

# Universal Electronics Inc.

## Sidoti Virtual Small Cap Conference

*March 19 – 20, 2025*



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## SAFE HARBOR STATEMENT

This presentation and accompanying schedules contain "forward-looking statements" within the meaning of federal securities laws, including net sales, profit margin and earnings trends, estimates and assumptions; our expectations about new product introductions; and similar statements concerning anticipated future events and expectations that are not historical facts. We caution you that these statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those we identify below and other risk factors that we identify in our annual report on Form 10-K for the year ended December 31, 2023 and the periodic reports filed and furnished since then.

Risks that could affect forward-looking statements in this presentation include: our continued ability to timely develop and deliver innovative control solutions and technologies that are accepted by our customers, both near- and long-term; our ability to attract new customers and to successfully capture sales in all markets we serve, including in the climate control and connected home markets as anticipated by management; our ability to continue optimizing our manufacturing footprint and realize the lower concentration risks as expected by management; our ability to maintain our market share in the traditional subscription broadcast market; our ability to manage through the worldwide inflationary pressures and macroeconomic conditions; our ability to continue to manage our business, inventories and cash flows to achieve our net sales, margins and earnings through financial discipline, operational efficiency, product line management, liquidity requirements, capital expenditures and other investment spending expectations; our continued ability to successfully enforce our patented technology, including with respect to our litigation against Roku; our continued ability to strategically enhance, expand, and monetize our IP portfolios; the continued fluctuation in our market capitalization; the use of artificial intelligence applications which could result in cybersecurity incidents that implicate the personal data of end users or other unintended ethical, reputational, competitive harm or legal liability; the direct and indirect impact we may experience with respect to our business and financial results and management's ability to anticipate and mitigate the impact stemming from the continued economic uncertainty affecting consumers' confidence and spending, natural disasters or other events beyond our control, public health crises (including an outbreak of infectious disease), governmental actions, including the changes in or enhanced use of laws, regulations and policies may have on our business including the impact of decreased governmental incentive programs worldwide or of enhanced or expanded trade regulations, including the expanded use of tariffs, pertaining to importation of our products, the effects of political unrest, war, terrorist activities, or other hostilities; the effects and uncertainties and other factors more fully described in our reports filed with the SEC. Since it is not possible to predict or identify all of the risks, uncertainties and other factors that may affect future results, the above list should not be considered a complete list. Further, any of these factors could cause actual results to differ materially from the expectations we express or imply in this press release. We make these forward-looking statements as of February 20, 2025, and we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.



OUR MISSION

Be one with your home

Creating touchpoints that provide the simplest way for a human to interact with technology in their home.

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# UEI is the global leader in universal control solutions for the home

Our 540 engineering and R&D team members worldwide bring to life millions of innovative wireless control products each year that focus on a user-centric approach to building control solutions and applications that simplify user interaction with highly complex technologies in the home, removing interoperability challenges as a roadblock for user adoption, with a privacy first and secure by design approach for today's smart devices.

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# we do ctrl



Entertainment



Climate



Smart Home

Discover

Control

Personalize



Embedded  
Technology



Finished  
Goods



Software &  
Cloud Services

# Business Highlights



## Growing share in Climate Control & Home Automation

- Developed and launched UEI TIDE™ family of Climate Control products that are being adopted by customers in HVAC OEM, MDU and Utility channels
- Strong pipeline of new product design wins in Connected Home space across HVAC, Security, Hospitality and Home Automation
- Creating innovative technology solutions that deliver privacy, comfort and convenience, and energy management functionality and enabling interoperability with the latest smart home ecosystems

## Focus on Technology, Innovation and Sustainability

- Software and services: QuickSet Cloud capabilities designed to expand monetization opportunities for OEMs through better personalization and increased user engagement.
- Building core technologies in ultra-low power and energy harvesting for more sustainable (battery-free) product design
- Groundbreaking QuickSet homeSense adds on-device intelligence that learns from, and adapts to, the home environment to optimize device usage.

