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 September 30, 2024

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: 001-38211

Roku, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**26-2087865**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1173 Coleman Avenue
San Jose, California 95110
(Address of principal executive offices including zip code)

Registrant's telephone number, including area code: (408) 556-9040

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

Title of Each Class:	Trading Symbol(s):	Name of Exchange on Which Registered:
Class A Common Stock, $0.0001 par value	**ROKU**	**The Nasdaq Global Select Market**

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, a 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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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 September 30, 2024, the registrant had 127,893,163 shares of Class A common stock, $0.0001 par value per share, and 17,306,064 shares of Class B common stock, $0.0001 par value per share, outstanding.

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GLOSSARY OF SELECTED TERMS

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

Active Accounts: See Streaming Households.

Ad-supported Video on Demand (AVOD): Streaming content supported by advertising that does not charge a fee to the viewer.

Apps: Primarily refers to the direct-to-consumer streaming applications on the Roku platform (e.g., The Roku Channel or Netflix). We also use "apps" to refer to mobile applications (such as our Roku Smart Home app).

Average Revenue per User (ARPU): Platform revenue for the trailing four quarters divided by the average of the number of Streaming Households at the end of the current period and the end of the corresponding period in the prior year. See Part I, Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations, Key Performance Metrics and Non-GAAP Measure, in this Quarterly Report for additional detail.

DSP: A demand-side platform (such as Roku's OneView ad-buying platform), which allows buyers of digital advertising inventory to manage multiple ad exchange and data exchange accounts across multiple platforms through one interface.

FAST: Free, ad-supported linear streaming TV, which does not include on-demand content.

Licensed Roku TV partners: TV original equipment manufacturers ("OEMs") that license the Roku OS and leverage our smart TV reference designs to build TVs.

Linear TV: A TV format that provides programming at specifically scheduled times.

Premium Subscriptions: Subscription-based streaming services from content partners (e.g., Paramount) offered through The Roku Channel.

Roku-branded TVs: TVs powered by the Roku OS that are designed, made, and sold by Roku. Roku-branded TVs include the Roku Select, Roku Plus, and Roku Pro Series TVs.

Roku Home Screen: The first screen the viewer sees when they begin streaming with a Roku streaming device. The viewer is also returned to the home screen by pressing the home button on the Roku remote or when exiting apps.

Roku Home Screen Menu: The left-hand navigation bar on the Roku Home Screen.

Roku Originals: Original content programming created by Roku.

Roku OS: Roku operating system that is purpose built for TV and powers Roku streaming devices.

Roku Pay: Our billing service that enables Streaming Households to place a method of payment on file that can be used to make purchases on the Roku platform without having to re-enter their payment information. It also enables users to sign up for certain subscription-based streaming services (including Premium Subscriptions).

Roku TV models: TVs powered by the Roku OS that are made and sold by our licensed Roku TV partners.

Streaming: The distribution of video, music, or other media content via the internet.

Streaming device: Any device that enables streaming. For Roku, this encompasses Roku streaming players, Roku TV models, and Roku-branded TVs.

Streaming Hours: The aggregate amount of time streaming devices stream content on Roku's streaming platform in a given period. See Part 1, Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations, Key Performance Metrics and Non-GAAP Measure, in this Quarterly Report for additional detail.

Streaming Households (previously Active Accounts): The number of distinct user accounts that have streamed content on our platform within the last 30 days of the period. Previously, we referred to "Streaming Households" as "Active Accounts." While we have changed this term to better reflect the nature of our business, we calculate it using the same methodology that we used to calculate "Active Accounts." See Part I, Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations, Key Performance Metrics and Non-GAAP Measure, in this Quarterly Report for additional detail.

Streaming platform: The technology that delivers the viewer experience and streaming apps (e.g., The Roku Channel and Netflix) over an internet connection to a user's TV.

Streaming players: A device that connects to a TV via an HDMI connection to enable streaming to the TV (such as the Roku Express, Roku Express 4K, Roku Streaming Stick 4K, Roku Ultra, Roku Streambar, and Roku Streambar Pro).

Smart TV: A television that is connected to the internet through an operating system (e.g., the Roku OS).

Subscription Video on Demand (SVOD): Streaming content that is available on demand, requires a paid subscription, and can be ad-supported or ad-free.

TV streaming: The act of streaming content over the internet on a TV.

The Roku Channel: Roku's owned and operated streaming service. The Roku Channel aggregates three types of content—AVOD, FAST, and Premium Subscriptions—within The Roku Channel app and through viewing experiences integrated throughout the Roku platform (e.g., Live TV on the Roku Home Screen Menu).

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"), about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts in this Quarterly Report, including statements regarding our future results of operations and financial condition, business strategy, and plans and objectives of management for future operations, are forward-looking statements. In some cases, forward-looking statements may be identified by words such as "aim," "anticipate," "believe," "continue," "could," "design," "developing," "estimate," "expect," "intend," "may," "plan," "potentially," "predict," "project," "should," "will," "would," "target," or the negative of these terms or other similar expressions. We caution you that the foregoing may not encompass all of the forward-looking statements made in this Quarterly Report.

