

# vividseats

Q2 2023 Financial Results

August 8, 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



# Important Disclaimers

## Forward-Looking Statements

This presentation contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. The forward-looking statements in this presentation relate to, without limitation: our future results of operations and financial position, including our expectations regarding Marketplace GOV, Revenues, Adjusted EBITDA, Adjusted EBITDA margin, cash conversion and the impact of our investments; our expectations with respect to live event industry growth; our competitive positioning; our business strategy; the planned acquisition of Wavedash; and the plans and objectives of management for future operations. Words such as "estimate," "project," "expect," "anticipate," "forecast," "plan," "intend," "believe," "seek," "may," "will," "should," "future" and "propose," as well as similar expressions which predict or indicate future events or which do not relate to historical matters, are intended to identify such forward-looking statements. Forward-looking statements are not guarantees of future performance, conditions or results, and are subject to risks, uncertainties and assumptions, many of which are outside of our control. Important factors that could cause actual results or outcomes to differ materially from those anticipated in the forward-looking statements include, but are not limited to: 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 in marketplace rules; competition in the ticketing industry; the willingness of artists, teams and promoters to continue to support the secondary ticket market; our ability to maintain and improve our platform and brand or to develop successful new solutions and enhancements or improve existing ones; the impact of potential unfavorable legislative developments; the successful completion of our acquisition and integration of Wavedash; the effects of any recession and inflation; ongoing and future effects of pandemics; our ability to generate sufficient cash flows or raise additional capital necessary to fund our operations; 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 factors detailed in the "Risk Factors" sections of our most recent Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q and other filings with the Securities and Exchange Commission. Forward-looking statements speak only as of the date of this presentation. 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.

## Use of Non-GAAP Financial Measures

We present Adjusted EBITDA and Adjusted EBITDA margin, which are non-GAAP financial 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 because 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. These non-GAAP financial measures are key measures 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 financial measures provide useful information to investors and others in understanding and evaluating our results of operations, as well as provide a useful measure for making period-to-period comparisons of our business performance and highlighting trends in our operating results. These non-GAAP financial 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. These non-GAAP financial measures do not reflect all amounts associated with our operating results as determined in accordance with GAAP and may exclude recurring costs, 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 financial 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 these non-GAAP financial measures. See the "Non-GAAP Reconciliations" section of this presentation for a reconciliation of these non-GAAP financial measures to their most directly comparable GAAP measures.

