vividseats

Q1 2023 Financial Results

May 9, 2023

(Nasdaq: SEAT)

Agenda

01 **Business Highlights & Updates**
Stan Chia, Chief Executive Officer

02 **Financial Results**
Lawrence Fey, Chief Financial Officer

03 **Q&A**
Stan Chia, Chief Executive Officer
Lawrence Fey, Chief Financial Officer

Forward-looking statements and use of non-GAAP financial measures

Safe Harbor

- Certain statements made in this presentation are "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact contained in this presentation may be forward-looking statements. Forward-looking statements in this presentation include, but are not limited to, statements regarding our future results of operations and financial position, including our expectations regarding Marketplace Gross Order Value, revenues and Adjusted EBITDA, Adjusted EBITDA margins, G&A, customer acquisition costs, cash conversion and the impact of our investments; our expectations with respect to live event industry growth; our competitive positioning; our business strategy; and the plans and objectives of management for future operations. When used in this presentation, the words "estimates," "projected," "expects," "anticipates," "forecasts," "plans," "intends," "believes," "seeks," "may," "will," "should," "future," "propose" and variations of these words or similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside of our control, that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements. Important factors, among others, that may affect actual results or outcomes include the supply and demand of large-scale sporting events, concerts and theater shows, our relationships with buyers, sellers and distribution partners, changes in internet search engine algorithms or changes in marketplace rules, competition in the ticketing industry, the willingness of artists, teams and promoters to continue to support the secondary ticket market, and our ability to maintain and improve our platform and brand or develop successful new solutions and enhancements or improve existing ones, the impact of potential unfavorable legislative developments, the success of our integration of Vivid Picks, the effects of any recession and inflation, ongoing and future effects of pandemics, our ability to obtain subsequent debt refinancing, the impact of system interruption and the lack of integration and redundancy in our systems and infrastructure, the impact of cyber security risks, data loss or other breaches of our network security, our being a controlled company, and other risks and uncertainties described in the section titled “Risk Factors” in our most recent Annual Report on Form 10-K and other filings with the Securities and Exchange Commission. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

- We present Adjusted EBITDA and Adjusted EBITDA margin, which are non-GAAP measures, because they are measures frequently used by analysts, investors, and other interested parties to evaluate companies in our industry. Further, we believe these measures are helpful in highlighting trends in our operating results as they exclude the impact of items that are outside the control of management or not reflective of ongoing performance related directly to the operation of our business segments. These non-GAAP measures are used by our management internally to make operating decisions, including those related to analyzing operating expenses, evaluating performance, and performing strategic planning and annual budgeting. Moreover, we believe these non-GAAP measures provide useful information to investors and others in understanding and evaluating our results of operations, as well as providing a useful measure for period-to-period comparisons of our business performance and highlighting trends in our operating results. These non-GAAP measures are not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP. Further limitations of these non-GAAP measures are that they do not reflect all of the amounts associated with our operating results as determined in accordance with GAAP and may exclude costs that are recurring, such as interest expense, equity-based compensation, litigation, settlements and related costs and change in value of warrants. In addition, other companies may calculate similarly-titled non-GAAP measures differently than us, thereby limiting their usefulness as a comparative tool. We compensate for these limitations by providing specific information regarding the GAAP amounts excluded from Adjusted EBITDA and Adjusted EBITDA margin. Please refer to the “Non-GAAP Reconciliations” later in this presentation. We calculate forward-looking non-GAAP Adjusted EBITDA based on internal forecasts that omit certain information that would be included in forward-looking GAAP net income (loss), the most directly comparable GAAP measure. We do not attempt to provide a reconciliation of forward-looking non-GAAP Adjusted EBITDA guidance to forward-looking GAAP net income (loss) because forecasting the timing or amount of items that have not yet occurred and are out of our control is inherently uncertain and unavailable without unreasonable efforts.

Business Highlights & Updates

Stan Chia, Chief Executive Officer

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Q1 2023 Highlights

Marketplace GOV [1]

$856M

Revenues

$161M

Adjusted EBITDA [2]