Forward-looking statements are based on our management's beliefs and assumptions and on information currently available. These forward-looking statements are subject to a number of known and unknown risks, uncertainties, and assumptions, including risks described in the section titled "Risk Factors" and elsewhere in this Quarterly Report, regarding, among other things:

- *our financial performance, including our revenue, cost of revenue, operating expenses, profitability, and our key performance metrics (including Streaming Households, Streaming Hours, ARPU, and Free Cash Flow);*
- *the impact of macroeconomic conditions, uncertainties, and geopolitical conflicts on our business, operations, and the markets and communities in which we and our advertisers, content partners, licensed Roku TV partners, other device licensees, manufacturers, suppliers, retailers, and viewers operate;*
- *our ability to attract and retain viewers and increase Streaming Hours;*
- *our ability to attract and retain advertisers that purchase video ad inventory in The Roku Channel, other video ad inventory on our platform that we acquire through our streaming services distribution agreements, and native display ads on the Roku Home Screen and screen saver;*
- *our ability to attract and retain TV brands, manufacturing partners, and service operators to license and deploy our technology;*
- *our ability to produce or acquire rights to distribute popular content on our streaming platform on favorable terms, or at all, including the renewals of our existing agreements with content partners;*
- *changes in TV viewing habits and the growth of TV streaming;*
- *the growth of our relevant markets, including the growth in advertising spend on TV streaming platforms, and our ability to successfully grow our business in those markets;*
- *our ability to adapt to changing market conditions and technological developments;*
- *our ability to develop and launch new products and provide ancillary services and support;*
- *our ability to integrate acquired businesses, products, and technologies;*
- *our ability to expand our products and services into adjacent markets, scale our operations in these markets, and do so profitably over time;*
- *our ability to compete effectively with existing competitors and new market entrants;*
- *our ability to successfully manage domestic and international expansion;*
- *our ability to attract and retain qualified employees and key personnel;*
- *our ability to address potential and actual cybersecurity incidents and system failures involving our products, systems, and operations;*
- *our ability to maintain, protect, and enhance our intellectual property;*
- *our ability to obtain financing on favorable terms, or at all;*
- *our ability to manage the selling prices of our products to increase Streaming Households; and*
- *our ability to comply with laws and regulations that currently apply or may become applicable to our business both in the United States and internationally, including compliance with privacy and data protection regulations.*

Other sections of this Quarterly Report may include additional factors that could harm our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time, and it is not possible for our management to predict all risk factors nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ from those contained in, or implied by, any forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. We cannot assure you that the events and circumstances reflected in the forward-looking statements will be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this Quarterly Report or to conform these statements to actual results or to changes in our expectations. You should read this Quarterly Report, and the documents referenced in and filed as exhibits to this Quarterly Report, with the understanding that our actual future results, levels of activity, performance, and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

Investors and others should note that we may announce material business and financial information to our investors using our investor relations website (roku.com/investor), our blog (roku.com/blog), U.S. Securities and Exchange Commission ("SEC") filings, webcasts, press releases, and conference calls. We use these mediums to communicate with investors and the general public about our company, our products and services, and other issues. It is possible that the information that we make available may be deemed to be material information. We therefore encourage investors, the media, and others interested in our company to review the information that we post on our investor relations website. Roku, the Roku logo, and other trade names, trademarks, or service marks of Roku appearing in this report are the property of Roku. Trade names, trademarks, and service marks of other companies appearing in this report are the property of their respective holders.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

ROKU, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except par value data)
(unaudited)

	As of	
	September 30, 2024	December 31, 2023
Assets		
Current Assets:		
Cash and cash equivalents	$ 2,126,974	$ 2,025,891
Accounts receivable, net of allowances of $38,143 and $34,127 as of September 30, 2024 and December 31, 2023, respectively	729,911	816,337
Inventories	191,213	92,129
Prepaid expenses and other current assets	138,332	138,585
Total current assets	3,186,430	3,072,942
Property and equipment, net	222,999	264,556
Operating lease right-of-use assets	314,326	371,444
Content assets, net	247,379	257,395
Intangible assets, net	31,026	41,753
Goodwill	161,519	161,519
Other non-current assets	139,737	92,183
Total Assets	$ 4,303,416	$ 4,261,792
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 327,038	$ 385,330
Accrued liabilities	820,165	788,040
Deferred revenue, current portion	93,405	102,157
Total current liabilities	1,240,608	1,275,527
Deferred revenue, non-current portion	23,267	24,572
Operating lease liability, non-current portion	535,378	586,174
Other long-term liabilities	43,653	49,186
Total Liabilities	1,842,906	1,935,459
Commitments and contingencies (Note 12)		
Stockholders' Equity:		
Common stock, $0.0001 par value	15	14
Additional paid-in capital	3,851,967	3,623,747
Accumulated other comprehensive income (loss)	(47)	159
Accumulated deficit	(1,391,425)	(1,297,587)
Total stockholders' equity	2,460,510	2,326,333
Total Liabilities and Stockholders' Equity	$ 4,303,416	$ 4,261,792

See accompanying Notes to Condensed Consolidated Financial Statements.

ROKU, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Net Revenue:				
Platform	$ 908,175	$ 786,785	$ 2,487,443	$ 2,165,238
Devices	154,028	125,233	424,408	334,956
Total net revenue	1,062,203	912,018	2,911,851	2,500,194
Cost of Revenue:				
Platform	416,396	408,554	1,161,416	1,057,151
Devices	165,732	134,641	457,369	358,352
Total cost of revenue	582,128	543,195	1,618,785	1,415,503
Gross Profit (Loss):				
Platform	491,779	378,231	1,326,027	1,108,087
Devices	(11,704)	(9,408)	(32,961)	(23,396)
Total gross profit	480,075	368,823	1,293,066	1,084,691
Operating Expenses:				
Research and development	178,798	282,201	534,738	694,673
Sales and marketing	237,047	307,694	660,827	768,805
General and administrative	99,993	128,717	276,543	309,422
Total operating expenses	515,838	718,612	1,472,108	1,772,900
Loss from Operations	(35,763)	(349,789)	(179,042)	(688,209)
Other income, net	30,880	22,902	84,955	65,317
Loss Before Income Taxes	(4,883)	(326,887)	(94,087)	(622,892)
Income tax expense (benefit)	4,147	3,184	(249)	8,378
Net Loss	$ (9,030)	$ (330,071)	$ (93,838)	$ (631,270)
Net loss per share — basic and diluted	$ (0.06)	$ (2.33)	$ (0.65)	$ (4.47)
Weighted-average common shares outstanding — basic and diluted	144,862	141,877	144,319	141,087

See accompanying Notes to Condensed Consolidated Financial Statements.

