domestic Partner

EXHIBIT C
TO RESTRICTED STOCK AWARD GRANT NOTICE
VIZIO HOLDING CORP. 2017 INCENTIVE AWARD PLAN

[See attached]

EXHIBIT D
TO RESTRICTED STOCK AWARD GRANT NOTICE
JOINDER TO THE SHAREHOLDERS AGREEMENT

THIS JOINDER TO SHAREHOLDERS AGREEMENT (this “**Joinder**”), dated as of _____, is by _____ (“**Shareholder**”), for the benefit of VIZIO Holding Corp. (formerly known as V, Inc. and VIZIO, Inc.), a Delaware corporation (the “**Corporation**”), and all other parties to that certain Shareholders Agreement, dated as of September 15, 2008, as amended from time to time (the “**Shareholders Agreement**”). Any term not otherwise defined herein shall have the meaning given such term in the Shareholders Agreement.

WHEREAS, the Corporation has granted Shareholder options, restricted stock, restricted stock units or other awards under the Corporation’s 2017 Incentive Award Plan, as amended, and as a condition to issuance of Shares pursuant to such awards, Shareholder has agreed to enter into this Joinder; and

WHEREAS, Shareholder desires to become a party to the Shareholders Agreement;

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, Shareholder hereby: (a) acknowledges that it has received and reviewed the Shareholders Agreement, as amended, a copy of which is attached hereto as Exhibit D-1; (b) joins the Shareholders Agreement as a party thereto; (c) assumes all the obligations, and acquires all of the rights, of a “Shareholder” thereunder; and (d) agrees to comply with the Shareholders Agreement and to be bound thereby as if it had been an original party thereto.

For purposes of notice under Section 12(a) of the Shareholders Agreement, the notice address for Shareholder is as follows:

Attention: _____
Facsimile No.: () ____ - _____

This Joinder is governed by and construed under the laws of the State of California and may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, this Joinder to Shareholders Agreement is executed and delivered as of the date first set forth above.

SHAREHOLDER

By: _____

Acknowledged and agreed as of the date first
above written:

**VIZIO Holding Corp.,
a Delaware corporation**

By: _____
Name: _____
Title: _____

[Signature Page to Joinder to the Shareholders Agreement]

EXHIBIT E
TO RESTRICTED STOCK AWARD GRANT NOTICE
ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, the undersigned, _____, hereby sells, assigns and transfers unto VIZIO Holding Corp., a Delaware corporation, _____ shares of the common stock of VIZIO Holding Corp. standing in his name on the books of said corporation represented by Certificate No. ____ herewith and do hereby irrevocably constitute and appoint to transfer the said stock on the books of the within named corporation with full power of substitution in the premises.

This Assignment Separate from Certificate may be used only in accordance with the Restricted Stock Agreement between VIZIO Holding Corp. and the undersigned dated _____, 20__.

Dated: _____, 20__

[Name of Participant]

INSTRUCTIONS: Please do not fill in the blanks other than the signature line. The purpose of this assignment is to enable the Company to exercise its "Repurchase Option," as set forth in the Restricted Stock Agreement, without requiring additional signatures on the part of Participant.

EXHIBIT F
TO RESTRICTED STOCK AWARD GRANT NOTICE
JOINT ESCROW INSTRUCTIONS

_____, 20__

Secretary
VIZIO Holding Corp.
[Address]
[City, ST ZIP]
Ladies and Gentlemen:

As escrow agent (the “**Escrow Agent**”) for both VIZIO Holding Corp. a Delaware corporation (the “**Company**”), and the undersigned recipient of shares of common stock of the Company (the “**Participant**”), you are hereby authorized and directed to hold in escrow the documents delivered to you pursuant to the terms of that certain Restricted Stock Agreement (“**Agreement**”) between the Company and the undersigned (the “**Escrow**”), including the stock certificate and the Assignment Separate from Certificate, in accordance with the following instructions:

1. In the event the Company and/or any assignee of the Company (referred to collectively for convenience herein as the “**Company**”) exercises the Company’s Repurchase Option as defined in the Agreement), the Company shall give to Participant and you a written notice specifying the number of shares of stock to be purchased, the purchase price and the time for a closing hereunder at the principal office of the Company. Participant and the Company hereby irrevocably authorize and direct you to close the transaction contemplated by such notice in accordance with the terms of said notice.