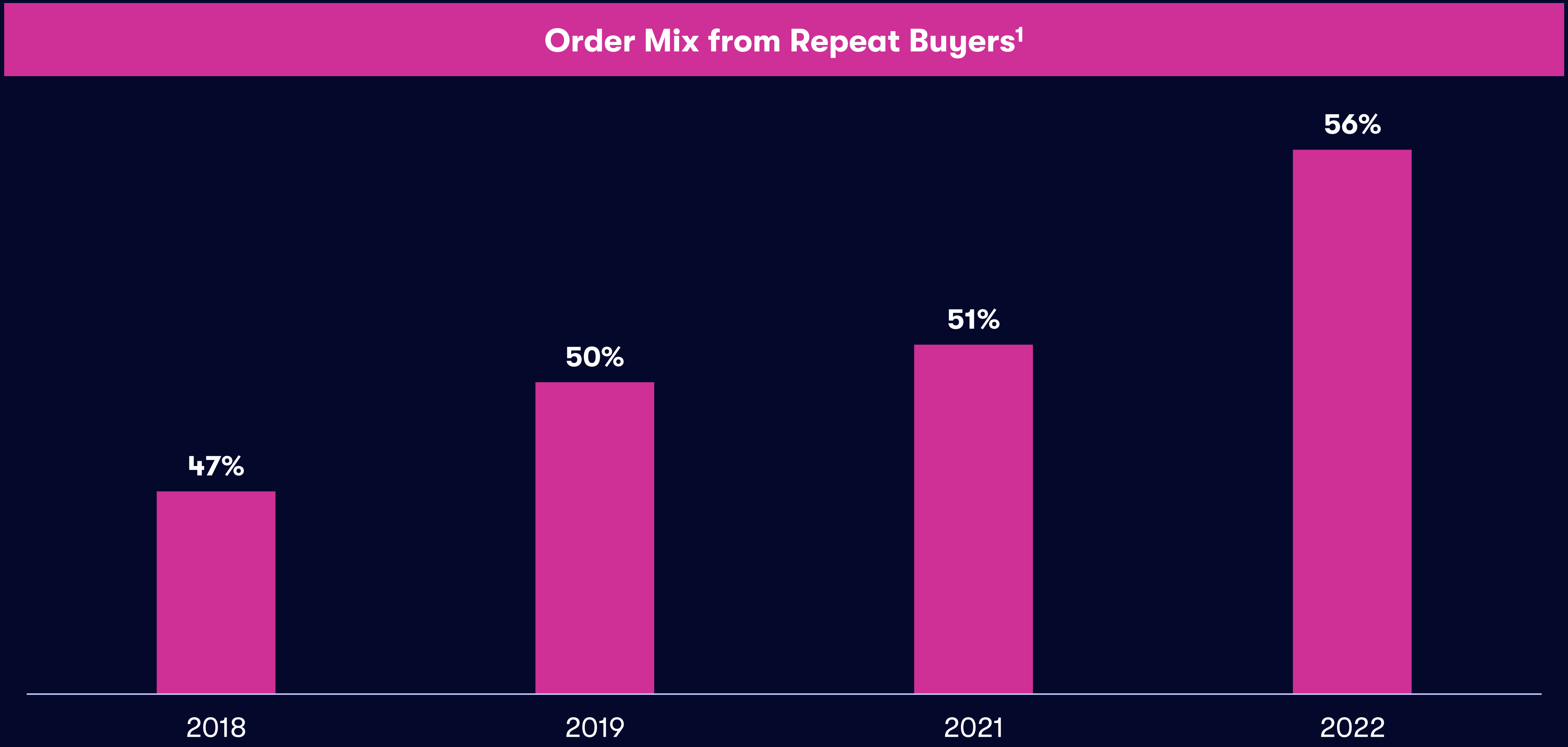
$42M

- Excellent start to 2023 with strong growth, profitability and cash flow reflecting superior execution and traction from investments
- Robust demand continued amongst exciting event supply (plentiful top artist concert line-up, World Baseball Classic)
- Growing cash balance enables numerous pathways to build long-term value (+$52M in Q1)

(1) *Marketplace GOV represents the total transactional amount of Marketplace segment orders placed on our platform in a period, inclusive of fees, exclusive of taxes, and net of event cancellations that occurred during that period.*

(2) *Adjusted EBITDA is not a measure defined under GAAP. See the appendix for a reconciliation of Adjusted EBITDA to Net income (loss). Q1'23 Net income was $30.3M and Q1'22 Net income was $3.1M.*

Fan Engagement Accelerated by Our Investments



(1) Represents orders from repeat buyers versus total orders (from both repeat and new buyers) placed on Vivid Seats website or our mobile apps