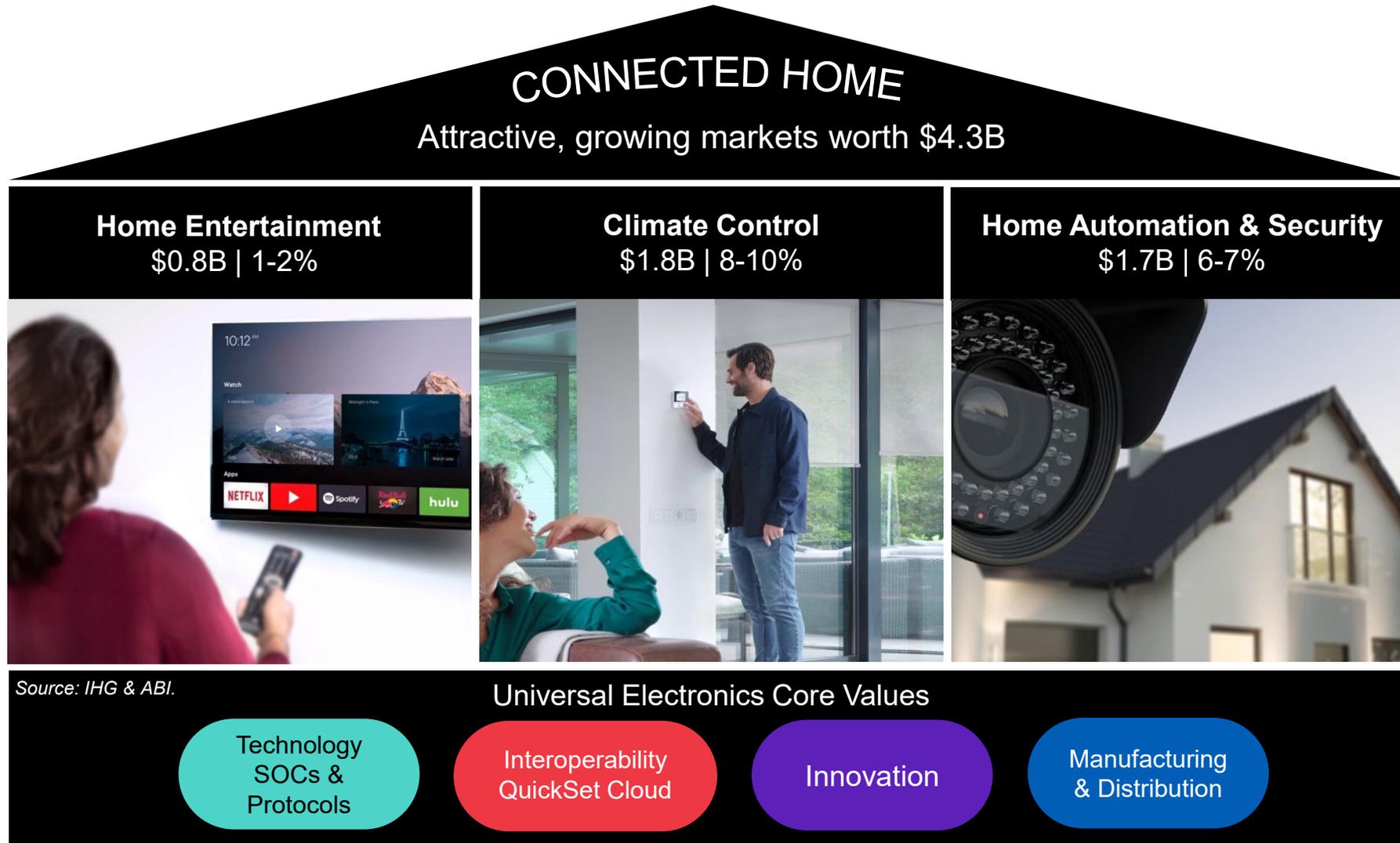
## Global Scale and Reach

- Vertically integrated across design, development, and manufacturing
- R&D teams in U.S., Europe, China and India
- Globally diversified manufacturing in Vietnam, China, Mexico and Brazil

## Fortune 500 Customer Base

- Licensing Cloud software to four of top five global Smart TV brands
- Global market share leader in voice control for home entertainment
- Development partner to six of top ten HVAC OEM brands in Climate Control

Leader in **Home Entertainment** control technologies and software services has enabled us to build new customer and product design wins in **Connected Home**, which represents new higher growth business.



# Home Entertainment

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Overall home entertainment is still a growth channel

- Primarily driven by **SmartTV penetration, growth in streaming services and evolution into hybrid set-top boxes**

Traditional pay TV market decline showing signs of stabilization

- TV platform growth through OS syndication

Move to more **streaming services**

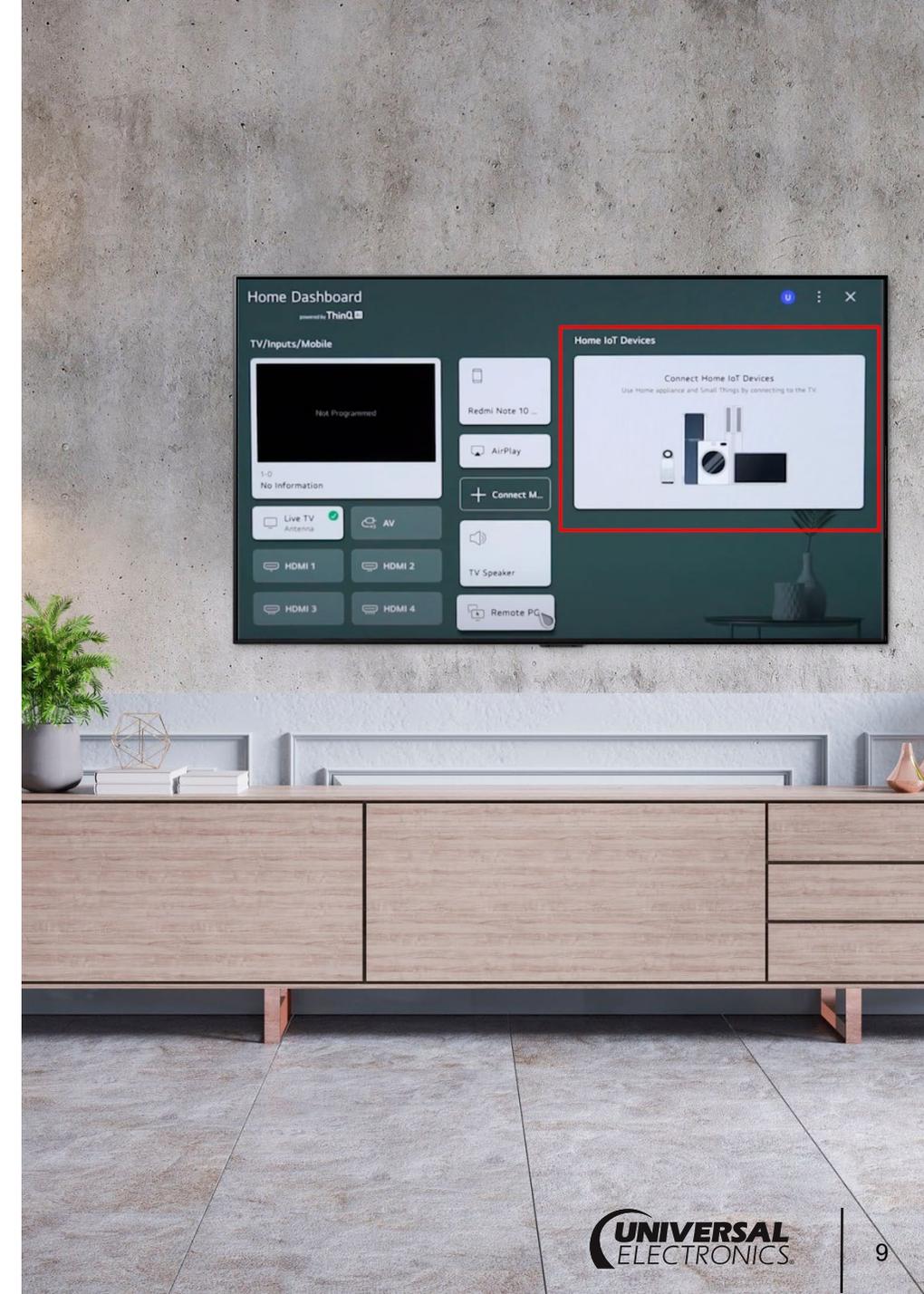
- Both Video-On-Demand as well as live TV streaming
- Subscription (SVOD), Sponsored (AVOD) and Free (FAST)