2. As of the date of closing of the repurchase indicated in such notice, you are directed (a) to date the Assignment Separate from Certificate necessary for the repurchase and transfer in question, (b) to fill in the number of shares being repurchased and transferred, and (c) to deliver the same, together with the certificate evidencing the shares of stock to be repurchased and transferred, to the Company or its assignee.

3. Participant irrevocably authorizes the Company to deposit with you any certificates evidencing shares of stock to be held by you hereunder and any additions and substitutions to said shares as set forth in the Agreement. Participant does hereby irrevocably constitute and appoint you as Participant’s attorney-in-fact and agent for the term of this escrow to execute with respect to such securities all documents necessary or appropriate to make such securities negotiable and to complete any transaction herein contemplated, including but not limited to the filing with any applicable state blue sky authority of any required applications for consent to, or notice of transfer of, the securities. Subject to the provisions of this paragraph 3 and the Agreement, Participant shall exercise all rights and privileges of a stockholder of the Company while the stock is held by you.

4. Upon written request of Participant, but no more than once per calendar month, unless the Company’s Repurchase Option has been exercised, you will deliver to Participant a certificate or certificates representing so many shares of stock as are not then subject to the Repurchase Option. Within 120 days after the termination of the Company’s Repurchase Option in accordance with the terms of the Agreement, you will deliver to Participant a certificate or certificates representing the aggregate number of shares held or issued pursuant to the Agreement and not repurchased pursuant to the Repurchase Option set forth in Section 3.1 of the Agreement.

5. If at the time of termination of this escrow you should have in your possession any documents, securities, or other property belonging to Participant, you shall deliver all of the same to Participant and shall be discharged of all further obligations hereunder.

6. Your duties hereunder may be altered, amended, modified or revoked only by a writing signed by all of the parties hereto.

7. You shall be obligated only for the performance of such duties as are specifically set forth herein and may rely and shall be protected in relying or refraining from acting on any instrument reasonably believed by you to be genuine and to have been signed or presented by the proper party or parties. You shall not be personally liable for any act you may do or omit to do hereunder as Escrow Agent or as attorney- in-fact for Participant while acting in good faith,

and any act done or omitted by you pursuant to the advice of your own attorneys shall be conclusive evidence of such good faith.

8. You are hereby expressly authorized to disregard any and all warnings given by any of the parties hereto or by any other person or corporation, excepting only orders or process of courts of law and are hereby expressly authorized to comply with and obey orders, judgments or decrees of any court. In case you obey or comply with any such order, judgment or decree, you shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance, notwithstanding any such order, judgment or decree being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without jurisdiction.

9. You shall not be liable in any respect on account of the identity, authorities or rights of the parties executing or delivering or purporting to execute or deliver the Agreement or any documents or papers deposited or called for hereunder.

10. You shall not be liable for the expiration of any rights under any applicable federal, state, local or foreign statute of limitations or similar statute or regulation with respect to these Joint Escrow Instructions or any documents deposited with you.

11. You shall be entitled to employ such legal counsel and other experts as you may deem necessary or appropriate to advise you in connection with your obligations hereunder, may rely upon the advice of such counsel, and may pay such counsel reasonable compensation therefor. The Company will reimburse you for any reasonable attorneys' fees with respect thereto.

12. Your responsibilities as Escrow Agent hereunder shall terminate if you shall cease to be an officer or agent of the Company or if you shall resign by written notice to each party. In the event of any such termination, the Company shall appoint a successor Escrow Agent.

13. If you reasonably require other or further instruments in connection with these Joint Escrow Instructions or obligations in respect hereto, the necessary parties hereto shall join in furnishing such instruments.

14. It is understood and agreed that should any dispute arise with respect to the delivery and/or ownership or right of possession of the securities held by you hereunder, you are authorized and directed to retain in your possession without liability to anyone all or any part of said securities until such disputes shall have been settled either by mutual written agreement of the parties concerned or by a final order, decree or judgment of a court of competent jurisdiction after the time for appeal has expired and no appeal has been perfected, but you shall be under no duty whatsoever to institute or defend any such proceedings.

