Universal Electronics Inc.

B. Riley Securities
2021 Vision Day

January 28, 2021

This presentation contains 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 most recent annual report on Form 10-K and other reports we have filed with the Securities Exchange Commission (the “SEC”) since then. Risks that could affect forward-looking statements in this presentation include: the increased importance and acceptance of and demand for our home control and sensing solutions, including our Quick-Set and voice-enabled advanced control products and technologies and platforms; our ability to anticipate the needs and wants of our customers, and timely develop and deliver products and technologies that will be accepted by our customers; the continued commitment of our customers to their product development strategies that translate into greater demand for our technologies and products as anticipated by management; management's ability to manage its business to achieve its growth, product and technology shifts, net sales, margins, and earnings as guided and as anticipated; the effects that natural disasters and public health crises, including the COVID-19 pandemic, have on our business and management’s ability to anticipate and mitigate those effects, including the duration, severity and scope of the COVID-19 pandemic and the actions and restrictions that may be imposed on us and our operations by federal, state, local and international public health and governmental authorities to contain and combat the outbreak and spread of COVID-19, which may exacerbate one or more of the aforementioned and/or other risks, uncertainties and other factors more fully described in our reports filed with the SEC; and effects that changes in laws, regulations and policies may have on our business including the impact of trade regulations pertaining to importation of our products and the tariffs imposed upon them. 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 presentation. We make these forward-looking statements as of November 5, 2020 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.

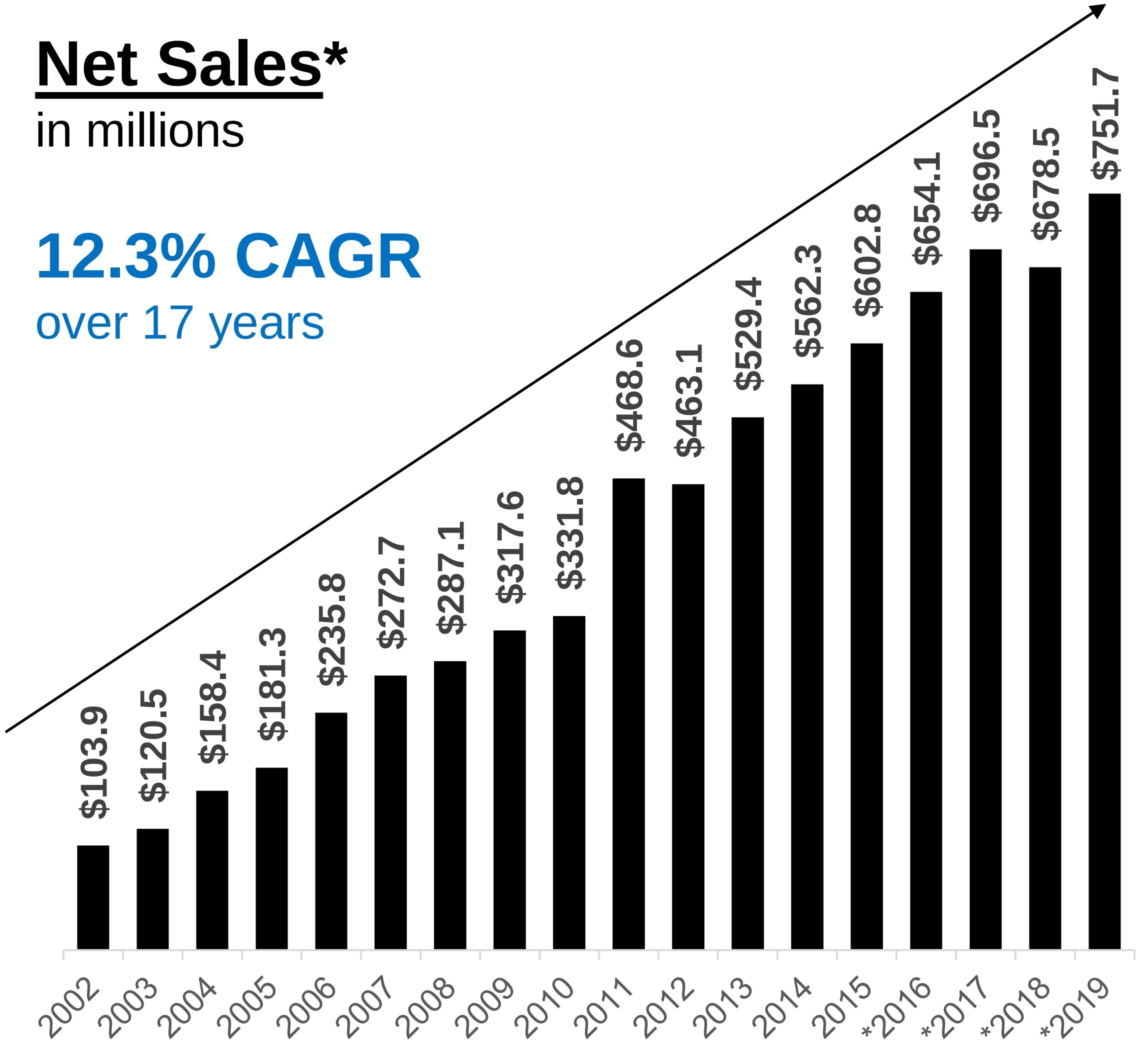
UEI is the global leader in wireless universal control solutions for home entertainment and smart home devices.