# Business Highlights & Updates

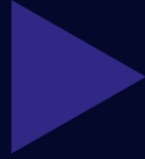
Stan Chia, Chief Executive Officer

**vividseats**

# Q2 2023 Highlights

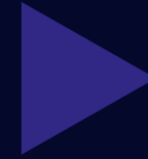
**Marketplace GOV<sup>1</sup>**

**\$954M**



**Revenues**

**\$165M**



**Adjusted EBITDA<sup>2</sup>**

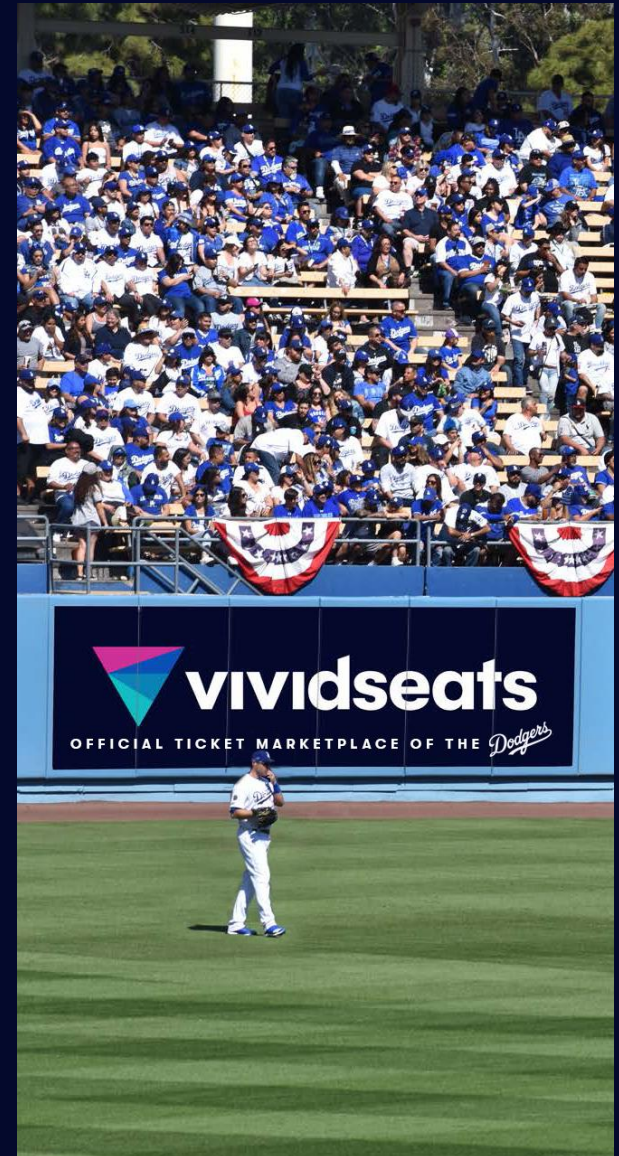
**\$31M**

- Record-breaking quarterly GOV driven by notable strength in Concerts
- Continued profitable growth & cash flow enabling additional strategic partnerships, brand investments and TAM expansion

(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 a non-GAAP financial measure. See the "Non-GAAP Reconciliations" section of this presentation for a reconciliation of Adjusted EBITDA to Net income. Q2'23 Net income was \$38.3M and Q2'22 Net income was \$24.1M.