15. Any notice to be given under the terms of these Joint Escrow Instructions to the Company shall be addressed to the Company in care of the Secretary of the Company at the address of the Company's then current corporate headquarters, and any notice to be given to Participant shall be addressed to Participant at the address given beneath Participant's signature on the signature page to this Agreement. By a notice given pursuant to this paragraph 15, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

16. By signing these Joint Escrow Instructions, you become a party hereto only for the purpose of said Joint Escrow Instructions; you do not become a party to the Agreement.

17. This instrument shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and permitted assigns.

18. These Joint Escrow Instructions shall be administered, interpreted and enforced under the laws of the State of California, without regard to the conflicts of law principles thereof. Should any provision of these Joint Escrow Instructions be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

IN WITNESS WHEREOF, the parties have executed these Joint Escrow Instructions as of the date first written above.

VIZIO HOLDING CORP.

By: _____

Title: _____

Name: _____

Address: _____

PARTICIPANT

By: _____

Print Name: _____

Address: _____

ESCROW AGENT:

By: _____
Secretary, VIZIO Holding Corp.

Address: _____

VIZIO HOLDING CORP.
2017 INCENTIVE AWARD PLAN
RESTRICTED STOCK UNIT AWARD GRANT NOTICE

Pursuant to the VIZIO Holding Corp. 2017 Incentive Award Plan (the “**Plan**”), VIZIO Holding Corp., a Delaware corporation (the “**Company**”) hereby grants to the holder listed below (“**Holder**”) the number of restricted stock units set forth below (the “**Restricted Stock Units**” or “**RSUs**”). The Restricted Stock Units are subject to all of the terms and conditions set forth herein, in the Restricted Stock Unit Award Agreement attached hereto as Exhibit A (the “**Restricted Stock Unit Agreement**”) and in the Plan, each of which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Restricted Stock Unit Award Grant Notice (the “**Grant Notice**”).

Holder: _____
Grant Date: _____
Vesting Commencement Date: _____
Total Number of Restricted Stock Units: _____

Vesting Schedule: Subject to the terms and conditions of the Plan, this Grant Notice and the Restricted Stock Unit Agreement, the Restricted Stock Units will vest according to the following schedule: as to 25% of the Restricted Stock Units on the first Quarterly Vesting Date (as defined below) that occurs on or after the 1-year anniversary of the Vesting Commencement Date (the “**First Vesting Date**”) and as to 25% of the Restricted Stock Units on each of the Quarterly Vesting Dates that occur on the first 3 anniversaries of the First Vesting Date, in each case so long as Holder has not had a Termination of Service prior to the applicable Quarterly Vesting Date.

For purposes of this Grant Notice and the Restricted Stock Unit Agreement, “**Quarterly Vesting Date**” means the first trading day on or after each of February 18, May 18, August 18, and November 18.

In no event, shall any Restricted Stock Units vest following Holder’s Termination of Service, except as may otherwise be provided by the Administrator.

Distribution Schedule: Each vested Restricted Stock Unit shall be distributable in accordance with Section 2.3 of the Restricted Stock Unit Agreement. The date on which a Restricted Stock Unit becomes vested shall be referred to as a “**Distribution Date**.”

This Grant Notice and the Restricted Stock Unit Agreement are subject in their entirety to the provisions of the Plan, the terms and conditions of which are hereby incorporated into and made a part of this Grant Notice and the Restricted Stock Unit Agreement.

By his or her signature below, Holder agrees to be bound by the terms and conditions of the Plan, the Restricted Stock Unit Agreement and this Grant Notice. Holder has reviewed the Restricted Stock Unit Agreement, the Plan, and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Restricted Stock Unit Agreement, and the Plan. Holder hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under or relating to the Plan, this Grant Notice or the Restricted Stock Agreement.

VIZIO HOLDING CORP.