(2) 2020 omitted due to distortion from COVID-19 pandemic

Financial Results

Lawrence Fey, Chief Financial Officer

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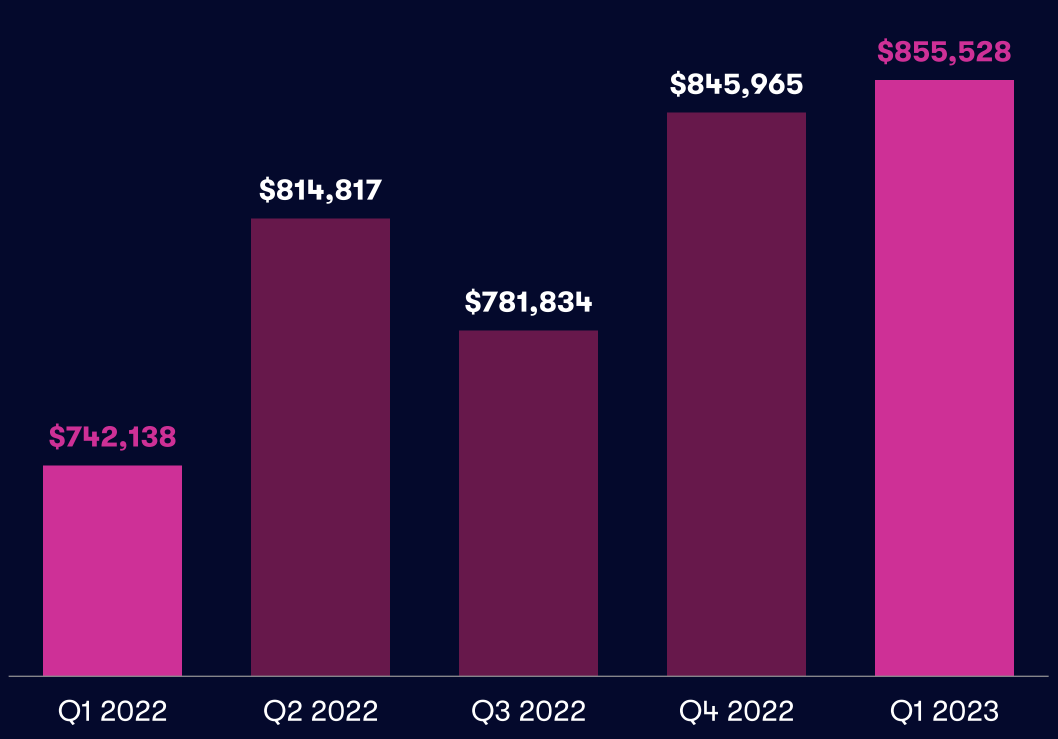
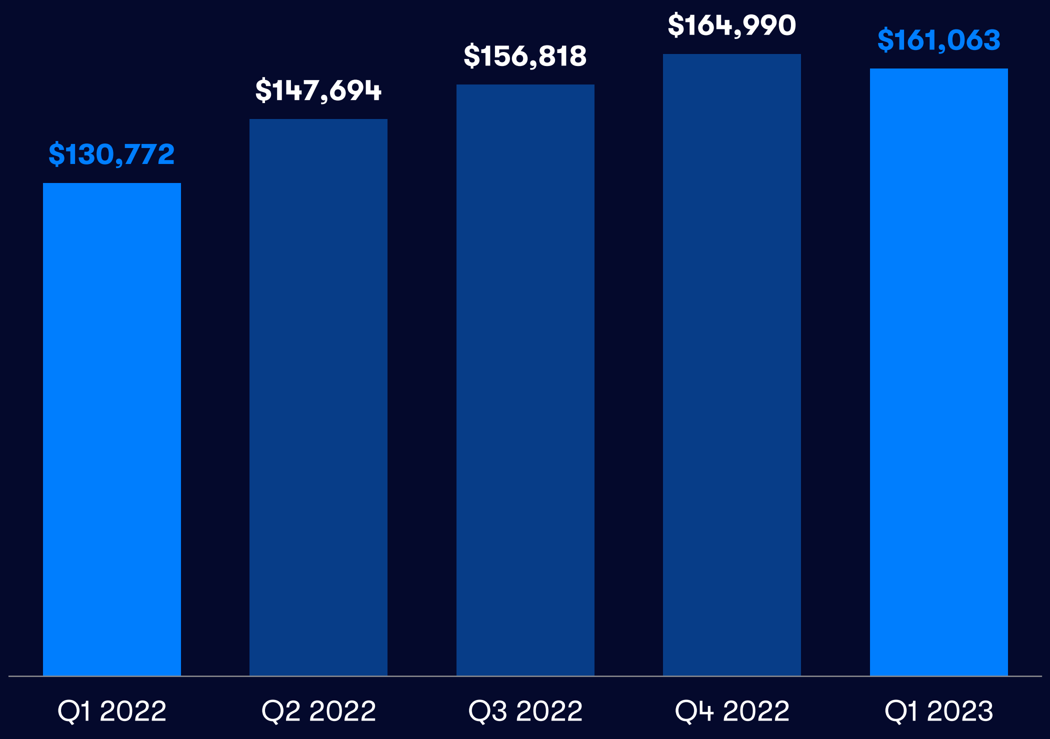
Marketplace GOV and Revenues

(in thousands)

Marketplace GOV[1]