# Driving A Differentiated Experience with Strategic Partnerships



# Financial Results

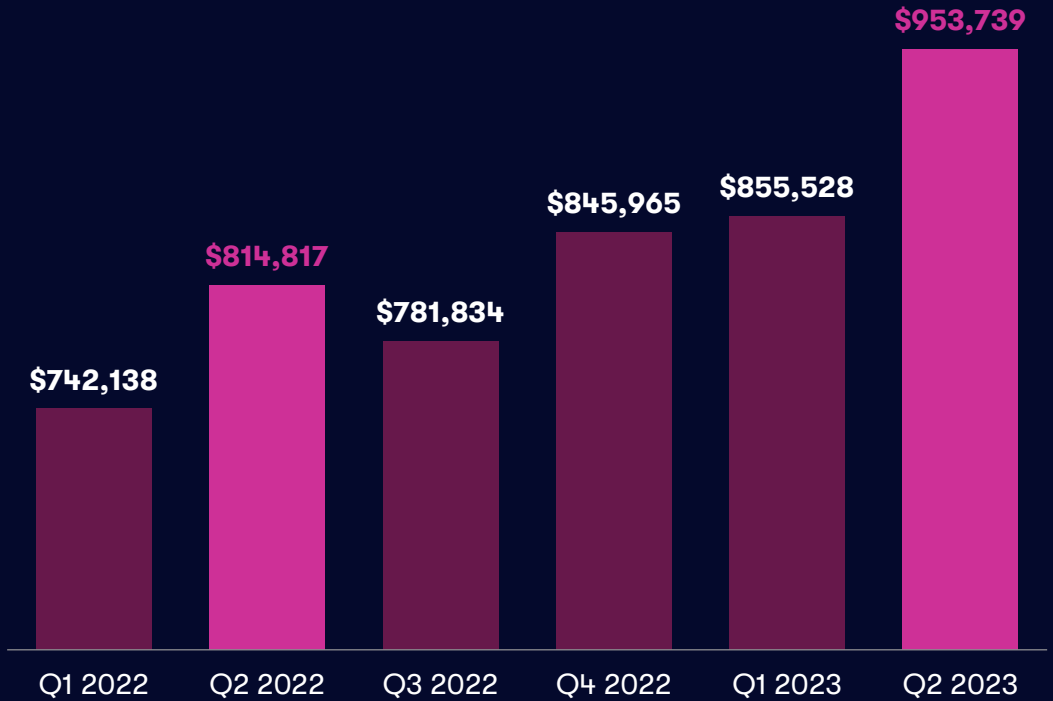
Lawrence Fey, Chief Financial Officer

**vividseats**

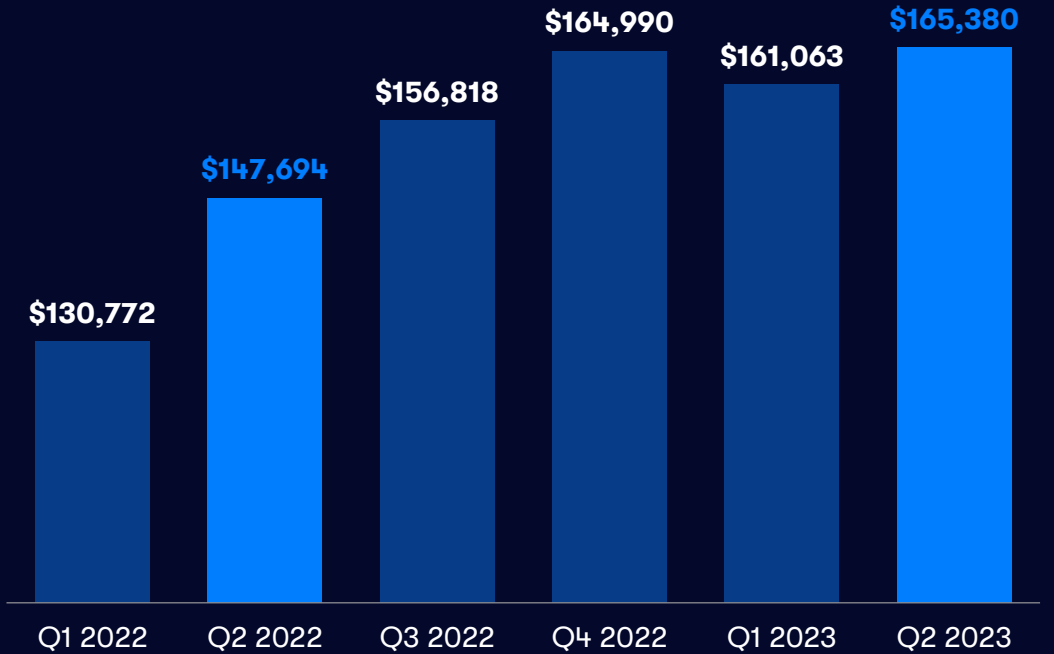
# Marketplace GOV and Revenues

(in thousands)

## Marketplace GOV<sup>1</sup>



## Revenues



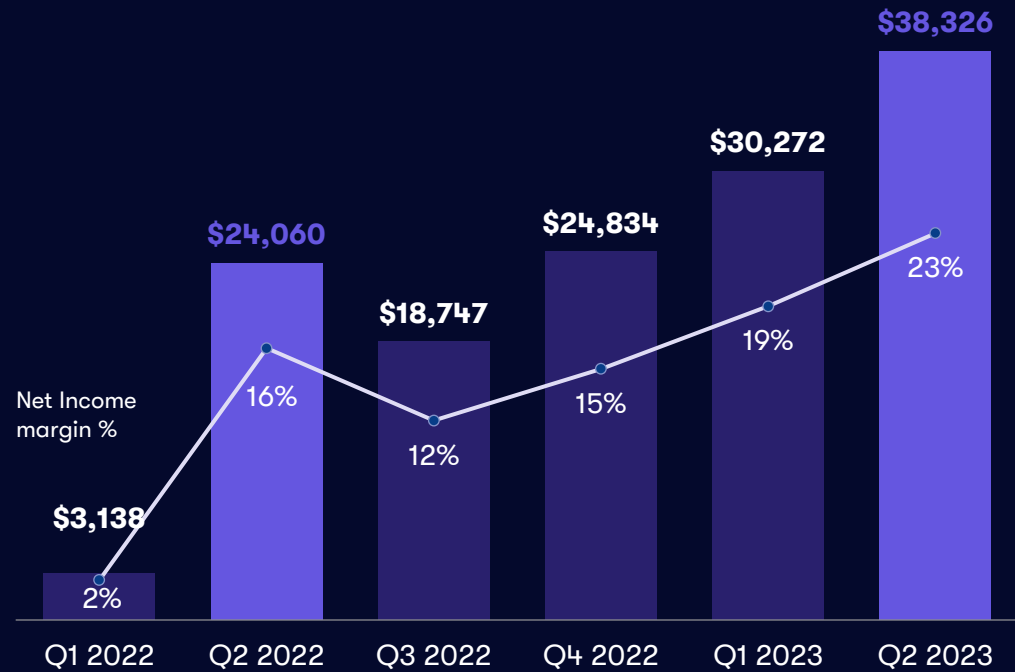
(1) Marketplace GOV represents the total transactional amount of Marketplace segment orders placed on our platform in a period, inclusive of fees, exclusive of taxes, and net of event cancellations that occurred during that period.