Business model changes, especially in USA

- **AdTech focus** will drive competition across TV OS landscape
- Broadband gateways represent **software licensing opportunities**

**Advanced TV OS** will be the service aggregator

- Enabling convergence of LiveTV, Streaming Video, Cloud Gaming, and **Smart Home services**



# Connected Home

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Demand for smart, connected climate control is **growing**

Addressable HVAC OEM market for residential climate control is estimated at **\$1.8B and growing at 10%**

- North America registered the highest growth rate, followed by APAC and Europe.

**Market growth is** driven by:

- Consumer focus on health, well-being & air quality
- Energy cost management, renewables & govt. incentives
- Connectivity for predictive/preventive maintenance services

Innovation is driving changes in HVAC systems, such as heat pumps and VRF, that rely on **proprietary control protocols**

**Industry dynamics** that impact growth

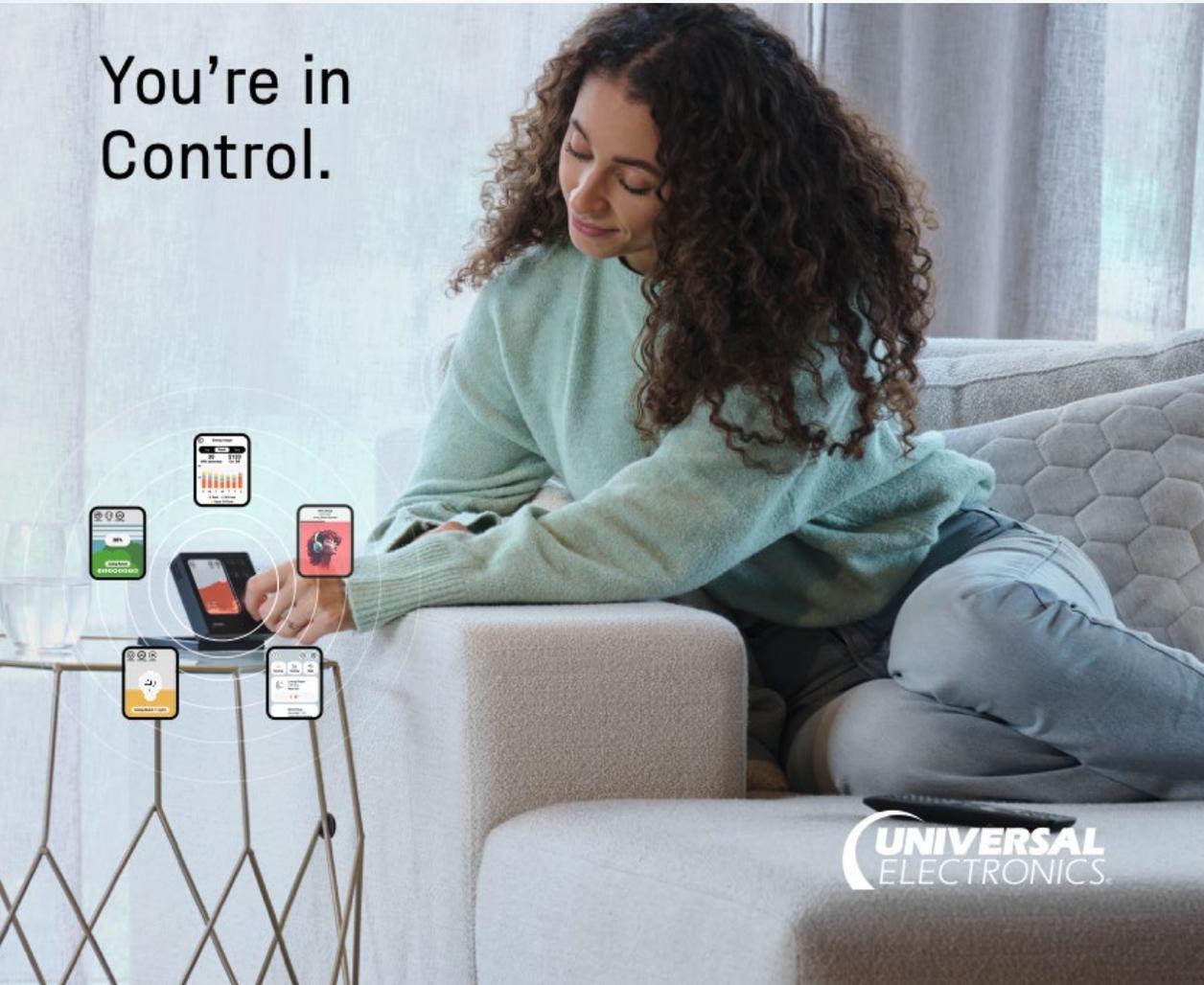
- Growing AI and Cloud Intelligence
- Innovation in IoT and wireless sensors