Our 3,800 employees worldwide design, develop, manufacture, ship and support over 100 million innovative products each year which are used by the world's leading brands in the consumer electronics, subscription broadcast, security, home automation, hospitality and climate control markets.

Long term, sustainable value creation

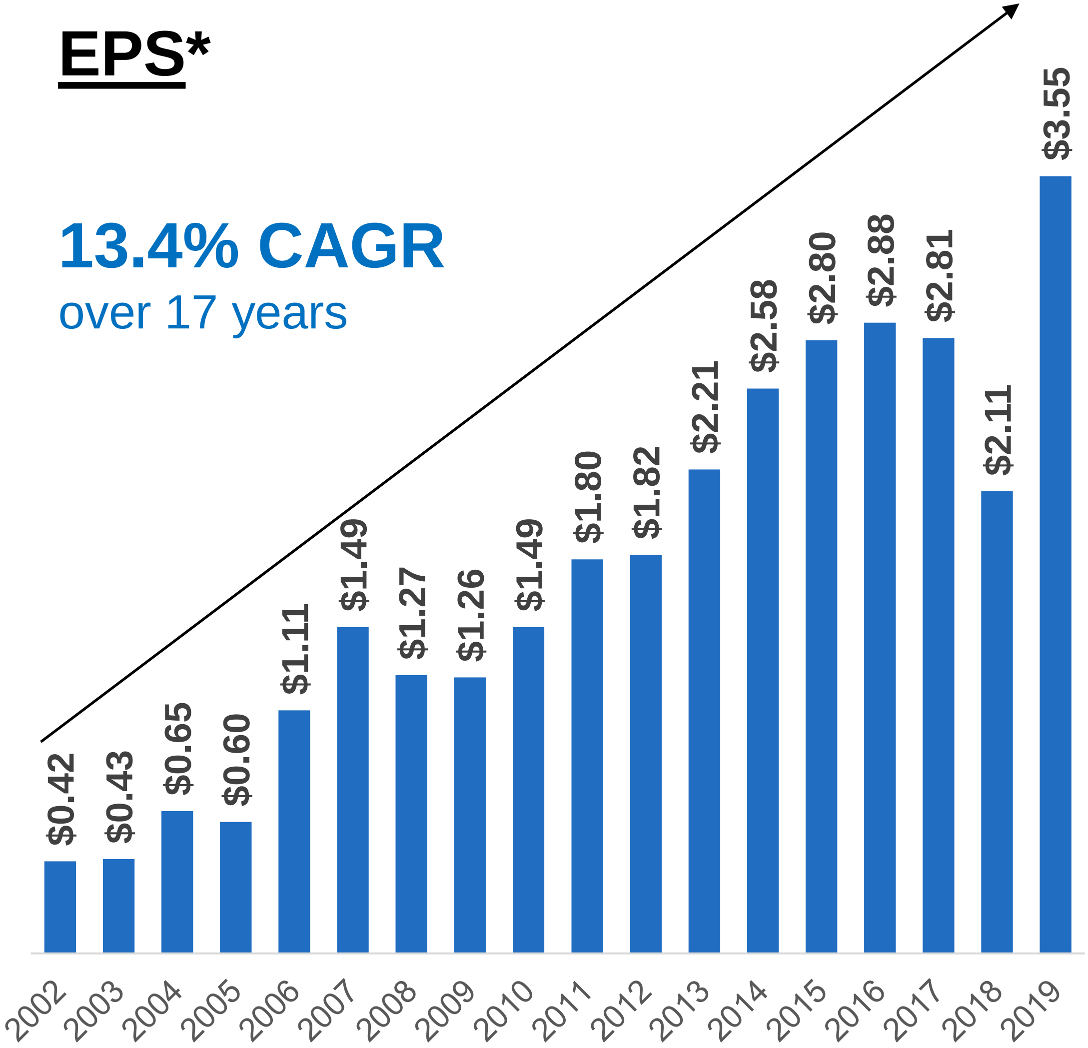
Net Sales*
in millions

12.3% CAGR
over 17 years



EPS*

13.4% CAGR
over 17 years



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

UEI at a glance

Market Share Leader

- More than three decades of experience designing and developing wireless entertainment and home control solutions
- Worldwide leader in growing market for entertainment (voice) remote controls
- Broad portfolio of connected sensing and control solutions for the home

Focus on Technology and Product Innovation

- Industry-leading QuickSet software controls entertainment and smart home devices
- Over 580 issued and pending patents

Global Scale

- Vertically integrated across design, development, software and manufacturing
- R&D teams in California, China, India and Taiwan
- Globally diversified manufacturing in China, Mexico, Brazil and Vietnam
- 3,800 employees worldwide

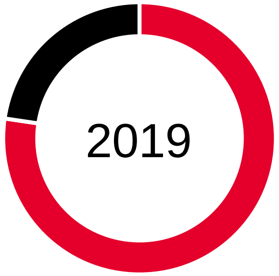
Fortune 100 Customer Base

- Technology licensing with leading consumer electronics and security brands
- Development partner for world’s largest video and telecom service providers

Strong Financial Performance

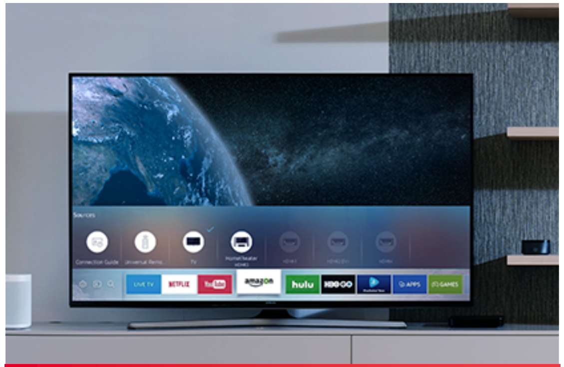
- Consistent revenue and earnings growth