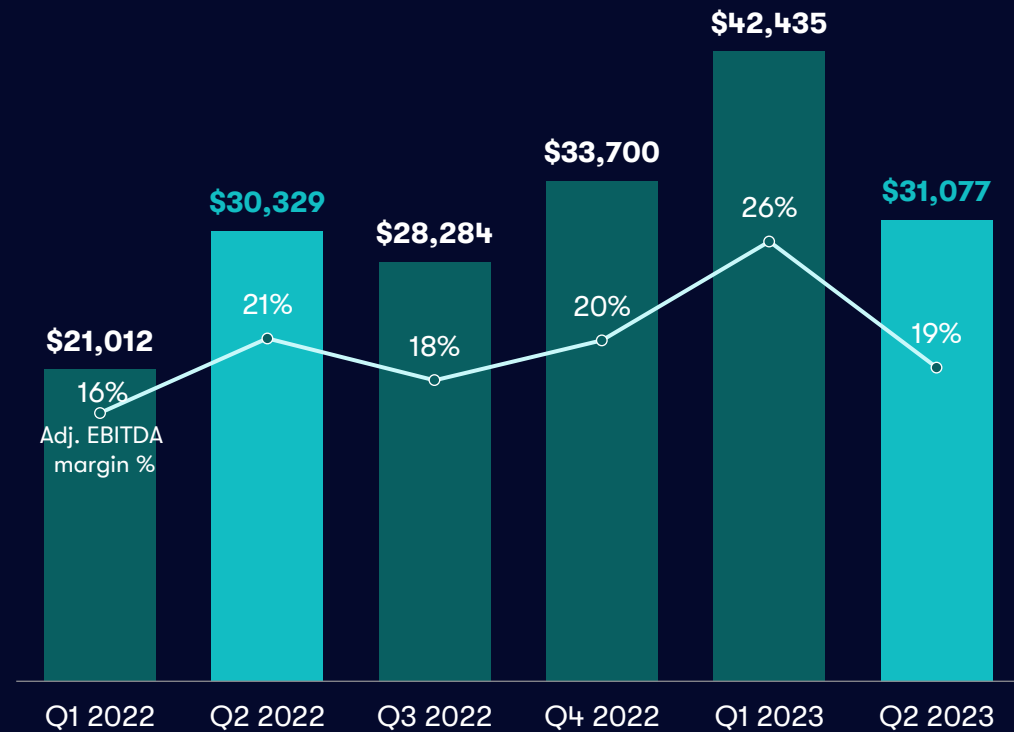
# Net Income and Adjusted EBITDA

(in thousands)

## GAAP Net Income<sup>1</sup>



## Adjusted EBITDA<sup>2</sup>



(1) Represents consolidated net income before allocation to noncontrolling interests.

(2) Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures. See the "Non-GAAP Reconciliations" section of this presentation for a reconciliation of Adjusted EBITDA to net income and Adjusted EBITDA margin to net income margin.

# 2023 Financial Guidance

Key Financial Metrics	3/7/23	5/9/23	Change	8/8/23	Change
Marketplace GOV	\$3.0B to \$3.3B	\$3.15B to \$3.40B	↑	\$3.4B to \$3.6B	↑
Revenues	\$580M to \$610M	\$605M to \$630M	↑	\$630M to \$650M	↑
Adjusted EBITDA <sup>1</sup>	\$110M to \$115M	\$115M to \$130M	↑	\$125M to \$135M	↑



(1) Adjusted EBITDA is a non-GAAP financial measure. See "Important Disclaimers." We calculate forward-looking Adjusted EBITDA based on internal forecasts that omit certain information that would be included in forward-looking net income, the most directly comparable GAAP measure. We do not provide a reconciliation of forward-looking Adjusted EBITDA to forward-looking net income 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