ROKU, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2024	**September 30, 2023**	**September 30, 2024**	**September 30, 2023**
Net Loss	$ (9,030)	$ (330,071)	$ (93,838)	$ (631,270)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment	614	(237)	(206)	126
Comprehensive Loss	$ (8,416)	$ (330,308)	$ (94,044)	$ (631,144)

See accompanying Notes to Condensed Consolidated Financial Statements.

ROKU, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)
(unaudited)

	Common Stock			Accumulated		
Three Months Ended September 30, 2024	**Shares**	**Amount**	**Additional Paid-in Capital**	**Accumulated Other Comprehensive Income (Loss)**	**Accumulated Deficit**	**Total Stockholders' Equity**
Balance—June 30, 2024	144,689	$ 14	$ 3,773,831	$ (661)	$ (1,382,395)	$ 2,390,789
Issuance of common stock pursuant to equity incentive plans	852	1	301	—	—	302
Stock-based compensation expense	—	—	100,096	—	—	100,096
Shares withheld for taxes related to net share settlement of equity awards	(342)	—	(22,261)	—	—	(22,261)
Foreign currency translation adjustment	—	—	—	614	—	614
Net loss	—	—	—	—	(9,030)	(9,030)
Balance—September 30, 2024	145,199	$ 15	$ 3,851,967	$ (47)	$ (1,391,425)	$ 2,460,510
Nine Months Ended September 30, 2024						
Balance—December 31, 2023	143,502	$ 14	$ 3,623,747	$ 159	$ (1,297,587)	$ 2,326,333
Issuance of common stock pursuant to equity incentive plans	2,724	1	8,980	—	—	8,981
Stock-based compensation expense	—	—	283,124	—	—	283,124
Shares withheld for taxes related to net share settlement of equity awards	(1,027)	—	(63,884)	—	—	(63,884)
Foreign currency translation adjustment	—	—	—	(206)	—	(206)
Net loss	—	—	—	—	(93,838)	(93,838)
Balance—September 30, 2024	145,199	$ 15	$ 3,851,967	$ (47)	$ (1,391,425)	$ 2,460,510

	Common Stock			Accumulated		
Three Months Ended September 30, 2023	**Shares**	**Amount**	**Additional Paid-in Capital**	**Accumulated Other Comprehensive Income (Loss)**	**Accumulated Deficit**	**Total Stockholders' Equity**
Balance—June 30, 2023	141,508	$ 14	$ 3,422,415	$ 71	$ (889,225)	$ 2,533,275
Issuance of common stock pursuant to equity incentive plans	988	—	13,195	—	—	13,195
Stock-based compensation expense	—	—	91,305	—	—	91,305
Foreign currency translation adjustment	—	—	—	(237)	—	(237)
Net loss	—	—	—	—	(330,071)	(330,071)
Balance—September 30, 2023	142,496	$ 14	$ 3,526,915	$ (166)	$ (1,219,296)	$ 2,307,467
Nine Months Ended September 30, 2023						
Balance—December 31, 2022	140,027	$ 14	$ 3,234,860	$ (292)	$ (588,026)	$ 2,646,556
Issuance of common stock pursuant to equity incentive plans	2,469	—	14,699	—	—	14,699
Stock-based compensation expense	—	—	277,356	—	—	277,356
Foreign currency translation adjustment	—	—	—	126	—	126
Net loss	—	—	—	—	(631,270)	(631,270)
Balance—September 30, 2023	142,496	$ 14	$ 3,526,915	$ (166)	$ (1,219,296)	$ 2,307,467

See accompanying Notes to Condensed Consolidated Financial Statements.

ROKU, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended	
	September 30, 2024	September 30, 2023
Cash flows from operating activities:		
Net Loss	$ (93,838)	$ (631,270)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization	47,629	53,047
Stock-based compensation expense	283,124	277,356
Amortization of right-of-use assets	35,674	45,137
Amortization and write-off of content assets	158,892	154,801
Foreign currency remeasurement losses	674	3,469
Change in fair value of strategic investment in convertible promissory notes	(6,978)	(3,734)
Impairment of assets	29,118	235,165
Provision for doubtful accounts	2,081	1,977
Other items, net	(2,224)	(872)
Changes in operating assets and liabilities:		
Accounts receivable	83,828	38,416
Inventories	(99,084)	1,373
Prepaid expenses and other current assets	(40,952)	16,003
Content assets and liabilities, net	(141,345)	(191,481)
Other non-current assets	(19,996)	5,448
Accounts payable	(57,937)	174,784
Accrued liabilities	14,044	70,217
Operating lease liabilities	(45,766)	(14,301)
Other long-term liabilities	1,866	(910)
Deferred revenue	(10,057)	4,904
Net cash provided by operating activities	138,753	239,529
Cash flows from investing activities:		
Purchases of property and equipment	(2,603)	(79,099)
Purchase of strategic investments	(20,000)	(10,000)
Net cash used in investing activities	(22,603)	(89,099)
Cash flows from financing activities:		
Repayments of borrowings	—	(80,000)
Issuance costs related to credit agreement	(1,829)	—
Proceeds from equity issued under incentive plans	8,981	14,699
Taxes paid related to net share settlement of equity awards	(63,884)	—
Net cash used in financing activities	(56,732)	(65,301)
Net increase in cash, cash equivalents and restricted cash	59,418	85,129
Effect of exchange rate changes on cash, cash equivalents and restricted cash	2,774	(2,964)
Cash, cash equivalents and restricted cash —beginning of period	2,066,604	1,961,956
Cash, cash equivalents and restricted cash —end of period	$ 2,128,796	$ 2,044,121

	Nine Months Ended	
	September 30, 2024	September 30, 2023
Cash, cash equivalents and restricted cash at end of period:		
Cash and cash equivalents	$ 2,126,974	$ 2,003,408
Restricted cash, current	1,822	40,713
Cash, cash equivalents and restricted cash —end of period	$ 2,128,796	$ 2,044,121
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 106	$ 886
Cash paid for income taxes	$ 13,235	$ 5,027
Supplemental disclosures of non-cash investing and financing activities:		
Unpaid portion of property and equipment purchases	$ 169	$ 1,129

See accompanying Notes to Condensed Consolidated Financial Statements.