HOLDER

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Address: _____

Address: 39 Tesla
Irvine, California 92618

Attachments: Restricted Stock Unit Award Agreement (**Exhibit A**)
VIZIO Holding Corp. 2017 Incentive Award Plan (**Exhibit B**)

EXHIBIT A
TO THE RESTRICTED STOCK UNIT AWARD GRANT NOTICE
RESTRICTED STOCK UNIT AWARD AGREEMENT

Pursuant to the Restricted Stock Unit Award Grant Notice (the “**Grant Notice**”) to which this Restricted Stock Unit Award Agreement (the “**Agreement**”) is attached, VIZIO Holding Corp., a California corporation (the “**Company**”) has granted to the holder (“**Holder**”) specified on the Grant Notice a restricted stock unit award under the VIZIO Holding Corp. 2017 Incentive Award Plan (the “**Plan**”) an award of restricted stock units (“**Restricted Stock Units**”), subject to the terms and conditions of the Grant Notice, the Agreement, and the Plan (as defined herein).

ARTICLE I.

GENERAL

1.1 Defined Terms. Wherever the following terms are used herein they shall have the meanings specified below, unless the context clearly indicates otherwise. Capitalized terms not specifically defined herein shall have the meanings specified in the Grant Notice or, if not defined therein, the Plan.

1.2 Incorporation of Terms of Plan. The Restricted Stock Units evidenced by the Grant Notice and the Agreement are subject to the terms and conditions of the Plan. The Plan is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

ARTICLE II.

**GRANT, VESTING AND DISTRIBUTION
OF RESTRICTED STOCK UNITS**

2.1 Grant of Restricted Stock Units. In consideration of Holder’s past and/or continued service to the Company or its Subsidiaries and for other good and valuable consideration, effective as of the grant date specified on the Grant Notice (the “**Grant Date**”), the Company irrevocably grants to Holder an award of the number of Restricted Stock Units specified on the Grant Notice, subject to the terms and conditions set forth in the Plan, the Grant Notice and the Agreement. Each Restricted Stock Unit represents the right to receive a share of the Company’s Common Stock at the time the Restricted Stock Unit is distributed, in accordance with the terms and conditions set forth in the Plan and the Grant Notice.

2.2 Vesting of Restricted Stock Units. The Restricted Stock Units shall vest in accordance with the vesting schedule set forth in the Grant Notice; provided, however, that in no event shall any fractional number of Restricted Stock Units vest (with any fractional Restricted Stock Units that would otherwise vest accumulated through successive Vesting Dates until there is a sufficient amount of fractional Restricted Stock Units to constitute a whole Restricted Stock Unit, upon which the whole Restricted Stock Unit will vest according to the terms herein). Unless and until the Restricted Stock Units have vested in accordance with the preceding sentence, Holder shall have no right to any distribution made with respect to such Restricted Stock Units. Except as may be otherwise provided by the Administrator or as set forth in a written agreement between the Company and Holder, in the event of Holder’s Termination of Service prior to the vesting of all of the Restricted Stock Units, any Restricted Stock Units which remain unvested at such time will terminate automatically and be forfeited without further notice and at no cost to the Company.

2.3 Distribution of Common Stock.

(a) Subject to the terms and conditions of the Plan and the Agreement, the shares of Common Stock underlying Holder’s vested Restricted Stock Units shall be distributed to Holder (or in the event of Holder’s death, to his or her estate) as soon as practicable following the applicable Distribution Date (but in each such case within the period ending no later than the 15th day of the 3rd month following the end of the calendar year, or if later, the end of the Company’s tax year, in either case that includes the Distribution Date).

(b) All distributions shall be made by the Company in the form of whole shares of Common Stock.

2.4 Conditions to Issuance of Stock Certificates. The shares of Common Stock deliverable upon settlement of the Restricted Stock Units may be either previously authorized but unissued shares or issued shares which have been reacquired by the Company. Such shares shall be fully paid and nonassessable. The Company shall

not be required to issue or deliver any shares of Common Stock in settlement of the Restricted Stock Units prior to fulfillment of all of the following conditions:

- (a) The admission of such shares to listing on all stock exchanges on which such Common Stock is then listed;
- (b) The completion of any registration or other qualification of such shares under any state, federal or foreign law or under rulings or regulations of the Securities and Exchange Commission or of any other governmental regulatory body, which the Administrator shall, in its sole and absolute discretion, deem necessary or advisable;
- (c) The obtaining of any approval or other clearance from any state, federal or foreign governmental agency which the Administrator shall, in its sole and absolute discretion, determine to be necessary or advisable;
- (d) The receipt by the Company (or other employer) of full payment of all amounts which, under applicable federal, state, local or foreign tax law, the Company (or other employer) is required to withhold upon issuance of such shares; and
- (e) The lapse of such reasonable period of time following the applicable Distribution Date as the Administrator may from time to time establish for reasons of administrative convenience, subject to Section 409A of the Code and the Treasury Regulations and other guidance issued thereunder.