Diverse, scalable sales channels



- Home Entertainment
- Connected Home

Video Service Providers



Consumer Electronics

Retail

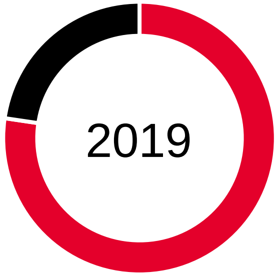
Security and Automation

Climate Control

Home Appliances

Hospitality

Powering Fortune 500 companies



- Home Entertainment
- Connected Home

Video Service Providers

Consumer Electronics

Retail

Security and Automation

Climate Control

Home Appliances

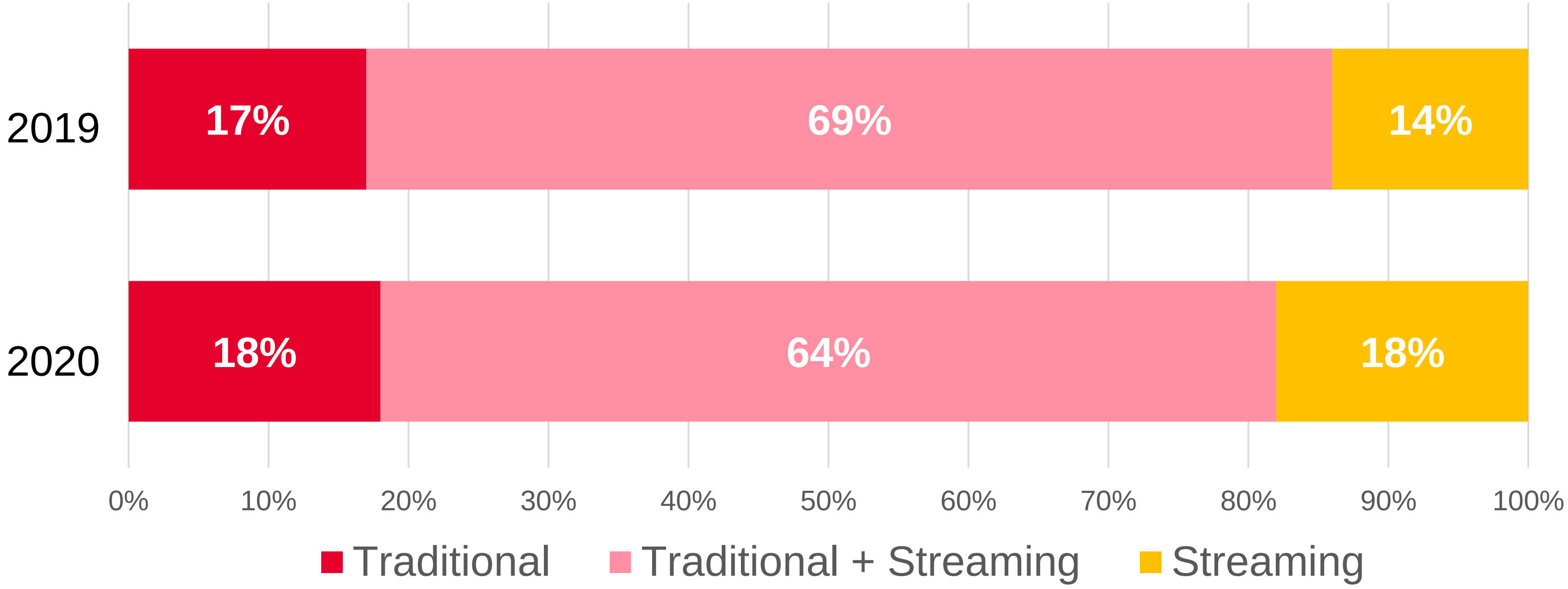
Hospitality

The average American spends 4:58 hours per day watching TV

Source: Nielsen, Q2 2020

Most Americans watch both traditional and streaming services

3x more customers combine services than those who have cut the cord and only stream