- Robust cash conversion; generated \$83M cash from operations in 1H
- Cash balance exceeding debt balance<sup>1</sup> by \$35M
- The upcoming acquisition of Wavedash for approx. \$61M cash<sup>2</sup>, the leading secondary ticket marketplace in Japan, is indicative of the strategic optionality our cash flow and robust balance sheet enable
- Ongoing evaluation of opportunities that will expand TAM, drive profitable growth and maximize long-term shareholder returns

(1) Represents term loan principal outstanding.  
(2) Based on enterprise value, subject to closing adjustments, of ¥8.7 billion converted at a 142.3 JPY/USD exchange rate.

# Closing Remarks

Stan Chia, Chief Executive Officer

**vividseats**

# Key Takeaways

1

## **Robust Supply and Demand in 1H 2023**

Extraordinary 1H 2023 financial results driven by widespread strength in event supply/demand and solid Vivid Seats execution

2

## **Driving a Differentiated Experience**

Vivid Seats Rewards offers compelling value that starts with an 11<sup>th</sup> free ticket and continues with expanded partnerships with key teams that offer exclusive and premium on-site experiences

3

## **International TAM Expansion**

Definitive agreement to acquire Wavedash, Japan's leading secondary ticketing marketplace, reflects the strategic flexibility afforded by our strong balance sheet and cash flow



Q+A

# Thank You



[investors@vividseats.com](mailto:investors@vividseats.com)

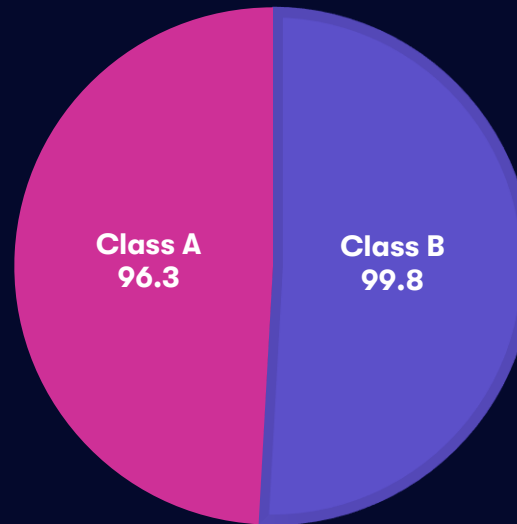


# Capital Structure

196M Shares Outstanding<sup>1</sup> as of 6/30/23

## CLASS A

- Publicly traded (SEAT)
- EPS calculation reflects ~49% economic interest and ~49% 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 – Q2 2023

(in thousands)

## Marketplace Revenues by Event Category

	Three Months Ended June 30,		
	2023	2022	% Change
<b>Revenues:</b>			
Concerts	\$77,741	\$65,816	18%
Sports	45,349	51,285	-12%
Theater	15,527	11,856	31%
Other	533	957	-44%
<b>Total Marketplace revenues</b>	<b>\$139,150</b>	<b>\$129,914</b>	<b>7%</b>

## Segment Contribution Margin

	Three Months Ended June 30, 2023		
	Marketplace	Resale	Consolidated
<b>Revenues</b>	\$139,150	\$26,230	\$165,380
<b>Cost of revenues</b>	22,766	19,850	42,616
<b>Marketing and selling</b>	65,192	0	65,192
<b>Contribution margin</b>	<b>\$51,192</b>	<b>\$6,380</b>	<b>\$57,572</b>