Revenues

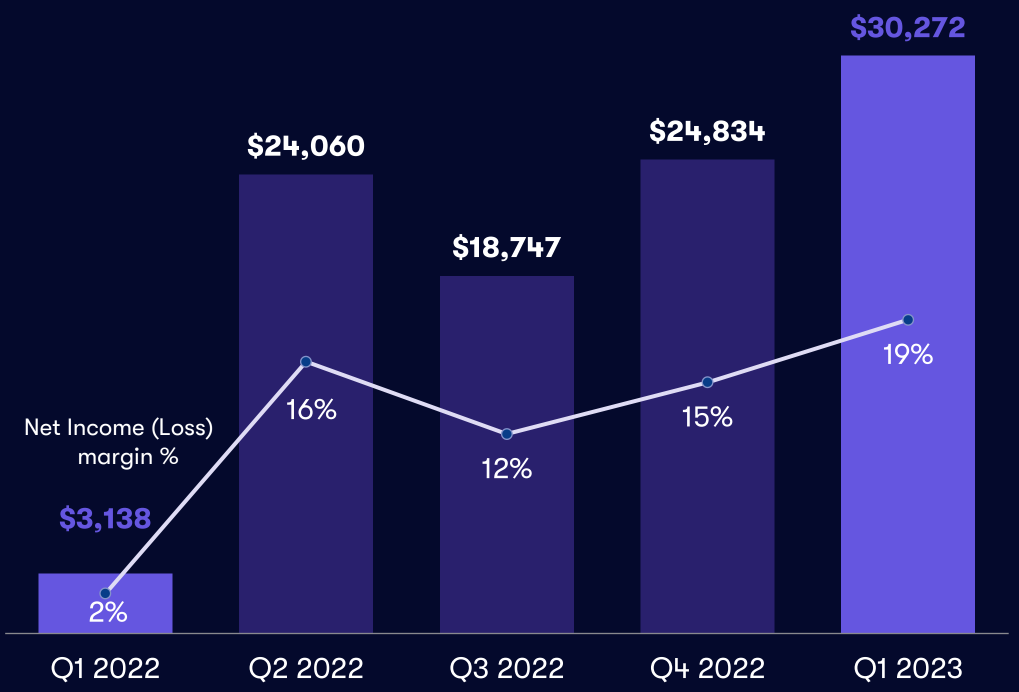


(1) Marketplace GOV represents the total transactional amount of Marketplace segment orders placed on our platform in a period, inclusive of fees, exclusive of taxes, and net of event cancellations that occurred during that period.

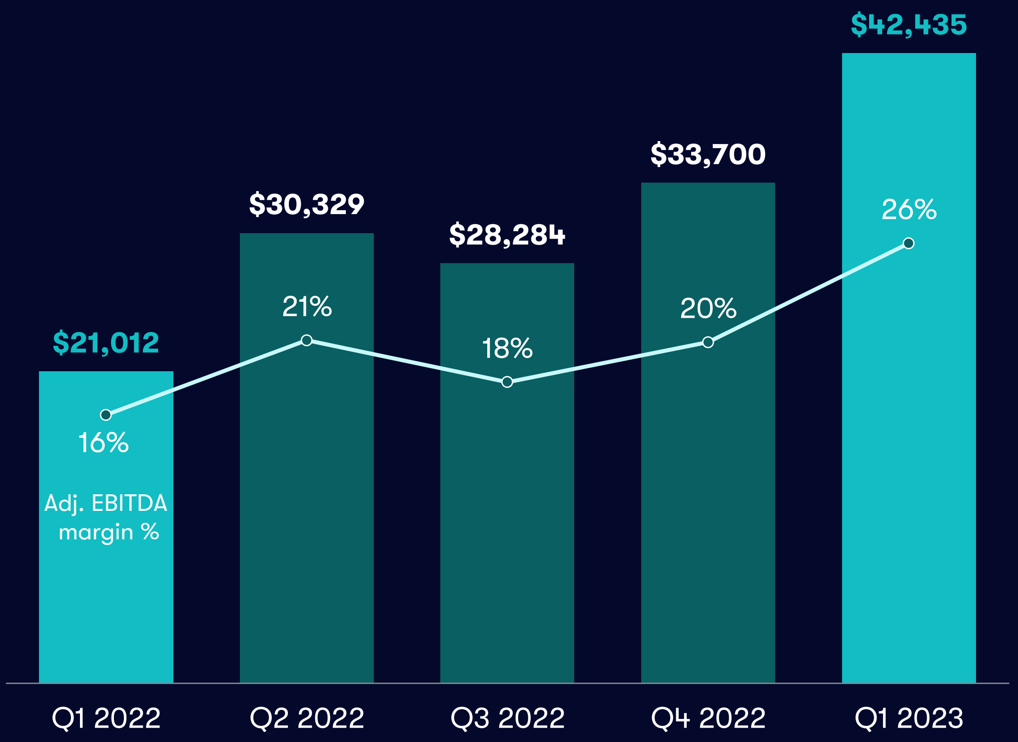
Net Income/(Loss) and Adjusted EBITDA

(in thousands)

GAAP Net Income (Loss)[1]



Adjusted EBITDA[2]



(1) Represents consolidated net income (loss) before allocation to noncontrolling interests.
(2) Adjusted EBITDA and Adjusted EBITDA margin are not measures defined under GAAP. See the appendix for a reconciliation of Adjusted EBITDA to net income (loss) and Adjusted EBITDA margin to net income (loss) margin.

2023 Financial Guidance

Key Financial Metrics	3/7/23	5/9/23	Change
Marketplace GOV	$3.0B to $3.3B	$3.15B to $3.40B	↑
Revenues	$580M to $610M	$605M to $630M	↑
Adjusted EBITDA[1]	$110M to $115M	$115M to $130M	↑

(1) Adjusted EBITDA is not a measure defined under GAAP. We believe adjusted EBITDA provides useful information to investors and others in understanding and evaluating our results of operations, as well as providing a useful measure for period-to-period comparisons of our business performance. We calculate forward-looking non-GAAP Adjusted EBITDA based on internal forecasts that omit certain information that would be included in forward-looking GAAP net income (loss), the most directly comparable GAAP measure. We do not attempt to provide a reconciliation of forward-looking non-GAAP Adjusted EBITDA guidance to forward-looking GAAP net income (loss) because forecasting the timing or amount of items that have not yet occurred and are out of our control is inherently uncertain and unavailable without unreasonable efforts.