2.5 Rights as Stockholder. The holder of the Restricted Stock Units shall not be, nor have any of the rights or privileges of, a stockholder of the Company in respect of any shares deliverable upon settlement of the Restricted Stock Units, unless and until such shares shall have been issued by the Company to such holder (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company).

ARTICLE III.

OTHER PROVISIONS

3.1 Administration. The Administrator shall have the power to (a) interpret the Plan and the Agreement, (b) adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules, and (c) amend the Agreement, subject to Section 3.9. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be binding, conclusive and final upon Holder, the Company and all other interested persons. No member of the Administrator shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, the Agreement or the Restricted Stock Units. In its sole and absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Administrator under the Plan and the Agreement, subject to Section 11 of the Plan.

3.2 Limited Transferability. The Restricted Stock Units may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution. Neither the Restricted Stock Units nor any interest or right therein or part thereof shall be liable for Holder's debts, contracts or engagements or the debts, contracts or engagements of Holder's successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

3.3 No Employment Rights. Nothing in the Plan or the Agreement shall confer upon Holder any right to continue in the employ or service of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate Holder's services at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Holder.

3.4 Shares to Be Reserved. The Company shall at all times prior to the settlement or forfeiture of the Restricted Stock Units reserve and keep available such number of shares of Common Stock as will be sufficient to satisfy the requirements of the Agreement.

3.5 Notices. Any notice to be given under the terms of the Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company, and any notice to be given to Holder shall be

addressed to Holder at the address given beneath Holder's signature on the Grant Notice or at the last known address for Holder contained in the Company's records. By a notice given pursuant to this Section 3.5, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

3.6 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Agreement.

3.7 Governing Law; Severability. The Agreement shall be administered, interpreted and enforced under the laws of the State of California, without regard to conflicts of law principles thereof. Should any provision of the Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

3.8 Conformity to Securities Laws. Holder acknowledges that the Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and state and foreign securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Restricted Stock Units shall be granted, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and the Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

3.9 Amendments. This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by Holder and by a duly authorized representative of the Company.

3.10 Successors and Assigns. The Company may assign any of its rights with respect to the Restricted Stock Units to single or multiple assignees, and the Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 3.2, the Agreement shall be binding upon Holder and Holder's heirs, executors, administrators, successors and assigns.

3.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or the Agreement, if Holder is subject to Section 16 of the Exchange Act, the Plan, the Restricted Stock Units and the Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.12 Taxes.

(a) Notwithstanding anything to the contrary in the Agreement, the Company shall be entitled to require payment to the Company or any of its Subsidiaries any sums required by federal, state, local or foreign tax law to be withheld with respect to the issuance of the Restricted Stock Units, the distribution of shares of Common Stock with respect thereto, or any other taxable event related to the Restricted Stock Units. The Company may permit Holder to make such payment in one or more of the forms specified below:

(i) by cash or check made payable to the Company;

(ii) by the deduction of such amount from other compensation payable to Holder;

(iii) by requesting that the Company withhold a net number of vested shares of Common Stock otherwise issuable having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the minimum applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes (or such greater amount as Holder may elect if permitted by the Administrator, if such greater amount would not result in adverse financial accounting consequences);

(iv) by tendering vested shares of Common Stock having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the minimum applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes (or such greater amount as Holder may elect if permitted by the Administrator, if such greater amount would not result in adverse financial accounting consequences); or

(v) in any combination of the foregoing.