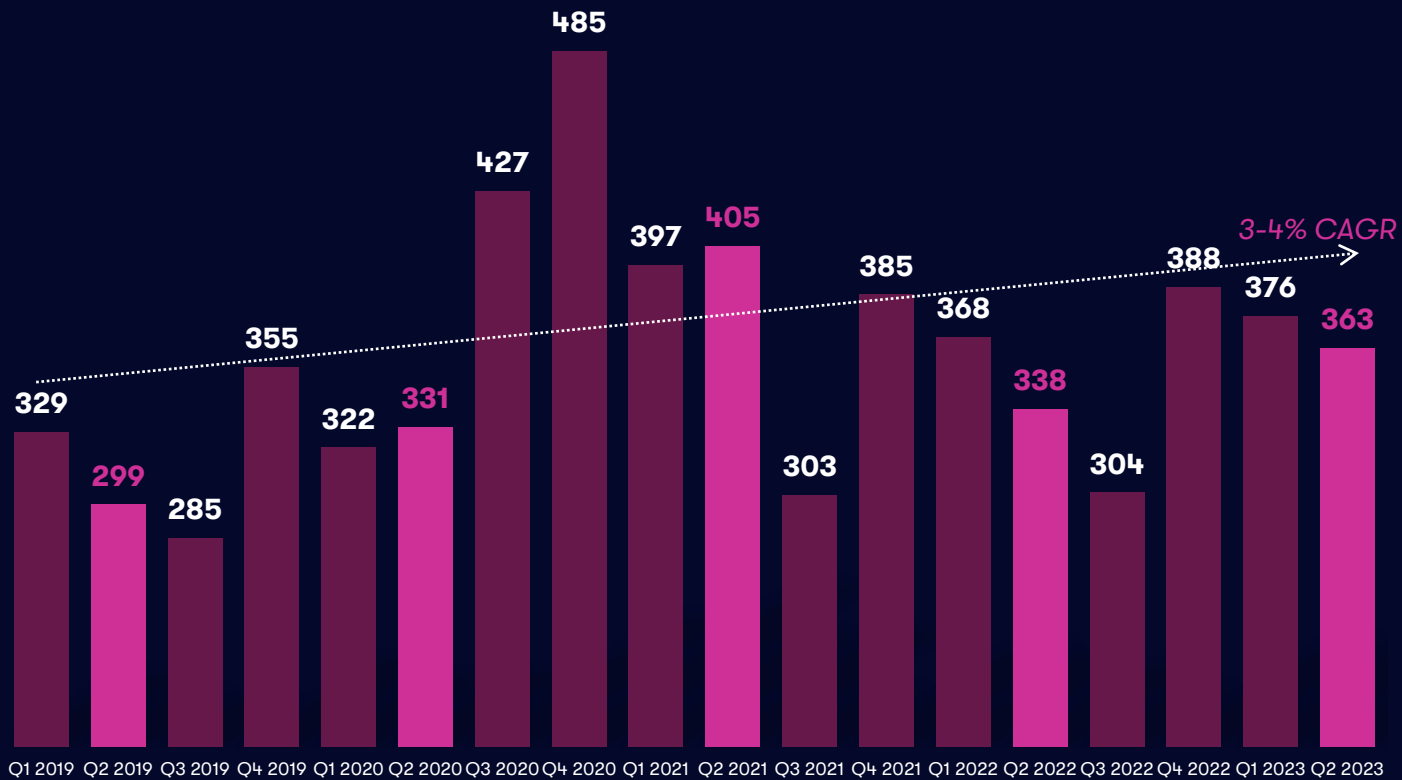
	Three Months Ended June 30, 2022		
	Marketplace	Resale	Consolidated
<b>Revenues</b>	\$129,914	\$17,780	\$147,694
<b>Cost of revenues</b>	18,553	13,869	32,422
<b>Marketing and selling</b>	59,412	0	59,412
<b>Contribution margin</b>	<b>\$51,949</b>	<b>\$3,911</b>	<b>\$55,860</b>