Balance Sheet and Cash Flow

Sizable Cash Balance
$303M

Strategic Flexibility

Cash Generation in 2023

Low Debt Balance
$272M[1]

Undrawn Credit Facility
$100M

- Generated $65M cash from operations in Q1 with 2023 cash conversion normalizing towards historical levels
- Cash balance exceeding debt balance[1] by $31M
- Repurchased $8M of shares in Q1
- Evaluating opportunities to augment growth and optimize our capital structure
- Strategic flexibility building further as we accumulate cash

(1) Represents Term Loan Principal outstanding.

Closing Remarks

Stan Chia, Chief Executive Officer

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Key Takeaways

1

Excellent Start to 2023

Exciting event supply and robust demand exceeded expectations in Q1. Delivering marketing efficiencies in the midst of a robust competitive environment

2

Creating Deep Ecosystem Relationships

Our investments foster long-term stickiness for both buyers and sellers. Our order mix is shifting from new to repeat buyers, driving customer LTV and margin expansion

3

Strategic Flexibility to Drive Long-Term Value

Completed initial share repurchase authorization while generating significant cash flow to provide further flexibility for future investment

Q+A

Thank You

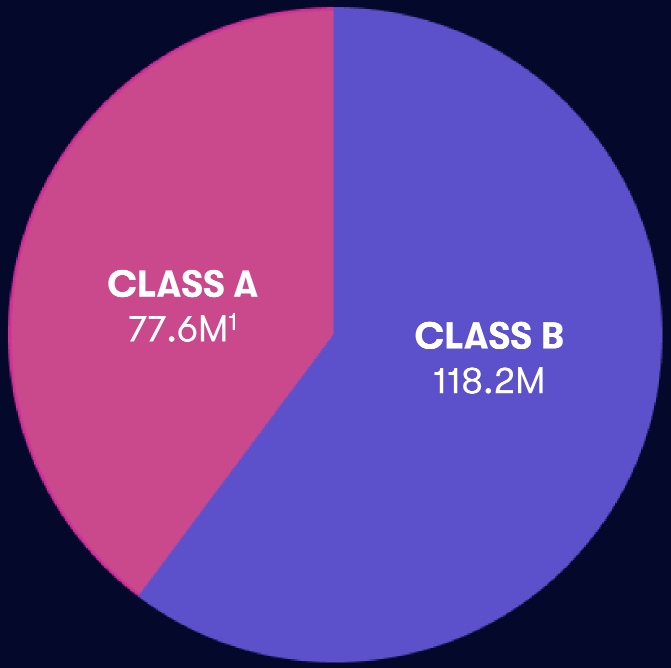
investors@vividseats.com

Capital Structure

196M Shares Outstanding[1] as of 3/31/23

CLASS A

- Publicly traded (SEAT)
- EPS calculation reflects ~40% economic interest & ~40% shares outstanding



CLASS B

- Privately held by PE investors
- Convertible 1-for-1 into Class A

- Consolidated financial statements reflect entirety of operations
- Class A and Class B holders have equivalent per share economic interests in operating entity

(1) Shares outstanding, net of treasury stock

Supplementary Financial Data – Q1 2023

(in thousands)

Marketplace Revenues by Event Category

	Three Months Ended March 31,		
	2023	2022	% Change
Revenues:			
Concerts	$74,879	$58,673	28%
Sports	45,600	38,915	17%
Theater	15,390	12,615	22%
Other	712	313	127%
Total Marketplace revenues	**$136,581**	**$110,516**	**24%**