- Modular hardware platform with potential application across multiple markets and channels
- Complete smart thermostat line-up – cloud-native architecture with full suite of connectivity, interoperability, and AI support
- Built-in end user and installer support - easy onboarding, discovery, and troubleshooting with QuickSet® and Virtual agent (nevo.ai) features
- Support for wireless protocols – compatible with most HVAC systems and smart homes through easy integration of proprietary protocols
- Intuitive UX – award-winning, full-color display with touch and dial interface at market-leading price points
- Innovative features adds layer of intelligence to enhance user comfort, convenience and energy management
- Creating next generation climate control platform (Tide Pro) to deliver enhanced connectivity and multi-modality

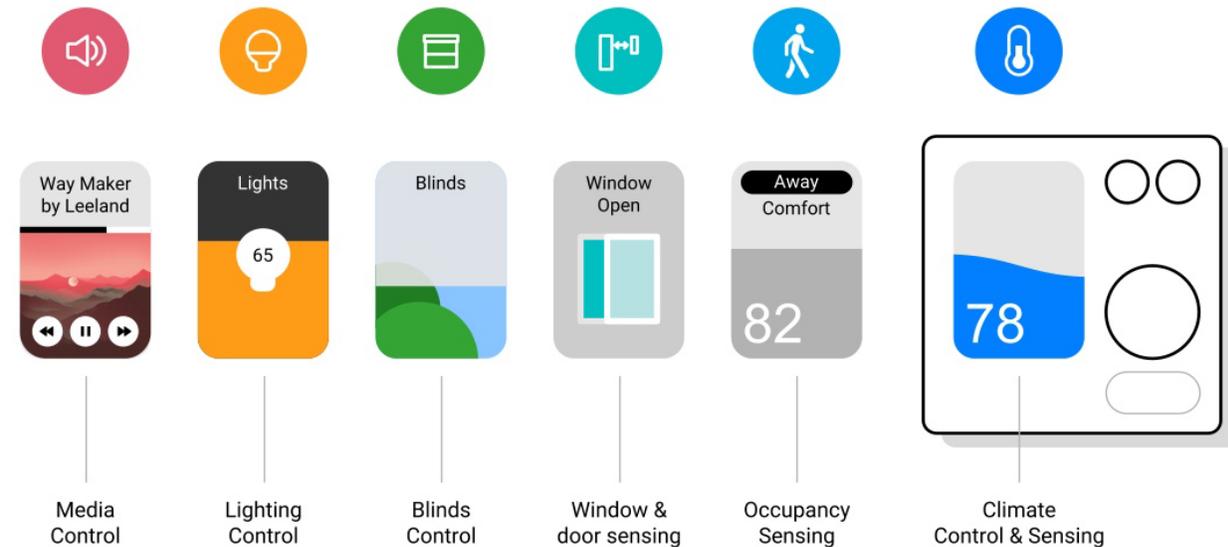


# You're in Control.

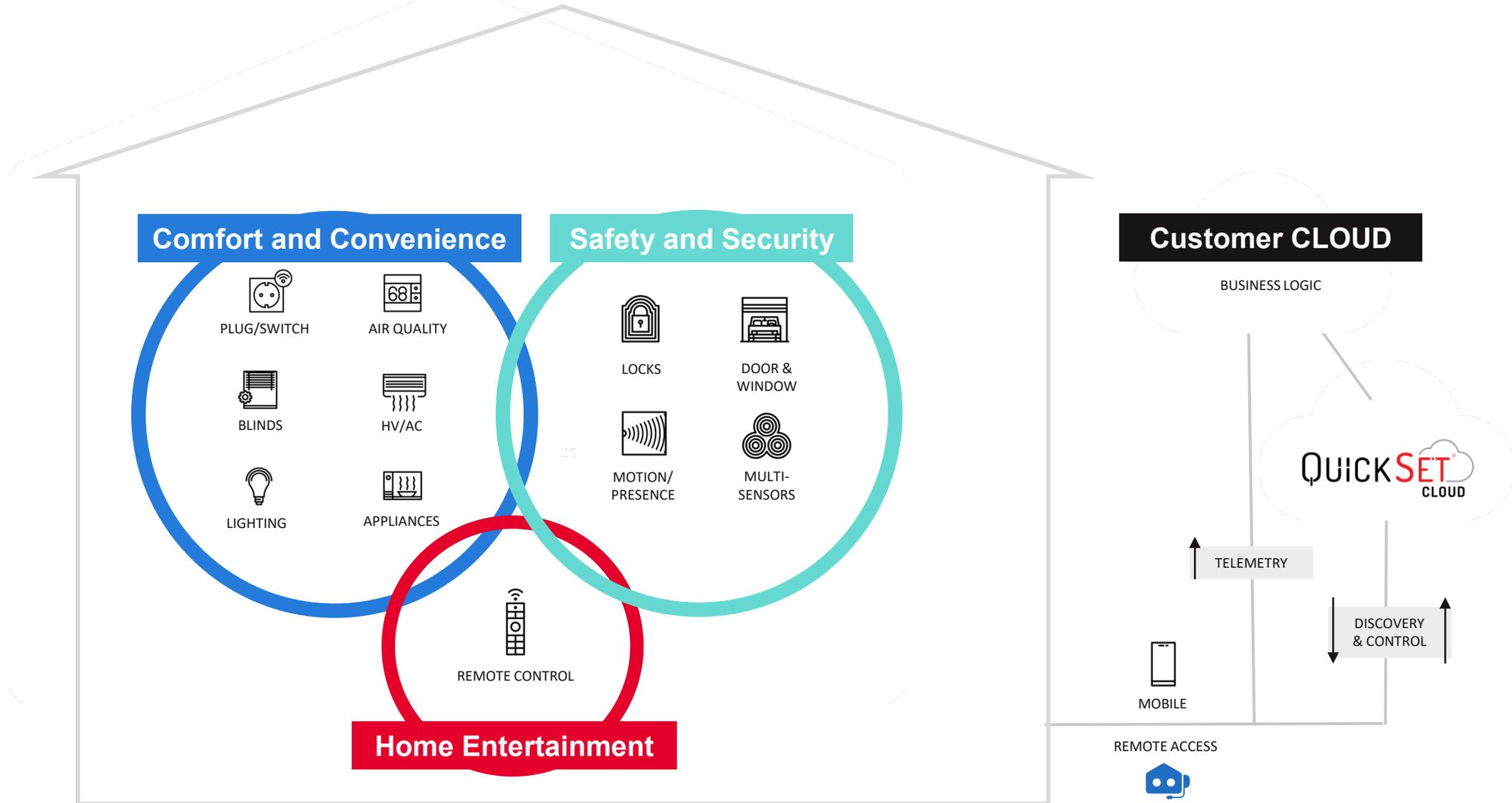


## INTELLIGENT CLIMATE CONTROL

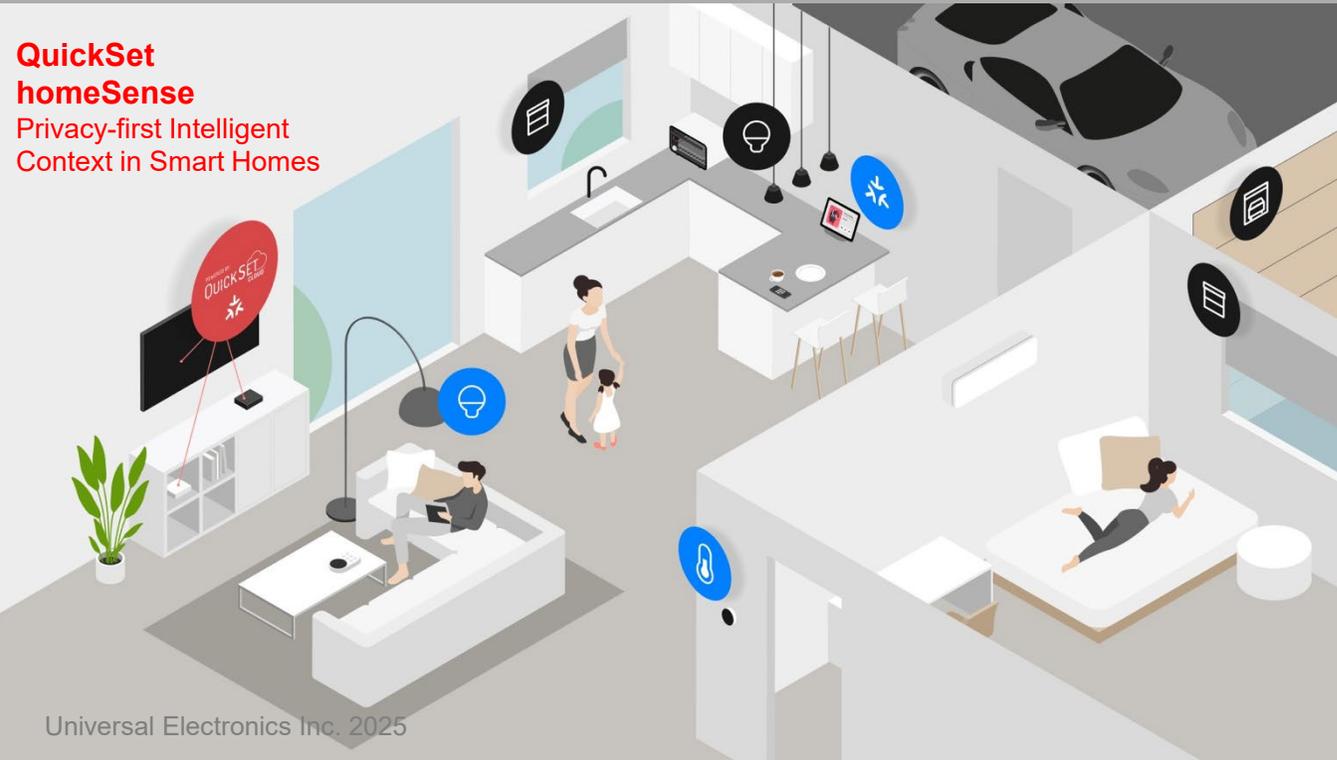
- Opportunity to penetrate high growth, HVAC OEM Climate Control market
- Invest in developing thermostat solutions, sensors and software optimized for HVAC OEMs
- Creating innovative use cases to re-define the role of Climate Control in the home