ROKU, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. THE COMPANY

Organization and Description of Business

Roku, Inc. (the “Company” or “Roku”), was formed in October 2002 as Roku LLC under the laws of the State of Delaware. On February 1, 2008, Roku LLC was converted into Roku, Inc., a Delaware corporation. The Company operates in two reportable segments and generates platform revenue from the sale of digital advertising (including direct and programmatic video advertising, media and entertainment promotional spending, and related services) and streaming services distribution (including subscription and transaction revenue shares, the sale of Premium Subscriptions, and the sale of branded app buttons on remote controls). The Company generates devices revenue from the sale of streaming players, Roku-branded TVs, smart home products and services, audio products, and related accessories as well as revenue from licensing arrangements with service operators.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (the “SEC”) regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 16, 2024 (the “Annual Report”).

The condensed consolidated balance sheet as of December 31, 2023 has been derived from the audited consolidated financial statements as of that date but does not include all of the information and footnotes included in the Company’s Annual Report. The interim financial information is unaudited, but reflects all normal recurring adjustments that are, in the opinion of management, necessary to fairly present the information set forth herein. The results of operations for the three and nine months ended September 30, 2024 are not necessarily indicative of the operating results to be expected for the full year or any future periods.

Certain prior period amounts reported in our condensed consolidated financial statements and accompanying notes have been reclassified to conform to the current period presentation.

Use of Estimates

The preparation of the Company’s condensed consolidated financial statements in accordance with U.S. GAAP requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets, liabilities, net revenue, and expenses. Significant items subject to such estimates and assumptions include:

- revenue recognition: determining the nature and timing of satisfaction of performance obligations, variable consideration, determining the stand-alone selling prices of performance obligations, gross versus net revenue recognition, and evaluation of customer versus vendor relationships;
- the impairment of intangible assets;
- amortization and the impairment of content assets;
- the impairment of operating lease right-of-use assets and property and equipment;
- valuation of strategic investments (see Note 7);
- useful lives of tangible and intangible assets;
- allowances for sales returns and sales incentives; and
- the valuation of deferred income tax assets.

The Company bases its estimates on historical experience and on various other assumptions that the Company believes to be reasonable under the circumstances. Actual results may differ from the Company’s estimates and assumptions.

Principles of Consolidation

The condensed consolidated financial statements, which include the accounts of Roku, Inc. and its wholly-owned subsidiaries, have been prepared in conformity with U.S. GAAP. All intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments purchased with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents consist primarily of bank deposit accounts and investments in money market funds.

The Company's restricted cash balance as of September 30, 2024 is $1.8 million and is included in Prepaid expenses and other current assets in the condensed consolidated balance sheets. It is used to secure certain outstanding letters of credit related to operating leases for office facilities.

The Company maintains its cash, cash equivalents, and restricted cash balances with high credit quality financial institutions and continuously monitors the amount of exposure to any one institution and diversifies as necessary in order to minimize its concentration risk. Such balances often exceed regulated insured limits.

Accounts Receivable, net

Accounts receivable are typically unsecured and are derived from revenue earned from customers. They are stated at invoice value less estimated allowances for sales returns, sales incentives, doubtful accounts, and other miscellaneous allowances. The Company performs ongoing credit evaluations of its customers to determine allowances for potential credit losses and doubtful accounts. The Company considers historical experience, ongoing promotional activities, historical claim rates, and other factors to determine the allowances for sales returns and sales incentives.

Allowance for Sales Returns: Allowance for sales returns consisted of the following activities (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Beginning balance	$ 6,376	$ 7,392	$ 7,808	$ 7,417
Add: Charged to revenue	3,733	3,881	12,307	12,045
Less: Utilization of sales return reserve	(4,039)	(4,058)	(14,045)	(12,247)
Ending balance	$ 6,070	$ 7,215	$ 6,070	$ 7,215

Allowance for Sales Incentives: Allowance for sales incentives consisted of the following activities (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Beginning balance	$ 26,641	$ 17,428	$ 23,024	$ 28,903
Add: Charged to revenue	37,622	16,048	93,655	43,598
Less: Utilization of sales incentive reserve	(36,292)	(19,426)	(88,708)	(58,451)
Ending balance	$ 27,971	$ 14,050	$ 27,971	$ 14,050

Allowance for Doubtful Accounts: Allowance for doubtful accounts consisted of the following activities (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Beginning balance	$ 5,869	$ 5,578	$ 2,213	$ 3,498
Provision for (recoveries of) doubtful accounts	(2,263)	(984)	2,081	1,977
Adjustments for write-off	(323)	(2,046)	(1,011)	(2,927)
Ending balance	$ 3,283	$ 2,548	$ 3,283	$ 2,548

Customer J accounted for 11% of the Company's accounts receivable, net balance as of September 30, 2024. The Company did not have any customer that accounted for more than 10% of its accounts receivable, net balance as of December 31, 2023.