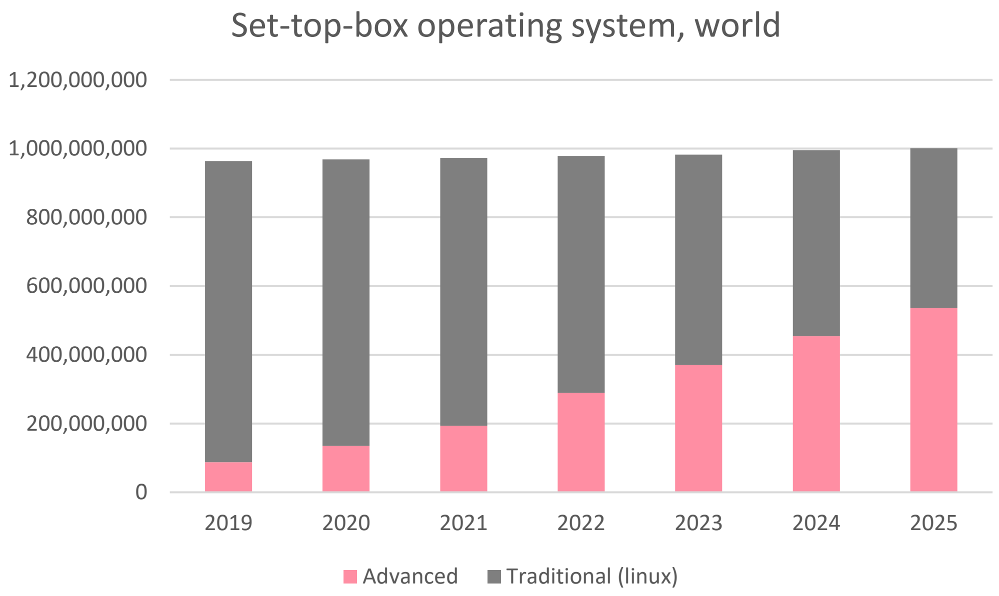
Traditional: over-the-air or MVPD (cable or satellite TV service provider)
Streaming: direct-to-consumer app based video over internet (TVOD, SVOD, AVOD) or virtual MVPD

Source: Hub Entertainment Research, August 2020

Entertainment control has dramatically changed in the past four years

- More content requires better search leading to greater demand for voice remotes
- Internet connectivity and two-way communication create smart control opportunity

Set-top boxes with advanced TV OS will penetrate over half a billion households as they offer a better user experience and OTT services