Segment Contribution Margin

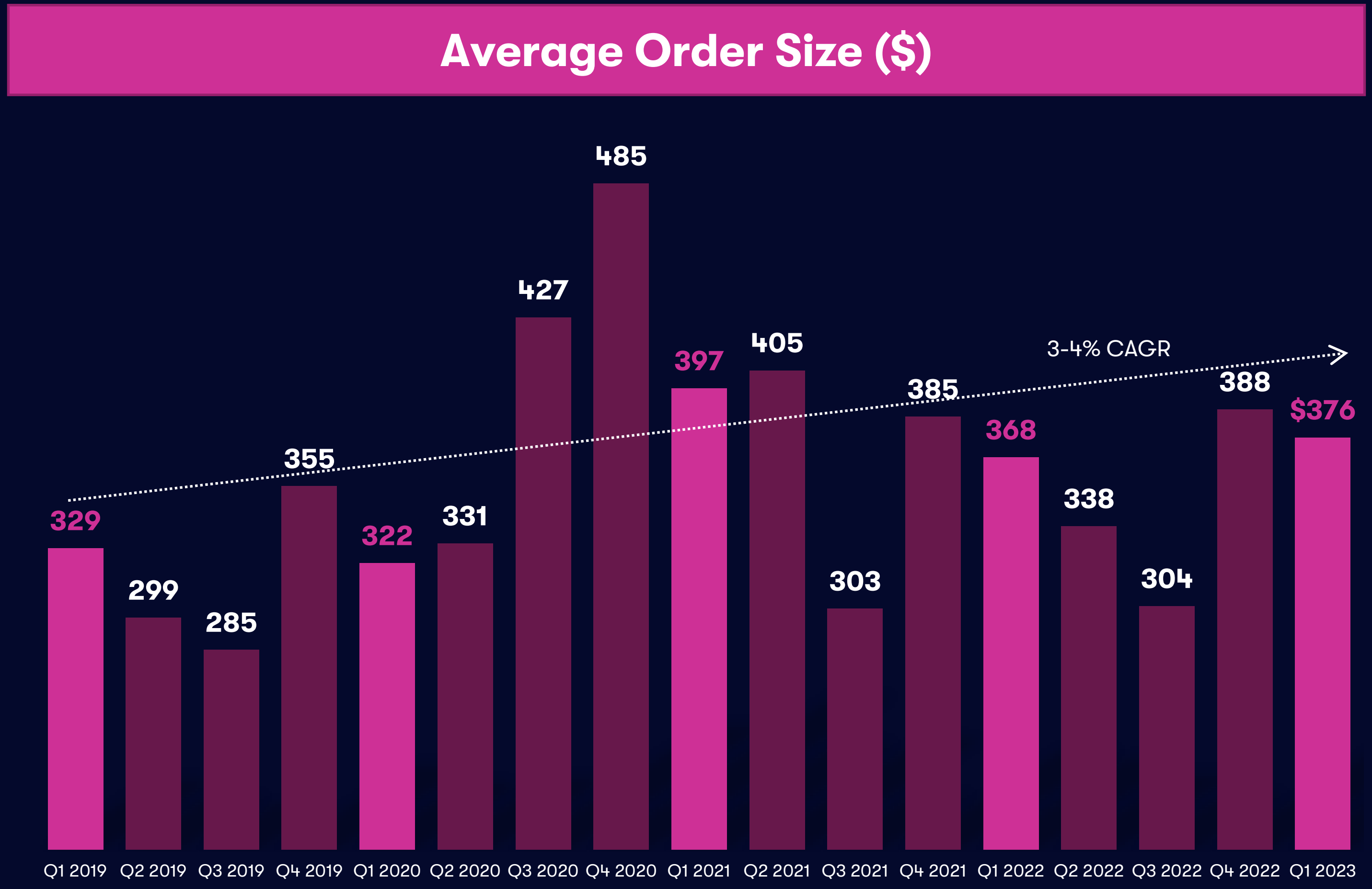
	Three Months Ended March 31, 2023		
	Marketplace	Resale	Consolidated
Revenues	$136,581	$24,482	$161,063
Cost of revenues	20,060	17,700	37,760
Marketing and selling	54,772	0	54772
Contribution margin	**$61,749**	**$6,782**	**$68,531**