***UEI has the expertise to bring seamless interoperability and deliver a derived value proposition***



# QuickSet® delivers Smart Home interoperability & increased user engagement through personalized experiences



**QuickSet**  
**homeSense**  
Privacy-first Intelligent  
Context in Smart Homes

- Launched in 2008, QuickSet® has been **deployed in over 600 million devices** and is providing the world's most comprehensive solution for entertainment and smart home **device, app and content discovery and control**.
- QuickSet with homeSense learns and adapts to changes in the home to precisely target the right audience at the optimal moment, delighting the user and **maximizing monetization potential** for entertainment and smart home brands.
- QuickSet now supports a broader range of device and content sources, **spanning video and audio consumption** in the home.
- QuickSet is a certified Matter and Multi-Admin Controller that enables device, app and content discovery across any wired and wireless communication protocol including IP, Zigbee/RF4CE, Bluetooth LE and Thread.

# Partnering with global channel leaders



Video Service Providers



Consumer Electronics



Consumer Accessories



Climate Control



Home Security



Home Automation

<b>Adjusted Non-GAAP* (\$M, except EPS)</b>	<b>Q4 2024</b>	<b>Q4 2023</b>
Net Sales	\$110.5	\$97.6
Gross Margin	28.4%	28.5%
Net Income/(Loss)	\$2.6	\$(0.5)
Earning/(Loss) per Share	\$0.20	\$(0.04)

<b>Adjusted Non-GAAP* Guidance (\$M, except EPS)</b>	<b>Q1 2025</b>	<b>Q1 2024</b>
Net Sales	\$87 - \$97	\$91.9
EPS	\$(0.21) - \$(0.11)	\$(0.26)

\* Reconciliation of Adjusted non-GAAP to GAAP in the appendix.

#### **DELIVERING GROWTH Q4 2024 VS Q4 2023**

- Sales grew 13%
- EPS improved \$0.24

#### **DRIVING LONG-TERM SALES & PROFITABILITY GROWTH**

- Winning additional business in higher growth connected home channel
- Seeding net sales and earnings growth in Q4 2024 and 2025

#### **LOWERING DEBT IN HIGH INTEREST ENVIRONMENT**

- 12/31/24 compared to 12/31/23
  - \$26.8M cash and cash equivalents vs. \$42.8M, reflecting \$18.0M LOC repayment
  - \$37M outstanding debt vs. \$55M

#### **VALIDATING PATENTS, EXTERNALLY**

- U.S. Court of Appeals for the Federal Circuit affirmed UEI win against Roku
- Roku filed a request for U.S. Supreme Court review of that decision
- In mid-January, the U.S. Supreme Court denied Roku's request, making the decision final
- UEI could seek to get the 2 District Court cases started yet elected to not do so until a final Patent Trial and Appeals Board matter has been concluded, which is expected to occur near the end of 2025

# UEI Investment Rationale



- Targeting attractive, growing connected home markets worth \$4.3B
  - **Attracting top-tier customer base in new markets**
- Expanding product portfolio in growing climate control and home automation markets
  - **Leveraging global scale and reach**
- Focusing on technology, product innovation and sustainability
  - **Over 730 issued and pending U.S. patents as well as many foreign counterparts**
- Delivering efficiencies and improving financial position
  - **Projecting net sales and earnings growth for 2025**

# Financial Appendix



In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, UEI provides Adjusted Non-GAAP information as additional information for its operating results. References to Adjusted Non-GAAP information are to non-GAAP financial measures. These measures are not required by, in accordance with, or an alternative for, GAAP and may be different from non-GAAP financial measures used by other companies. UEI's management uses these measures for reviewing the financial results of UEI for budget planning purposes and for making operational and financial decisions. Management believes that providing these non-GAAP financial measures to investors, as a supplement to GAAP financial measures, help investors evaluate UEI's core operating and financial performance and business trends consistent with how management evaluates such performance and trends. Additionally, management believes these measures facilitate comparisons with the core operating and financial results and business trends of competitors and other companies.

Adjusted Non-GAAP net sales are defined as net sales. Adjusted Non-GAAP gross profit is defined as gross profit excluding impairment of long-lived assets and stock-based compensation expense. Adjusted Non-GAAP operating expenses are defined as operating expenses excluding impairment of long-lived assets, stock-based compensation expense, amortization of intangibles acquired, costs associated with certain litigation efforts, factory restructuring costs, legal judgment, severance, lease termination costs and goodwill impairment. Adjusted Non-GAAP net income (loss) is defined as net loss excluding the aforementioned items, foreign currency gains and losses, the related tax effects of all adjustments, as well as valuation allowances on certain deferred tax assets and certain net deferred tax adjustments. Adjusted Non-GAAP earnings (loss) per diluted share is calculated using Adjusted Non-GAAP net income (loss). A reconciliation of these financial measures to the most directly comparable GAAP financial measures is included at the end of this presentation.