(b) In the event Holder fails to provide timely payment of all sums required pursuant to Section 3.12(a), the Company shall have the right and option, but not the obligation, to treat such failure as an election by Holder to satisfy all or any portion of Holder's required payment obligation pursuant to Section 3.12(a)(ii) or Section 3.12(a)(iii) above, or any combination of the foregoing as the Company may determine to be appropriate. The Company shall not be obligated to deliver any certificate representing shares of Common Stock issuable with respect to the Restricted Stock Units to Holder or his legal representative unless and until Holder or his legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Holder resulting from the grant of the Restricted Stock Units, the distribution of the shares of Common Stock issuable with respect thereto, or any other taxable event related to the Restricted Stock Units.

3.13 Adjustments. The Administrator may adjust the Restricted Stock Units in accordance with the provisions of Section 12.2 of the Plan.

3.14 Dividend Equivalents.

(a) The Restricted Stock Units are granted together with a corresponding award of Dividend Equivalents with respect to the Restricted Stock Units. The Dividend Equivalents shall remain outstanding from the Grant Date until the earliest of the date on which the Restricted Stock Units to which they correspond are settled or otherwise terminate, at which time such Dividend Equivalents shall automatically and without further action terminate and cease to be of any force or effect. The Dividend Equivalents shall entitle Holder to receive, for each cash dividend declared by the Company whose record date occurs during the period commencing on the Grant Date and ending on the earliest of the date on which the Restricted Stock Units to which the Dividend Equivalents correspond are settled or otherwise terminate, a cash payment, subject to and in accordance with this Agreement, an amount determined by multiplying (i) the number of corresponding Restricted Stock Units that are outstanding as of the record date for the applicable dividend and (ii) the amount of such cash dividend payable with respect to one Share. Each such payment shall be made on or within 30 days following the applicable dividend payment date.

(b) Holder shall not be entitled to any Dividend Equivalent payment with respect to a record date that occurs after the settlement or termination for any reason of the Restricted Stock Units to which the Dividend Equivalents correspond.

(c) The Dividend Equivalents and any amounts that may become payable in respect thereof shall be treated separately from the Restricted Stock Units and the rights arising in connection therewith for purposes of the designation of time and form of payments required by Section 409A of the Code.

3.15 Unfunded, Unsecured Obligations. The obligations of the Company under the Plan and the Agreement shall be unfunded and unsecured, and nothing contained herein shall be construed as providing for assets to be held in trust or escrow or any other form of segregation of the assets of the Company for the benefit of Holder or any other person. Holder shall have only the rights of a general, unsecured creditor of the Company with respect to the Restricted Stock Units, unless and until shares of Common Stock shall be distributed to Holder under the terms and conditions set forth herein.

3.16 Internal Revenue Code Section 409A. The Restricted Stock Units are intended to be exempt from Section 409A. To the extent that the Administrator determines that any Restricted Stock Units are not exempt from Section 409A of the Code, the Administrator may amend the Agreement in a manner intended to comply with the requirements of Section 409A of the Code (including amendments with retroactive effect), or take any other actions as it deems necessary or appropriate to comply with the requirements of Section 409A or preserve the intended tax treatment of the benefits provided with respect to the Restricted Stock Units. To the extent applicable, the Agreement shall be interpreted in accordance with the provisions of Section 409A.

3.17 Entire Agreement. The Plan, the Grant Notice, and the Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Holder with respect to the subject matter hereof.

EXHIBIT B

**TO THE RESTRICTED STOCK UNIT AWARD GRANT NOTICE
VIZIO HOLDING CORP. 2017 INCENTIVE AWARD PLAN**

[See attached]

By: /s/ William Wang
William Wang
Chief Executive Officer

By: /s/ Adam Townsend
Adam Townsend
Chief Financial Officer

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, I, William Wang, Chief Executive Officer of VIZIO Holding Corp. (“the Company”), hereby certify, that, to my knowledge:

- (1) The Quarterly Report on Form 10-Q for the period ended March 31, 2022 (the “Report”) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 12, 2022

By: /s/ William Wang
William Wang
Chief Executive Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, I, Adam Townsend, Chief Financial Officer of VIZIO Holding Corp. (“the Company”), hereby certify, that, to my knowledge:

- (1) The Quarterly Report on Form 10-Q for the period ended March 31, 2022 (the “Report”) fully complies with the requirements of section Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 12, 2022

By: /s/ Adam Townsend
Adam Townsend
Chief Financial Officer