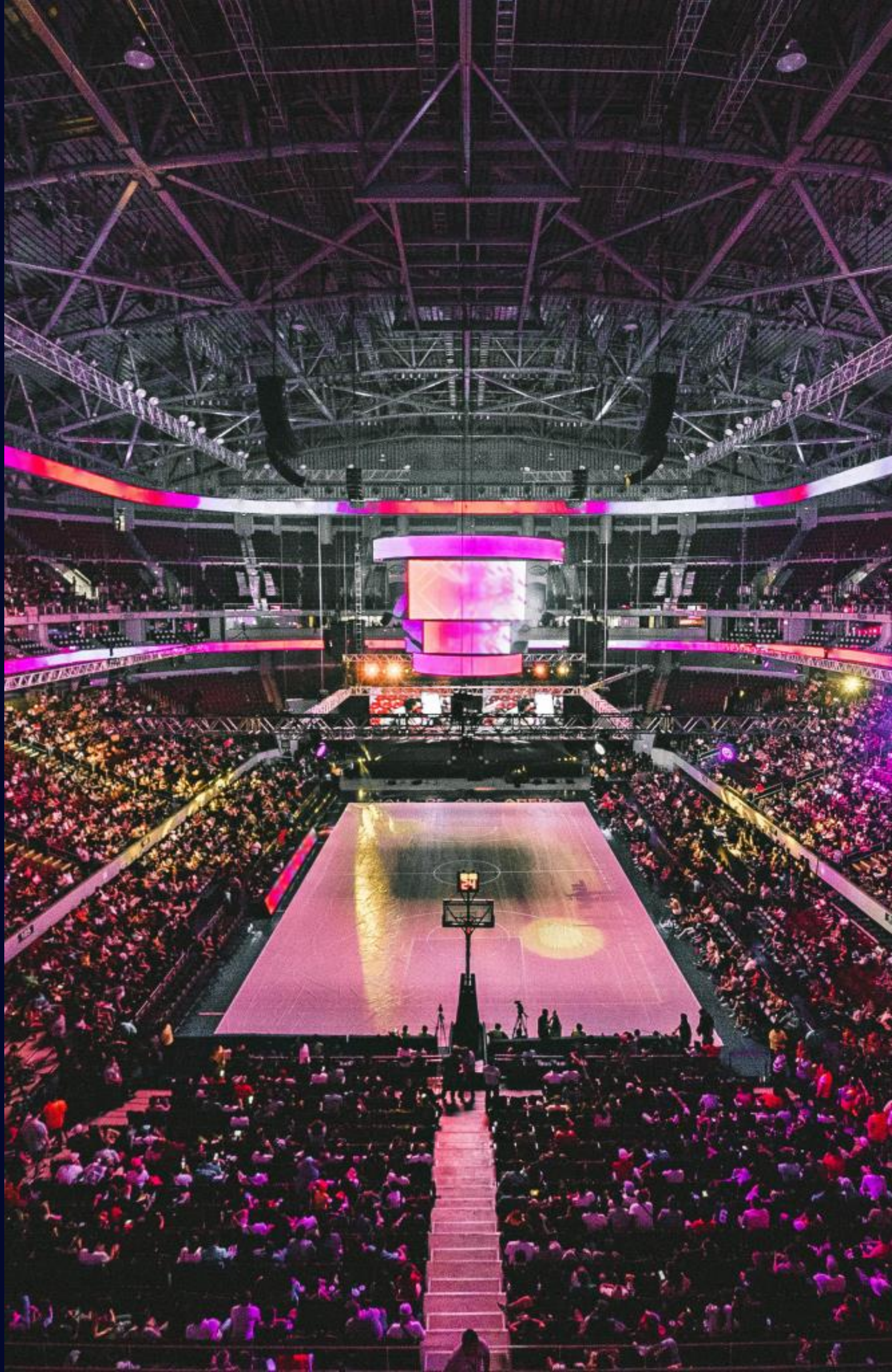
	Three Months Ended March 31, 2022		
	Marketplace	Resale	Consolidated
Revenues	$110,516	$20,256	$130,772
Cost of revenues	16,409	15,755	32,164
Marketing and selling	54,228	0	54228
Contribution margin	**$39,879**	**$4,501**	**$44,380**

EPS

	Three Months Ended March 31,	
Numerator—basic:	**2023**	**2022**
Net income	$30,272	$3,138
Less: Income attributable to redeemable noncontrolling interests	18,090	1,879
Net income attributable to Class A Common Stockholders—basic	**12,182**	**1,259**
Denominator—basic:		
Weighted average Class A common stock outstanding—basic	77,410,820	79,151,929
Net income per Class A common stock—basic	**$0.16**	**$0.02**
Numerator—diluted:		
Net income attributable to Class A Common Stockholders—basic	$12,182	$1,259
Net income effect of dilutive securities:		
Effect of dilutive Noncontrolling Interest	16,849	1,720
Effect of Exercise Warrants	-	9
Effect of RSUs	20	-
Net income attributable to Class A Common Stockholders—diluted	**29,051**	**2,988**
Denominator—diluted:		
Weighted average Class A common stock outstanding—basic	77,410,820	79,151,929
Weighted average effect of dilutive securities:		
Effect of dilutive Noncontrolling Interest	118,200,000	118,200,000
Effect of Exercise Warrants	-	1,035,625
Effect of RSUs	213,162	26,593
Weighted average Class A common stock outstanding—diluted	195,823,982	198,414,147
Net income per Class A common stock—diluted	**$0.15**	**$0.02**

Supplementary Financial Data – Historical AOS[1]





(1) *Average Order Size ("AOS") is calculated by dividing Marketplace GOV by Total Marketplace orders.*

Non-GAAP Reconciliations

(in thousands except for percentages)

	2022				2023	2022				2023
	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Net income (loss) / Net income (loss) margin	**$3,138**	**$24,060**	**$18,747**	**$24,834**	**$30,272**	**2.4%**	**16.3%**	**12.0%**	**15.1%**	**18.8%**
Income tax expense (benefit)	$76	-	$118	-$1,784	$285	0.1%	-	0.1%	-1.1%	0.2%
Interest expense - net	$3,942	$2,699	$2,901	$3,316	$3,280	3.0%	1.8%	1.8%	2.0%	2.0%
Depreciation and amortization	$1,385	$1,726	$2,158	$2,463	$2,598	1.1%	1.2%	1.4%	1.5%	1.6%
Sales tax liability(1)	$922	$2,010	-$118	-	-	0.7%	1.4%	-0.1%	-	-
Transaction costs(2)	$1,402	$2,345	$538	$555	$456	1.1%	1.6%	0.3%	0.3%	0.3%
Equity-based compensation(3)	$3,597	$5,312	$5,073	$5,071	$5,530	2.8%	3.6%	3.2%	3.1%	3.4%
Loss on extinguishment of debt(4)	$4,285	-	-	-	-	3.3%	-	-	-	-
Litigation, settlements and related costs(5)	-$14	$1,009	$89	$1,393	$300	0.0%	0.7%	0.1%	0.8%	0.2%
Change in fair value of warrants(6)	$2,279	-$8,832	-$65	-$1,609	-$327	1.7%	-6.0%	0.0%	-1.0%	-0.2%
Change in fair value of contingent consideration(7)	-	-	-$1,220	-$845	$34	-	-	-0.8%	-0.5%	0.0%
Loss on asset disposals(8)	-	-	$63	$306	$7	-	-	0.0%	0.2%	0.0%
Adjusted EBITDA / Adjusted EBITDA margin	**$21,012**	**$30,329**	**$28,284**	**$33,700**	**$42,435**	**16.1%**	**20.5%**	**18.0%**	**20.4%**	**26.3%**