The company will no longer exclude excess manufacturing overhead costs resulting from the continued transition of its global manufacturing footprint, specifically in Mexico and Vietnam, and depreciation related to the mark-up from cost to fair value of fixed assets acquired in business combinations from its Adjusted Non-GAAP figures. This impacts Adjusted Non-GAAP gross profit, gross margin, operating income (loss), income (loss) before provision (benefit) from income taxes and net income (loss) in the quarterly results for 2023 and 2024. There is no impact to GAAP results. A reconciliation of these measures is posted on the website in the Quarterly Results section.

RECONCILIATION OF GAAP TO ADJUSTED NON-GAAP FINANCIAL RESULTS  
(In thousands, except per share amounts, unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
<b>Net sales:</b>				
Net sales - GAAP	\$ 110,454	\$ 97,594	\$ 394,879	\$ 420,457
Adjusted Non-GAAP net sales	\$ 110,454	\$ 97,594	\$ 394,879	\$ 420,457
<b>Cost of sales:</b>				
Cost of sales - GAAP <sup>(1)</sup>	\$ 79,132	\$ 69,756	\$ 280,885	\$ 322,897
Impairment of long-lived assets <sup>(2)</sup>	—	—	—	(7,723)
Stock-based compensation expense	(34)	(32)	(106)	(125)
Adjusted Non-GAAP cost of sales	79,098	69,724	280,779	315,049
Adjusted Non-GAAP gross profit	\$ 31,356	\$ 27,870	\$ 114,100	\$ 105,408
<b>Gross margin:</b>				
Gross margin - GAAP <sup>(1)</sup>	28.4 %	28.5 %	28.9 %	23.2 %
Impairment of long-lived assets <sup>(2)</sup>	— %	— %	— %	1.8 %
Stock-based compensation expense	0.0 %	0.0 %	0.0 %	0.0 %
Adjusted Non-GAAP gross margin	28.4 %	28.5 %	28.9 %	25.0 %
<b>Operating expenses:</b>				
Operating expenses - GAAP	\$ 35,676	\$ 30,450	\$ 129,291	\$ 182,861
Impairment of long-lived assets <sup>(2)</sup>	—	—	—	(100)
Stock-based compensation expense	(1,650)	(1,945)	(6,594)	(8,684)
Amortization of acquired intangible assets	(223)	(281)	(909)	(1,137)
Litigation costs <sup>(3)</sup>	(157)	(83)	(689)	(1,687)
Factory restructuring charges <sup>(4)</sup>	(863)	(325)	(3,585)	(4,015)
Legal judgment <sup>(5)</sup>	(4,172)	—	(4,172)	—
Severance <sup>(6)</sup>	(960)	(180)	(960)	(2,635)
Lease termination <sup>(7)</sup>	(476)	—	(476)	—
Goodwill impairment <sup>(8)</sup>	—	—	—	(49,075)
Adjusted Non-GAAP operating expenses	\$ 27,175	\$ 27,636	\$ 111,906	\$ 115,528

RECONCILIATION OF GAAP TO ADJUSTED NON-GAAP FINANCIAL RESULTS  
(In thousands, except per share amounts, unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
<b>Operating income (loss):</b>				
Operating income (loss) - GAAP <sup>(1)</sup>	\$ (4,354)	\$ (2,612)	\$ (15,297)	\$ (85,301)
Impairment of long-lived assets <sup>(2)</sup>	—	—	—	7,823
Stock-based compensation expense	1,684	1,977	6,700	8,809
Amortization of acquired intangible assets	223	281	909	1,137
Litigation costs <sup>(3)</sup>	157	83	689	1,687
Factory restructuring costs <sup>(4)</sup>	863	325	3,585	4,015
Legal judgment <sup>(5)</sup>	4,172	—	4,172	—
Severance <sup>(6)</sup>	960	180	960	2,635
Lease termination <sup>(7)</sup>	476	—	476	—
Goodwill impairment <sup>(8)</sup>	—	—	—	49,075
Adjusted Non-GAAP operating income (loss)	<u>\$ 4,181</u>	<u>\$ 234</u>	<u>\$ 2,194</u>	<u>\$ (10,120)</u>
Adjusted pro forma operating income (loss) as a percentage of net	3.8 %	0.2 %	0.6 %	(2.4)%
<b>Net income (loss):</b>				
Net income (loss) - GAAP <sup>(1)</sup>	\$ (4,529)	\$ (7,102)	\$ (24,029)	\$ (98,238)
Impairment of long-lived assets <sup>(2)</sup>	—	—	—	7,823
Stock-based compensation expense	1,684	1,977	6,700	8,809
Amortization of acquired intangible assets	223	281	909	1,137
Litigation costs <sup>(3)</sup>	157	83	689	1,687
Factory restructuring costs <sup>(4)</sup>	863	325	3,585	4,015
Legal judgment <sup>(5)</sup>	4,172	—	4,172	—
Severance <sup>(6)</sup>	960	180	960	2,635
Lease termination <sup>(7)</sup>	476	—	476	—
Goodwill impairment <sup>(8)</sup>	—	—	—	49,075
Foreign currency (gain)/loss	132	1,258	326	3,501
Income tax provision on adjustments	410	2,516	7,511	8,200
Other income tax adjustments <sup>(9)</sup>	(1,924)	—	(1,924)	1,377
Adjusted Non-GAAP net income (loss)	<u>\$ 2,624</u>	<u>\$ (482)</u>	<u>\$ (625)</u>	<u>\$ (9,979)</u>