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2023-07, *Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures*, which requires companies to provide enhanced disclosures about significant segment expenses within its reportable segment disclosures on an annual and interim basis. The guidance is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The guidance applies retrospectively to all prior periods presented in the financial statements. The Company is currently in the process of evaluating the effects of the new guidance.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740) - Improvements to Income Tax Disclosures*, which requires incremental disclosures within the income tax disclosures that increase the transparency and usefulness of income tax disclosures. The updated disclosures primarily require specific categories and greater disaggregation within the rate reconciliation, disaggregation of income taxes paid, and modifications of other income tax-related disclosures. The guidance is effective either prospectively or retrospectively for fiscal years beginning after December 15, 2024. The Company is currently in the process of evaluating the effects of the new guidance.

3. REVENUE

The Company's disaggregated revenue is represented by the two reportable segments discussed in Note 15.

The contract balances include the following (in thousands):

	As of	
	September 30, 2024	December 31, 2023
Accounts receivable, net	$ 729,911	$ 816,337
Contract assets (included in Prepaid expenses and other current assets)	7,372	17,964
Deferred revenue, current portion	$ 93,405	$ 102,157
Deferred revenue, non-current portion	23,267	24,572
Total Deferred revenue	$ 116,672	$ 126,729

Accounts receivable are recorded at the amount invoiced, net of allowances for sales returns, sales incentives, and doubtful accounts. Payment terms can vary by customer and contract.

The timing of revenue recognition may differ from the timing of invoicing to customers. Contract assets are created when invoicing occurs subsequent to revenue recognition. Contract assets are transferred to accounts receivable when the right to invoice becomes unconditional. The Company's contract assets are current in nature and are included in Prepaid expenses and other current assets. Contract assets decreased by $10.6 million during the nine months ended September 30, 2024 due to the timing of billing to customers.

Total deferred revenue reflects consideration invoiced prior to the completion of performance obligations and revenue recognition. Total deferred revenue decreased by $10.1 million during the nine months ended September 30, 2024 primarily due to the timing of fulfillment of performance obligations offset by an increase in deferred revenue from higher Premium Subscriptions.

Revenue recognized during the three and nine months ended September 30, 2024, from amounts included in total deferred revenue as of December 31, 2023, was $10.5 million and $92.8 million, respectively. Revenue recognized during the three and nine months ended September 30, 2023, from amounts included in total deferred revenue as of December 31, 2022, was $10.8 million and $77.7 million, respectively.

Revenue allocated to remaining performance obligations represents estimated contracted revenue that has not yet been recognized which includes unearned revenue and amounts that will be invoiced and recognized as revenue in future periods. Estimated contracted revenue for these remaining performance obligations was $940.1 million as of September 30, 2024, of which the Company expects to recognize approximately 57% over the next 12 months and the remainder thereafter.

The Company recognized $12.0 million and $15.8 million of revenue during the three and nine months ended September 30, 2024, respectively, and recognized $15.8 million and $41.8 million during the three and nine months ended September 30, 2023, respectively, from performance obligations that were satisfied in previous periods due to changes in the estimated transaction price of its revenue contracts.

Customer J accounted for 11% of the Company's total net revenue during the three months ended September 30, 2024 . The Company did not have any customers that accounted for more than 10% of the Company's total net revenue during the nine months ended September 30, 2024. Customer I accounted for 11% and 11% of the Company's total net revenue during the three and nine months ended September 30, 2023, respectively.

4. GOODWILL AND INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of purchase consideration in a business combination over the fair value of tangible and intangible assets acquired net of the liabilities assumed. All goodwill relates to the Company's platform segment.

Intangible Assets

The following tables summarize the Company's intangible assets for the periods presented (in thousands, except years):

	As of September 30, 2024			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Useful Lives (in years)
Developed technology	$ 73,367	$ (57,944)	$ 15,423	5.9
Customer relationships	14,100	(14,100)	$ —	4.0
Tradename	20,400	(7,466)	12,934	9.8
Patents	4,076	(1,407)	2,669	14.0
Total Intangible assets	$ 111,943	$ (80,917)	$ 31,026	6.7

	As of December 31, 2023			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Useful Lives (in years)
Developed technology	$ 73,367	$ (49,087)	$ 24,280	5.9
Customer relationships	14,100	(13,948)	152	4.0
Tradename	20,400	(5,966)	14,434	9.8
Patents	4,076	(1,189)	2,887	14.0
Total Intangible assets	$ 111,943	$ (70,190)	$ 41,753	6.7

The Company recorded amortization expense of $3.5 million and $4.4 million for intangible assets during the three months ended September 30, 2024 and 2023, respectively. The Company recorded amortization expense of $10.7 million and $13.2 million for intangible assets during the nine months ended September 30, 2024 and 2023, respectively.

The Company recorded amortization of developed technology in Cost of revenue, platform in the three months ended September 30, 2023 and 2024 and in the nine months ended September 30, 2024. In the nine months ended September 30, 2023, amortization of developed technology was recorded in Cost of revenue, platform and Research and development expenses. The Company recorded amortization of customer relationships and tradename in Sales and marketing expenses and amortization of patents in General and administrative expenses in the condensed consolidated statements of operations for all periods presented.