## EPS

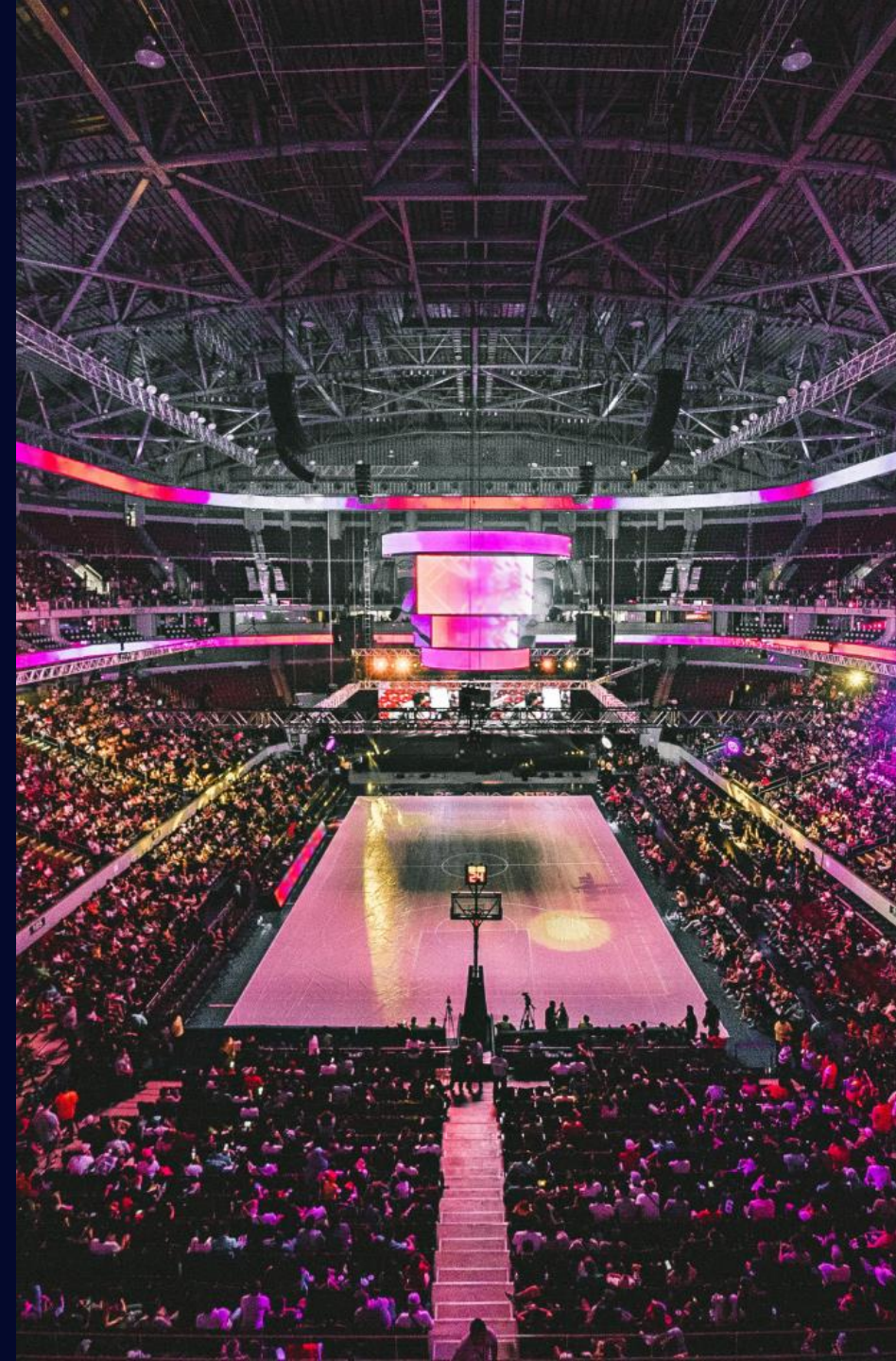
	Three Months Ended June 30,	
	2023	2022
<b>Numerator—basic:</b>		
Net income	\$38,326	\$24,060
Less: Income attributable to redeemable noncontrolling interests	7,614	14,405
<b>Net income attributable to Class A Common Stockholders—basic</b>	<b>30,712</b>	<b>9,655</b>
<b>Denominator—basic:</b>		
Weighted average Class A common stock outstanding—basic	85,269,196	79,256,354
<b>Net income per Class A common stock—basic</b>	<b>\$0.36</b>	<b>\$0.12</b>
<b>Numerator—diluted:</b>		
Net income attributable to Class A Common Stockholders—basic	\$30,712	\$9,655
Net income effect of dilutive securities:		
Effect of Noncontrolling interests	8,765	-
Effect of Exercise Warrants	-	-
Effect of RSUs	18	-
<b>Net income attributable to Class A Common Stockholders—diluted</b>	<b>39,495</b>	<b>9,655</b>
<b>Denominator—diluted:</b>		
Weighted average Class A common stock outstanding—basic	85,269,196	79,256,354
Weighted average effect of dilutive securities:		
Effect of Noncontrolling Interests	110,662,222	-
Effect of Exercise Warrants	-	-
Effect of RSUs	446,052	2,663
Weighted average Class A common stock outstanding—diluted	196,377,470	79,259,017
<b>Net income per Class A common stock—diluted</b>	<b>\$0.20</b>	<b>\$0.12</b>