RECONCILIATION OF GAAP TO ADJUSTED NON-GAAP FINANCIAL RESULTS

(In thousands, except per share amounts, unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
<b>Diluted shares used in computing earnings (loss) per share:</b>				
GAAP	13,032	12,902	12,959	12,855
Adjusted Non-GAAP	13,249	12,902	12,959	12,855
<b>Diluted earnings (loss) per share:</b>				
Diluted earnings (loss) per share - GAAP <sup>(1)</sup>	\$ (0.35)	\$ (0.55)	\$ (1.85)	\$ (7.64)
Total adjustments	\$ 0.54	\$ 0.51	\$ 1.81	\$ 6.87
Adjusted Non-GAAP diluted earnings (loss) per share	\$ 0.20	\$ (0.04)	\$ (0.05)	\$ (0.78)

- (1) GAAP gross margin, operating loss and net loss for the three months ended December 31, 2024 include \$0.7 million, equivalent to 70 basis points of gross margin or \$0.04 per share (net of tax), of excess manufacturing overhead costs resulting from the continued transition of our global manufacturing footprint, specifically in Mexico, and depreciation related to the mark-up from cost to fair value of fixed assets acquired in business combinations ("excess manufacturing costs"). GAAP gross margin, operating loss and net loss for the three months ended December 31, 2023 include \$1.6 million, equivalent to 160 basis points of gross margin or \$0.11 per share (net of tax), of excess manufacturing costs. GAAP gross margin, operating loss and net loss for the twelve months ended December 31, 2024 include \$4.5 million, equivalent to 110 basis points of gross margin or \$0.27 per share (net of tax), of excess manufacturing costs. GAAP gross margin, operating loss and net loss for the twelve months ended December 31, 2023 include \$9.4 million, equivalent to 220 basis points of gross margin or \$0.60 per share (net of tax), of excess manufacturing costs.
- (2) The twelve months ended December 31, 2023 included impairment charges relating to machinery and equipment and leasehold improvements associated with the closure of our southwestern China factory, which ceased operations in September 2023. In addition, we also incurred impairment charges relating to machinery and equipment at our Mexico factory as we reduced its capacity due to lower demand.
- (3) The three and twelve months ended December 31, 2024 and 2023, include expenses related to our various litigation matters involving Roku, Inc. and certain other related entities including three Federal District Court cases, two International Trade Commission investigations and the defense of various inter partes reviews and appeals before the US Patent and Trademark Board. In addition, the twelve months ended December 31, 2023 include \$1.2 million of expenses associated with non-recurring legal matters involving internal investigations at our manufacturing plants.
- (4) The three and twelve months ended December 31, 2024 include severance and other exit costs associated with the closure of our southwestern and eastern China factories and the streamlining of our Mexico factory. The three and twelve months ended December 31, 2023 include severance and other exit costs associated with the closure of our southwestern China factory and downsizing of our Mexico factory.
- (5) The three and twelve months ended December 31, 2024 include an adverse judgment against one of our China subsidiaries. We have appealed this ruling and expect a decision on our appeal in early to mid-April 2025.
- (6) The three and twelve months ended December 31, 2024 and 2023, include severance costs associated with a reduction in headcount at our corporate offices.
- (7) The three and twelve months ended December 31, 2024 include lease termination costs associated with one of our Mexico facilities.
- (8) During the twelve months ended December 31, 2023, we recorded a goodwill impairment charge of \$49.1 million as a result of our market capitalization being significantly less than the carrying value of our equity.
- (9) The three and twelve months ended December 31, 2024 include a \$0.4 million valuation allowance recorded against the deferred tax assets at our eastern China entity as a result of its shutdown as well as a \$2.3 million adjustment due to the revaluation of net deferred tax assets at our remaining China factory resulting from the expiration of a tax incentive that increased the statutory rate. The twelve months ended December 31, 2023 includes a \$1.4 million valuation allowance recorded against the deferred tax assets at our southwestern China entity as a result of its closure.

RECONCILIATION OF GAAP TO ADJUSTED NON-GAAP OUTLOOK AND FINANCIAL RESULTS  
(In thousands, except per share amounts, unaudited)

	Three Months Ended March 31,		
	2025		2024
	Low Range	High Range	Actual
<b>Net sales:</b>			
Net sales - GAAP	\$ 87,000	\$ 97,000	\$ 91,900
Total adjustments <sup>(1)</sup>	—	—	—
Adjusted Non-GAAP net sales	\$ 87,000	\$ 97,000	\$ 91,900
<b>Diluted earnings (loss) per share:</b>			
Diluted earnings (loss) per share - GAAP	\$ (0.52)	\$ (0.42)	\$ (0.67)
Total adjustments <sup>(2)</sup>	\$ 0.31	\$ 0.31	\$ 0.41
Adjusted Non-GAAP diluted earnings (loss) per share	\$ (0.21)	\$ (0.11)	\$ (0.26)

<sup>(1)</sup> The three months ended March 31, 2025 and 2024 do not include any Non-GAAP adjustments to net sales.

<sup>(2)</sup> The three months ended March 31, 2025 and 2024 include adjustments for stock-based compensation expense, amortization of acquired intangibles, costs associated with certain litigation efforts, foreign currency gains and losses and the related tax impact of these adjustments. The three months ended March 31, 2024 also includes adjustments for factory restructuring costs.