As of September 30, 2024, the estimated future amortization expense for intangible assets for the next five years and thereafter is as follows (in thousands):

Year Ending December 31,	
2024 (remaining 3 months)	$ 3,525
2025	12,533
2026	4,074
2027	2,737
2028	2,291
Thereafter	5,866
Total	$ 31,026

5. BALANCE SHEET COMPONENTS

Accounts Receivable, net*:* Accounts receivable, net consisted of the following (in thousands):

	As of	
	September 30, 2024	December 31, 2023
Accounts receivable, gross	$ 768,054	$ 850,464
Less: Allowances		
Allowance for sales returns	6,070	7,808
Allowance for sales incentives	27,971	23,024
Allowance for doubtful accounts	3,283	2,213
Other allowances	819	1,082
Total allowances	38,143	34,127
Accounts receivable, net	$ 729,911	$ 816,337

Property and Equipment, net*:* Property and equipment, net consisted of the following (in thousands):

	As of	
	September 30, 2024	December 31, 2023
Computers and equipment	$ 50,574	$ 51,320
Leasehold improvements	286,481	292,418
Internal-use software	5,916	6,980
Office equipment and furniture	35,900	36,900
Property and equipment, gross	378,871	387,618
Less: Accumulated depreciation and amortization	(155,872)	(123,062)
Property and equipment, net	$ 222,999	$ 264,556

Depreciation and amortization expense for property and equipment assets for the three months ended September 30, 2024 and 2023 was $ 11.8 million and $14.5 million, respectively. Depreciation and amortization expense for property and equipment assets for the nine months ended September 30, 2024 and 2023 was $36.9 million and $39.8 million, respectively.

During the three and nine months ended September 30, 2024, the Company recognized impairment charges of $ 6.5 million and $7.0 million, respectively, related to property and equipment associated with the leased office facilities that are part of its restructuring efforts. During the three and nine months ended September 30, 2023, the Company recorded impairment charges of $68.1 million and $68.7 million, respectively, related to property and equipment associated with the leased office facilities that are part of its restructuring efforts. See Note 16 to the condensed consolidated financial statements for additional details.

Accrued Liabilities*:* Accrued liabilities consisted of the following (in thousands):

	As of	
	September 30, 2024	December 31, 2023
Payments due to content partners	$ 247,371	$ 239,196
Accrued cost of revenue	152,966	147,875
Marketing, retail, and merchandising expenses	65,750	147,853
Operating lease liability, current	77,815	68,099
Content liability, current	62,509	54,319
Other accrued expenses	213,754	130,698
Total Accrued liabilities	$ 820,165	$ 788,040

Deferred Revenue*:* Deferred revenue consisted of the following (in thousands):

	As of	
	September 30, 2024	December 31, 2023
Platform, current	$ 63,438	$ 66,636
Devices, current	29,967	35,521
Total deferred revenue, current	93,405	102,157
Platform, non-current	73	625
Devices, non-current	23,194	23,947
Total deferred revenue, non-current	23,267	24,572
Total Deferred revenue	$ 116,672	$ 126,729

Other Long-term Liabilities: Other Long-term liabilities consisted of the following (in thousands):

	As of	
	September 30, 2024	December 31, 2023
Content liability, non-current	$ 20,405	$ 24,115
Other long-term liabilities	23,248	25,071
Total Other long-term liabilities	$ 43,653	$ 49,186

6. CONTENT ASSETS

Content assets, net consisted of the following (in thousands):

	As of	
	September 30, 2024	December 31, 2023
Licensed content, net and advances	$ 159,928	$ 148,777
Produced content:		
Released, less amortization	63,193	77,951
Completed, not released	29,781	11,235
In production	10,269	38,275
Total produced content, net	103,243	127,461
Total Content assets, net and advances	$ 263,171	$ 276,238
Current portion (included in Prepaid expenses and other current assets)	$ 15,792	$ 18,843
Non-current portion	$ 247,379	$ 257,395

Amortization of content assets is included in Cost of revenue, platform in the condensed consolidated statements of operations and is as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Licensed content	$ 40,744	$ 37,454	$ 114,979	$ 124,690
Produced content	10,126	15,033	32,106	30,111
Total amortization costs	$ 50,870	$ 52,487	$ 147,085	$ 154,801

During the three months ended June 30, 2024, the Company wrote-off $ 11.8 million of unamortized costs related to produced content assets that were removed from the content library on The Roku Channel. This write-off was not part of the Company's restructuring efforts. There were no write-offs during the three months ended March 31, 2024 nor September 30, 2024.

During the three and nine months ended September 30, 2023, the Company recorded impairment charges of $ 61.6 million related to removing select licensed and produced content from The Roku Channel as part of its restructuring efforts. See Note 16 to the condensed consolidated financial statements for additional details on the Company's restructuring efforts.

7. STRATEGIC INVESTMENTS

Investment in Convertible Promissory Notes

In June 2022, the Company agreed to provide financing of up to $ 60.0 million in the aggregate to a counterparty with whom the Company has a commercial relationship. The advances are in the form of convertible promissory notes and are recognized as Other non-current assets on the condensed consolidated balance sheets. The convertible promissory notes accrue interest at 5% per annum, and have maturity dates as reflected in the table below or are due upon a redemption event or in the event of a default.

The convertible promissory notes and their date of investment and maturity are as follows (in thousands):

As of September 30, 2024		
Date of Investment	**Amount of Investment**	**Date of Maturity**
June 15, 2022	$40,000	June 15, 2025
March 23, 2023	$5,000	March 23, 2026
May 23, 2023	$5,000	May 23, 2026

The convertible promissory notes contain certain redemption features that meet the definition of embedded derivatives and require bifurcation. The Company elected to apply the fair value option and account for the hybrid instrument containing the host contract and the embedded derivatives at fair value as a single instrument, with any subsequent changes in fair value included in Other income, net in the condensed consolidated statements of operations. See Note 8 to the condensed consolidated financial statements for additional details on the fair value of the convertible promissory notes.

Investment in Preferred Stock

In September 2024, the Company invested $ 20.0 million in cash in exchange for preferred stock in a privately-held company. The Company elected to apply the measurement alternative for equity securities without readily determinable fair values as there are no quoted market prices for the preferred stock. This investment is measured at cost and adjusted to fair value when there is an observable price change from orderly transactions of identical or similar investments, and assessed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. There were no adjustments recognized in the three months ended September 30, 2024. As of September 30, 2024, the carrying value of the Company’s investment was $20.0 million, and is included within Other non-current assets on the condensed consolidated balance sheet.