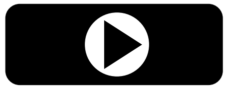
Source: Rethink Technology, 2020

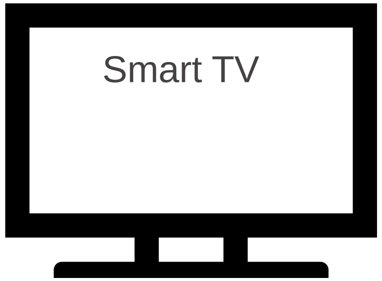
Advanced

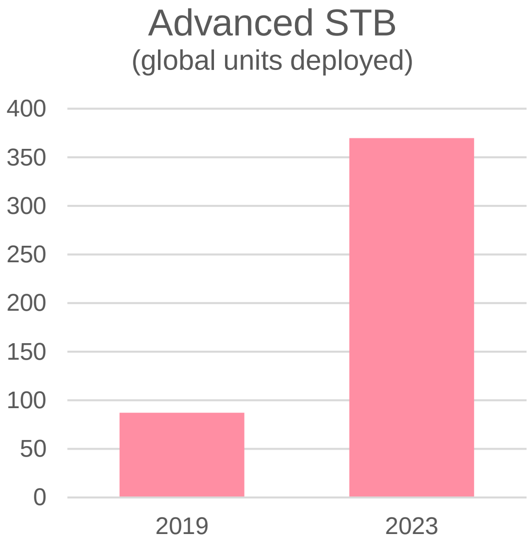
Set-Top Box

Streaming Media

Player







Source: Rethink Technology, 2020

Source: Parks Associates, 2019

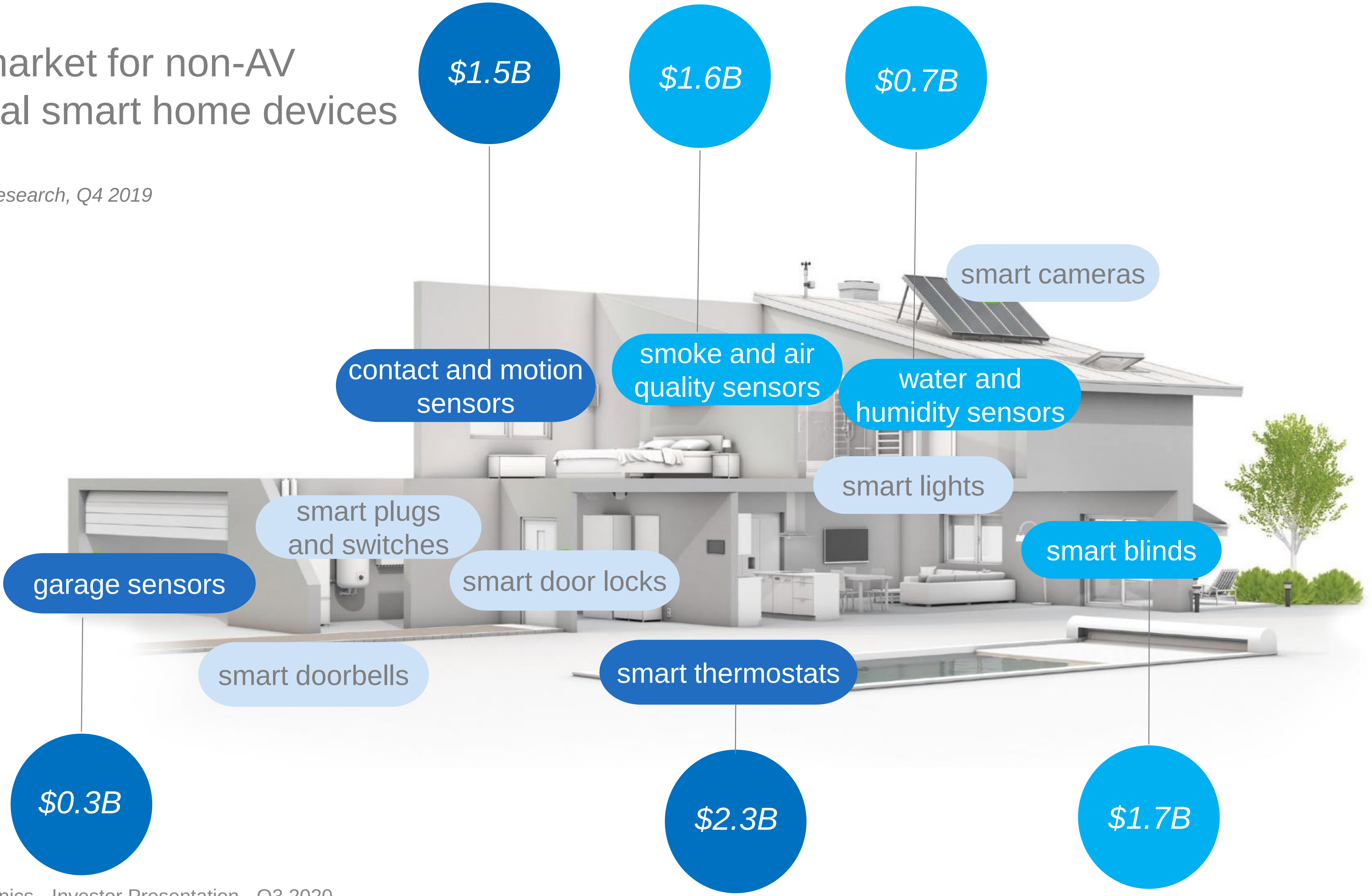
Source: IHG, 2019

69% of U.S. households have at least one smart home device

Source: Consumer Technology Association, Q4 2019

Global market for non-AV residential smart home devices

Source: ABI Research, Q4 2019



Focus $4.1B

Adjacent $4.0B

OUR VISION

Connecting the home

To be the most knowledgeable company on the planet about the entertainment, smart devices and services that people have in their home.

Our industry-leading technology and expertise power our solutions to enable unmatched control of entertainment and smart home devices for a seamless user experience

- Global leader in high performance, low cost voice solutions based on proprietary silicon with more than 100 million units shipped

- World’s largest cloud-based knowledge graph for devices and services in the home with over 100 billion cloud transactions annually

Improving margins and profitability

Adjusted Non-GAAP* **($ M, except EPS)**	**Q3 2020**	**Q3 2019**
Net Sales	$153.7	$200.9
Gross Margin	30.0%	26.8%
Operating Margin	11.1%	9.3%
Net Income	$13.1	$14.3
EPS	$0.92	$1.01

Adjusted Non-GAAP* **Guidance** ***($ M, except EPS)***	**Q4 2020**	**Q4 2019**