Non-GAAP Reconciliations

Notes:

(1) We have historically incurred sales tax expense in jurisdictions where we expected to remit sales tax payments but were not yet collecting from customers. During the second half of 2021, we began collecting sales tax from customers in the required jurisdictions. The sales tax liability presented herein represents the tax liability for sales tax prior to the date we began collecting sales tax from customers reduced by abatements received, inclusive of any penalties and interest assessed by the jurisdictions. The remaining historic sales tax liability payments were made during the year ended December 31, 2022.

(2) Transaction costs consist of legal; accounting; tax and other professional fees; personnel-related costs, which consist of retention bonuses; and integration costs. Transaction costs recognized in 2023 were primarily related to legal expenses and retention bonuses related to Betcha Sports, Inc. ("Betcha" rebranded as "Vivid Picks"). Transaction costs recognized in 2022 were related to the Merger Transaction, the acquisition of Betcha and the refinancing of the remaining June 2017 First Lien Loan with a new February 2022 First Lien Loan.

(3) We incur equity-based compensation expenses for profits interests issued prior to the Merger Transaction and equity granted according to the 2021 Incentive Award Plan ("2021 Plan"), which we do not consider to be indicative of our core operating performance. The 2021 Plan was approved and adopted in order to facilitate the grant of equity incentive awards to our employees and directors. The 2021 Plan became effective on October 18, 2021.

(4) Losses incurred resulted from the extinguishment of the June 2017 First Lien Loan in February 2022.

(5) These amounts relate to external legal costs, settlement costs and insurance recoveries, which were unrelated to our core business operations.

(6) This relates to the revaluation of warrants to purchase common units of Hoya Intermediate ("Intermediate Units") held by Hoya Topco following the Merger Transaction.

(7) This relates to the revaluation of Vivid Picks cash earnouts.

(8) This relates to asset disposals, which are not considered indicative of our core operating performance.

Defined Terms:

- In March of 2021, we incorporated an entity in Delaware for the purpose of completing the transactions contemplated by the transaction agreement dated April 21, 2021 (the "Transaction Agreement") among Horizon Acquisition Corporation ("Horizon"), a publicly traded special purpose acquisition company, Horizon Sponsor, LLC, a Delaware limited liability company, Hoya Intermediate, LLC ("Hoya Intermediate") and Hoya Topco, LLC ("Hoya Topco"), a Delaware limited liability company.
- In October 2021, as contemplated by the Transaction Agreement, Horizon merged with us (the "Merger Transaction"), upon which the separate corporate existence of Horizon ended and we remained as the surviving entity. At the same time, we became a publicly traded company listed on the Nasdaq Global Select Market ("Nasdaq") with our Class A common stock trading under the symbol "SEAT" and warrants trading under the symbol "SEATW."
- On June 30, 2017, we entered into a $575.0 million first lien debt facility, comprised of a $50.0 million revolving facility (the "Revolving Facility") and a $525.0 million term loan (the "June 2017 First Lien Loan"), and a second lien credit facility, comprised of a $185.0 million second lien term loan (the "June 2017 Second Lien Loan"). The First Lien Loan was amended to upsize the committed amount by $115.0 million on July 2, 2018. On October 28, 2019, we paid off our June 2017 Second Lien Loan balance. The underlying credit facility was subsequently retired on May 22, 2020. On October 18, 2021, in connection with and using the proceeds from the Merger Transaction, we made an early payment of a portion of our May 2020 First Lien Loan balance.
- On May 22, 2020, we entered into a new $260.0 million first lien term loan (the "May 2020 First Lien Loan") that is pari passu with the June 2017 First Lien Loan. The proceeds from the May 2020 First Lien Loan were used for general corporate purposes and to extinguish and retire the Revolving Facility in full. On October 18, 2021, in connection with and using the proceeds from the Merger Transaction, we paid off in full our May 2020 First Lien Loan balance.
- In connection with the Merger Transaction, Hoya Intermediate issued to Hoya Topco (i) warrants to purchase 3,000,000 shares of Hoya Intermediate common units at an exercise price of $10.00 per share, and (ii) warrants to purchase 3,000,000 shares of Hoya Intermediate common units at an exercise of $15.00 per share (collectively, the "Hoya Intermediate Warrants").