8. FAIR VALUE DISCLOSURE

The Company’s financial assets measured at fair value on a recurring basis are as follows (in thousands):

	As of September 30, 2024		
	Fair Value	**Level 1**	**Level 3**
Assets:			
Cash and cash equivalents:			
Cash	$ 720,059	$ 720,059	$ —
Money market funds	1,406,915	1,406,915	—
Restricted cash, current	1,822	1,822	—
Other non-current assets:			
Strategic investment - convertible promissory notes	60,794	—	60,794
Total assets measured and recorded at fair value	$ 2,189,590	$ 2,128,796	$ 60,794

	As of December 31, 2023		
	Fair Value	Level 1	Level 3
Assets:			
Cash and cash equivalents:			
Cash	$ 594,493	$ 594,493	$ —
Money market funds	1,431,398	1,431,398	—
Restricted cash, current	40,713	40,713	—
Other non-current assets:			
Strategic investment - convertible promissory notes	53,816	—	53,816
Total assets measured and recorded at fair value	$ 2,120,420	$ 2,066,604	$ 53,816

The following table reflects the changes in the fair value of the Company's Level 3 financial assets (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Beginning balance	$ 57,450	$ 52,558	$ 53,816	$ 39,468
Strategic investment - convertible promissory notes	—	—	—	10,000
Change in estimated fair value of strategic investment - convertible promissory notes	3,344	644	6,978	3,734
Ending balance	$ 60,794	$ 53,202	$ 60,794	$ 53,202

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal market (or most advantageous market, in the absence of a principal market) for the asset or liability in an orderly transaction between market participants at the measurement date. Further, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs in measuring fair value and utilizes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value.

The three levels of inputs used to measure fair value are as follows:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Financial assets and liabilities measured using Level 1 inputs include cash, cash equivalents, restricted cash, accounts receivable, prepaid expenses, accounts payable and accrued liabilities.

The Company considers all highly liquid investments purchased with an original maturity of three months or less at the date of purchase to be cash equivalents. The Company measured money market funds of $1,406.9 million and $1,431.4 million as cash equivalents as of September 30, 2024 and December 31, 2023, respectively, using Level 1 inputs.

Level 2—Observable inputs other than quoted prices included within Level 1, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable or are derived principally from, or corroborated by, observable market data by correlation or other means.

The Company did not have Level 2 instruments as of September 30, 2024 and December 31, 2023.

Level 3—Unobservable inputs that are supported by little or no market activity, are significant to the fair value of the assets or liabilities and reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

As of September 30, 2024, the Company measured its strategic investment in convertible promissory notes using Level 3 inputs. The fair value of the strategic investment in convertible promissory notes on the date of purchase was determined to be equal to its principal amount. The Company recorded an unrealized gain of $3.3 million and $0.6 million, in Other income, net related to the adjustment to fair value of the strategic investment in convertible promissory notes during the three months ended September 30, 2024 and September 30, 2023, respectively. The Company recorded an unrealized gain of $7.0 million and $3.7 million, in Other income, net related to the adjustment to fair value of the strategic investment in convertible promissory notes during the nine months ended September 30, 2024 and September 30, 2023, respectively.

The Company classified the strategic investment in convertible promissory notes as Level 3 due to the lack of relevant observable market data over fair value inputs. The fair value of the strategic investment in convertible promissory notes was estimated using a scenario-based probability weighted discounted cash flow model. Significant assumptions include the discount rate, and the timing and probability weighting of the various redemption scenarios that impact the settlement of the strategic investment in convertible promissory notes.

Assets and liabilities that are measured at fair value on a non-recurring basis

Non-financial assets such as goodwill, intangible assets, property and equipment, operating lease right-of-use assets, and content assets are evaluated for impairment and adjusted to fair value using Level 3 inputs, only when impairment is recognized.

During the three months ended September 30, 2024, the Company recorded impairment charges of $ 11.4 million related to operating lease right-of-use assets, and $6.5 million related to property and equipment, both associated with the leased office facilities that are part of its restructuring efforts. During the three months ended September 30, 2023, the Company recorded impairment charges of $101.1 million related to operating lease right-of-use assets, and $68.1 million related to property and equipment, both associated with the leased office facilities that are part of its restructuring efforts, and $61.6 million of content assets impairment that are part of its restructuring efforts.

During the nine months ended September 30, 2024, the Company recorded impairment charges of $ 22.6 million related to operating lease right-of-use assets, and $7.0 million related to property and equipment, both associated with the leased office facilities that are part of its restructuring efforts. During the nine months ended September 30, 2023, the Company recorded impairment charges of $104.9 million related to operating lease right-of-use assets, and $68.7 million related to property and equipment, both associated with the leased office facilities that are part of its restructuring efforts, and $61.6 million of content assets impairment that are part of its restructuring efforts. See Note 16 to the condensed consolidated financial statements for additional details.

9. LEASES

The Company's operating leases are primarily for office facilities. The leases have remaining terms ranging from less than one year to nine years and may include options to extend or terminate the lease. The depreciable life of operating lease right-of-use assets is limited by the expected lease term. The Company has executed sublease agreements for a portion of its available office space. The subleases are also classified as operating leases.