Net Sales	$150-$160	$174.8
Gross Margin	Exceed 30%	29.3%
EPS	$0.93-$1.03	$0.90

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

ENRICHING PRODUCT MIX WITH TECHNOLOGY & LICENSING

- Expanded GM:
  - 29.8% vs. 26.0% YTD 9/30/20 vs 9/30/19

INVESTING IN SCALABILTY AND EFFICIENCY

- Improved OM with restructuring and cost efficiency efforts:
  - 10.1% vs. 8.5% YTD 9/30/20 vs 9/30/19

GUIDING FOR RECORD Q4 & FULL YEAR EPS

STRENGTHENING BALANCE SHEET

- $39.3M cash flow from operations in Q3 2020
- $67.1M cash and cash equivalents at 9/30/20
- $50.0M in debt at 9/30/20, $23.0M reduction in Q3 2020
- Stock repurchase plans:
  - 91k shares bought for $3.4M in Q3 2020
  - Up to 500k more shares approved

GROW HOME ENTERTAINMENT CHANNELS

- Leverage long-term customer relationships
- Upgrade customers to voice remotes and technology on advanced video platforms
- Continue expansion into streaming and hybrid systems
- Develop extended products and services

DIVERSIFY INTO CONNECTED HOME

- Focus on diversifying in security, home automation, climate control and hospitality channels
- Leverage strength in high-volume electronics, wireless connectivity and interoperability
- Innovate with new products and services

SHIFT TO HIGHER MARGIN SALES

- Shift focus to selling hardware, software and services across all channels and making products smarter

DELIVER CONSISTENT GROWTH

- Targeting 5% to 10% sales and 10% to 20% earnings growth long-term

Thank you!

Questions?