# Supplementary Financial Data – Historical AOS<sup>1</sup>

## Average Order Size (\$)



(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	Q2 2023	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
<b>Net income/ Net income margin</b>	<b>\$3,138</b>	<b>\$24,060</b>	<b>\$18,747</b>	<b>\$24,834</b>	<b>\$30,272</b>	<b>\$38,326</b>	<b>2.4%</b>	<b>16.3%</b>	<b>12.0%</b>	<b>15.1%</b>	<b>18.8%</b>	<b>23.2%</b>
Income tax expense (benefit)	\$76	-	\$118	-\$1,784	\$285	-\$24,485	0.1%	-	0.1%	-1.1%	0.2%	-14.8%
Interest expense - net	\$3,942	\$2,699	\$2,901	\$3,316	\$3,280	\$2,772	3.0%	1.8%	1.8%	2.0%	2.0%	1.7%
Depreciation and amortization	\$1,385	\$1,726	\$2,158	\$2,463	\$2,598	\$2,704	1.1%	1.2%	1.4%	1.5%	1.6%	1.6%
Sales tax liability <sup>(1)</sup>	\$922	\$2,010	-\$118	-	-	-	0.7%	1.4%	-0.1%	-	-	-
Transaction costs <sup>(2)</sup>	\$1,402	\$2,345	\$538	\$555	\$456	\$4,488	1.1%	1.6%	0.3%	0.3%	0.3%	2.7%
Equity-based compensation <sup>(3)</sup>	\$3,597	\$5,312	\$5,073	\$5,071	\$5,530	\$7,380	2.8%	3.6%	3.2%	3.1%	3.4%	4.5%
Loss on extinguishment of debt <sup>(4)</sup>	\$4,285	-	-	-	-	-	3.3%	-	-	-	-	-
Litigation, settlements and related costs <sup>(5)</sup>	-\$14	\$1,009	\$89	\$1,393	\$300	-\$66	0.0%	0.7%	0.1%	0.8%	0.2%	0.0%
Change in fair value of warrants <sup>(6)</sup>	\$2,279	-\$8,832	-\$65	-\$1,609	-\$327	\$1,000	1.7%	-6.0%	0.0%	-1.0%	-0.2%	0.6%
Change in fair value of contingent consideration <sup>(7)</sup>	-	-	-\$1,220	-\$845	\$34	-\$1,052	-	-	-0.8%	-0.5%	0.0%	-0.6%
Loss on asset disposals <sup>(8)</sup>	-	-	\$63	\$306	\$7	\$10	-	-	0.0%	0.2%	0.0%	0.0%
<b>Adjusted EBITDA / Adjusted EBITDA margin</b>	<b>\$21,012</b>	<b>\$30,329</b>	<b>\$28,284</b>	<b>\$33,700</b>	<b>\$42,435</b>	<b>\$31,077</b>	<b>16.1%</b>	<b>20.5%</b>	<b>18.0%</b>	<b>20.4%</b>	<b>26.3%</b>	<b>18.8%</b>

## 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 2H 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 12/31/2022.
- (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 expenses incurred in connection with a secondary offering by Hoya Topco, LLC of our Class A common stock, expenses incurred for strategic investments and legal expenses and retention bonuses related to our acquisition of Betcha Sports, Inc. ("Betcha," which was rebranded as "Vivid Picks"). Transaction costs recognized in 2022 were primarily related to the merger transaction with Horizon Acquisition Corporation (the "Merger Transaction"), our acquisition of Betcha and the refinancing of the June 2017 First Lien Loan with the February 2022 First Lien Loan.
- (3) We incur equity-based compensation expenses for profits interests issued prior to the Merger Transaction and equity granted pursuant to the 2021 Incentive Award Plan (the "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, directors and consultants. The 2021 Plan became effective on 10/18/2021.
- (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, LLC held by Hoya Topco, LLC 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.