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 and 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 is defined as net sales excluding the revenue impact of the additional Section 301 U.S. tariffs on products manufactured in China and imported into the U.S. and the impact of stock-based compensation for performance-based warrants. Adjusted Non-GAAP gross profit is defined as gross profit excluding the impact of the additional Section 301 U.S. tariffs on products manufactured in China and imported into the U.S. and costs of implementing countermeasures to mitigate this impact, excess manufacturing overhead costs including those related to the COVID-19 pandemic, factory transition costs, the loss on the sale of our Ohio call center, stock-based compensation expense, depreciation expense related to the increase in fixed assets from cost to fair market value resulting from acquisitions and employee related restructuring costs. Adjusted Non-GAAP operating expenses are defined as operating expenses excluding costs incurred related to implementing countermeasures to mitigate the impact of the additional Section 301 U.S. tariffs on products manufactured in China and imported into the U.S., stock-based compensation expense, amortization of intangibles acquired, changes in contingent consideration related to acquisitions and employee related restructuring and other costs. Adjusted Non-GAAP net income is defined as net income excluding the aforementioned items, the reversal of a social insurance accrual related to our Guangzhou entity, which was sold in 2018, foreign currency gains and losses, the related tax effects of all adjustments as well as the effect of a reversal of a reserve of an uncertain tax position related to our Guangzhou entity, which was sold in 2018, and certain net deferred tax adjustments. Adjusted Non-GAAP diluted earnings per share is calculated using Adjusted Non-GAAP net income. A reconciliation of these financial measures to the most directly comparable GAAP financial measures is included at the end of this presentation.

GAAP TO ADJUSTED NON-GAAP RECONCILIATION TABLE (In thousands, except per share amounts, unaudited

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Net sales:				
Net sales - GAAP	$ 153,505	$ 200,724	$ 458,416	$ 578,783
Section 301 U.S. tariffs on goods imported from China (1)	—	(549)	—	(3,195)
Stock-based compensation for performance-based warrants	187	711	525	1,381
Adjusted Non-GAAP net sales	$ 153,692	$ 200,886	$ 458,941	$ 576,969
Cost of sales:				
Cost of sales - GAAP	$ 109,349	$ 154,245	$ 333,244	$ 458,437
Section 301 U.S. tariffs on goods imported from China (1)	—	(3,954)	(3,523)	(14,461)
Excess manufacturing overhead and factory transition costs (2)	(1,618)	(3,014)	(6,346)	(16,334)
Loss on sale of Ohio call center (3)	—	—	(570)	—
Stock-based compensation expense	(36)	(37)	(146)	(102)
Adjustments to acquired tangible assets (4)	(66)	(121)	(198)	(361)
Employee related restructuring	—	—	(204)	—
Adjusted Non-GAAP cost of sales	107,629	147,119	322,257	427,179
Adjusted Non-GAAP gross profit	$ 46,063	$ 53,767	$ 136,684	$ 149,790
Gross margin:				
Gross margin - GAAP	28.8 %	23.2 %	27.3 %	20.8 %
Section 301 U.S. tariffs on goods imported from China (1)	— %	1.8 %	0.8 %	2.1 %
Stock-based compensation for performance-based warrants	0.1 %	0.3 %	0.1 %	0.2 %
Excess manufacturing overhead and factory transition costs (2)	1.1 %	1.4 %	1.4 %	2.8 %
Loss on sale of Ohio call center (3)	— %	— %	0.1 %	— %
Stock-based compensation expense	0.0 %	0.0 %	0.0 %	0.0 %
Adjustments to acquired tangible assets (4)	0.0 %	0.1 %	0.0 %	0.1 %
Employee related restructuring	— %	— %	0.1 %	— %
Adjusted Non-GAAP gross margin	30.0 %	26.8 %	29.8 %	26.0 %
Operating expenses:				
Operating expenses - GAAP	$ 33,910	$ 40,352	$ 100,420	$ 116,482
Section 301 U.S. tariffs on goods imported from China (1)	—	(247)	—	(1,786)
Stock-based compensation expense	(2,224)	(2,490)	(6,708)	(6,615)
Amortization of acquired intangible assets	(1,232)	(1,398)	(4,023)	(4,200)
Change in contingent consideration	204	(763)	2,428	(1,769)
Litigation costs (5)	(1,614)	—	(1,614)	—
Employee related restructuring and other costs	—	(364)	(287)	(1,385)
Adjusted Non-GAAP operating expenses	$ 29,044	$ 35,090	$ 90,216	$ 100,727

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Operating income:				
Operating income - GAAP	$ 10,246	$ 6,127	$ 24,752	$ 3,864
Section 301 U.S. tariffs on goods imported from China (1)	—	3,652	3,523	13,052
Stock-based compensation for performance-based warrants	187	711	525	1,381
Excess manufacturing overhead and factory transition costs (2)	1,618	3,014	6,346	16,334
Loss on sale of Ohio call center (3)	—	—	570	—
Stock-based compensation expense	2,260	2,527	6,854	6,717
Adjustments to acquired tangible assets (4)	66	121	198	361
Amortization of acquired intangible assets	1,232	1,398	4,023	4,200
Change in contingent consideration	(204)	763	(2,428)	1,769
Litigation costs (5)	1,614	—	1,614	—
Employee related restructuring and other costs	—	364	491	1,385
Adjusted Non-GAAP operating income	$ 17,019	$ 18,677	$ 46,468	$ 49,063
Adjusted pro forma operating income as a percentage of net sales	11.1 %	9.3 %	10.1 %	8.5 %
Net income (loss):				
Net income (loss) - GAAP	$ 6,168	$ 2,669	$ 26,414	$ (3,397)
Section 301 U.S. tariffs on goods imported from China (1)	—	3,652	3,523	13,052
Stock-based compensation for performance-based warrants	187	711	525	1,381
Excess manufacturing overhead and factory transition costs (2)	1,618	3,014	6,346	16,334
Loss on sale of Ohio call center (3)	—	—	570	—
Stock-based compensation expense	2,260	2,527	6,854	6,717
Adjustments to acquired tangible assets (4)	66	121	198	361
Amortization of acquired intangible assets	1,232	1,398	4,023	4,200
Change in contingent consideration	(204)	763	(2,428)	1,769
Litigation costs (5)	1,614	—	1,614	—
Employee related restructuring and other costs	—	364	491	1,385
Accrued social insurance adjustment (6)	—	—	(9,464)	—
Foreign currency (gain) loss	1,597	321	1,388	670
Income tax provision on adjustments	(1,408)	(1,268)	(1,483)	(6,939)
Other income tax adjustments (7)	—	—	(1,303)	1,772
Adjusted Non-GAAP net income	$ 13,130	$ 14,272	$ 37,268	$ 37,305
Diluted shares used in computing earnings (loss) per share:				
GAAP	14,205	14,170	14,189	13,861
Adjusted Non-GAAP	14,205	14,170	14,189	14,049
Diluted earnings (loss) per share:				
Diluted earnings (loss) per share - GAAP	$ 0.43	$ 0.19	$ 1.86	$ (0.25)
Total adjustments	$ 0.49	$ 0.82	$ 0.76	$ 2.90
Adjusted Non-GAAP diluted earnings per share	$ 0.92	$ 1.01	$ 2.63	$ 2.66

1. The nine months ended September 30, 2020 includes costs directly attributable to the additional Section 301 U.S. tariffs implemented in 2018 on goods manufactured in China and imported into the U.S. The three and nine months ended September 30, 2019 include incremental revenues and costs directly attributable to the additional Section 301 U.S. tariffs implemented in 2018 on goods manufactured in China and imported into the U.S. as well as costs incurred for the movement of factory equipment and other costs of countermeasures undertaken by the company to modify its manufacturing operations and supply chain.
2. The nine months ended September 30, 2020 includes excess manufacturing overhead costs incurred as we temporarily shut-down our China and Mexico-based factories as a result of the COVID-19 pandemic. Additional excess manufacturing overhead costs have been incurred for the three and nine months ended September 30, 2020 and 2019 due to the expansion of our manufacturing facility in Mexico where products destined for the U.S. market are now manufactured. These products destined for the U.S. market were previously manufactured in China. In addition, the three and nine months ended September 30, 2019 include direct manufacturing inefficiencies incurred in Mexico as we were still in a start-up phase through the third quarter of 2019.
3. Consists of the loss recorded on the sale of our Ohio call center in February 2020.
4. Consists of depreciation related to the mark-up from cost to fair value of fixed assets acquired in business combinations.
5. Consists of expenses related to our International Trade Commission (“ITC”) investigation of Roku, Inc. and certain other related entities. We have requested the ITC to issue a permanent limited exclusion order prohibiting the importation of certain products into the United States due to their infringement of our patents.
6. Consists of the reversal of a social insurance accrual related to our Guangzhou entity, which was sold in 2018. The indemnification agreement related to the sale of our Guangzhou entity expired in the second quarter of 2020.
7. The nine months ended September 30, 2020 includes the reversal of a reserve of an uncertain tax position related to our Guangzhou entity, which was sold in 2018. The indemnification agreement related to the sale of our Guangzhou entity expired in the second quarter of 2020. The nine months ended September 30, 2019 includes the revaluation of net deferred tax assets at one of our China factories resulting from tax incentives that lowered the statutory rate.