The components of lease expense are as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Operating lease expense	$ 16,046	$ 21,097	$ 52,426	$ 64,243
Variable lease expense	5,765	5,623	16,518	17,995
Sublease income	(4,871)	—	(7,756)	—
Total operating lease expense	$ 16,940	$ 26,720	$ 61,188	$ 82,238

Supplemental cash flow information related to leases is as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash outflows from operating leases	$ 24,192	$ 19,097	$ 67,914	$ 54,417
Right-of-use assets obtained in exchange for lease obligations:				
Operating leases	$ 5,616	$ 28,795	$ 8,501	$ 40,704
Decrease in operating lease right-of-use assets due to impairment (See Note 16 for details)	$ 11,386	$ 101,077	$ 22,618	$ 104,867

Supplemental balance sheet information related to leases is as follows (in thousands, except lease term and discount rate):

	As of	
	September 30, 2024	December 31, 2023
Operating lease right-of-use assets	$ 314,326	$ 371,444
Operating lease liability, current (included in Accrued liabilities)	$ 77,815	$ 68,099
Operating lease liability, non-current	535,378	586,174
Total operating lease liability	$ 613,193	$ 654,273
Weighted-average remaining term for operating leases (in years)	7.2	7.9
Weighted-average discount rate for operating leases	3.96 %	3.94 %

Future lease payments under operating leases excluding any sublease income from sublease arrangements as of September 30, 2024 are as follows (in thousands):

Year Ending December 31,	Operating Leases
2024 (remaining 3 months)	$ 24,447
2025	101,538
2026	102,067
2027	100,352
2028	100,380
Thereafter	283,199
Total future lease payments	711,983
Less: imputed interest	(95,531)
Less: expected tenant improvement allowance	(3,259)
Total [1]	$ 613,193

[1] Total lease liabilities include liabilities related to operating leases right-of-use assets which were included in the impairment charges as part of the Company's restructuring efforts reflected in Note 16 to the condensed consolidated financial statements.

As of September 30, 2024, the Company had approximately $ 1 million in commitments relating to operating leases that have not yet commenced.

As of September 30, 2024, the Company expects to receive approximately $ 86.3 million from its sublease arrangements which have a weighted average remaining lease term of approximately 5.5 years.

10. DEBT

On September 16, 2024, the Company entered into a Credit Agreement, by and among the Company, as borrower, certain of our subsidiaries, as guarantors, the lenders and issuing banks party thereto, and with Citibank N.A., as administrative agent (the "Credit Agreement"), which provides for (i) a five-year revolving credit facility in an aggregate principal amount of up to $ 300.0 million, and (ii) an uncommitted increase option of up to an additional $300.0 million exercisable upon the satisfaction of certain customary conditions. The Credit Agreement provides for a $ 100.0 million sub-facility for the issuance of letters of credit, and certain existing letters of credit were deemed outstanding under this facility. The Credit Agreement will mature on September 16, 2029. Proceeds from the Credit Agreement may be used for general corporate purposes, including to finance working capital requirements.

The Company's obligations under the Credit Agreement are secured by substantially all the assets of the Company and its subsidiaries that are guarantors under the Credit Agreement. The Company may prepay, and in certain circumstances would be required to prepay, loans under the Credit Agreement without payment of a premium. The Credit Agreement also contains customary representations and warranties, customary affirmative and negative covenants, financial covenants requiring the maintenance of a minimum interest coverage ratio and a maximum total net leverage ratio, as well as customary events of default, the occurrence of which could result in amounts borrowed under the Credit Agreement becoming due and payable and remaining commitments terminated prior to its scheduled September 16, 2029 termination date.

Debt issuance costs incurred in connection with the Company's Credit Agreement, which are recorded in Prepaid expenses and other current assets and Other non-current assets, are amortized over the five-year term and recognized as a component of interest expense in the condensed consolidated statements of operations.

The Company had outstanding letters of credit secured by the Credit Agreement of $ 36.4 million as of September 30, 2024. As of September 30, 2024, the Company had not borrowed against the Credit Agreement, and the Company was in compliance with all of the covenants of the Credit Agreement.

11. STOCKHOLDERS' EQUITY

Preferred Stock

The Company has 10 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. As of September 30, 2024 and December 31, 2023, there were no shares of preferred stock issued and outstanding.

Common Stock

The Company has two classes of authorized common stock, Class A common stock and Class B common stock. Holders of Class A common stock are entitled to one vote for each share of Class A common stock held on all matters submitted to a vote of stockholders and holders of Class B common stock are entitled to ten votes for each share of Class B common stock held on all matters submitted to a vote of stockholders. Except with respect to voting, the rights of the holders of Class A and Class B common stock are identical. Shares of Class B common stock are voluntarily convertible into shares of Class A common stock at the option of the holder and are generally automatically converted into shares of the Company's Class A common stock upon sale or transfer. Shares issued in connection with exercises of stock options, vesting of restricted stock units, or shares purchased under the employee stock purchase plan are generally automatically converted into shares of the Company's Class A common stock.

Common Stock Reserved for Future Issuance

As of September 30, 2024, the Company's common stock reserved for issuance in the future is as follows (in thousands):

	As of September 30, 2024
Common stock awards granted under equity incentive plans	15,915
Common stock awards available for issuance under the 2017 Employee Stock Purchase Plan (1)	5,089
Common stock awards available for issuance under the 2017 Equity Incentive Plan	31,427
Total reserved shares of common stock	52,431

(1) The Company has not issued any common stock pursuant to the 2017 Employee Stock Purchase Plan.

Equity Incentive Plans

The Company currently grants equity under the Amended and Restated 2017 Equity Incentive Plan (the "2017 Plan"). The 2017 Plan became effective September 2017 in connection with the Company's initial public offering ("IPO"). The 2017 Plan provides for the grant of incentive stock options to the Company's employees and for the grant of non-statutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance stock awards, performance cash awards, and other forms of equity compensation to the Company's employees, directors and consultants.

The Company's outstanding equity relates to the 2017 Plan and the 2008 Equity Incentive Plan ("2008 Plan"), a pre-IPO plan. No additional equity grants have been made pursuant to the 2008 Plan subsequent to the IPO.

The equity granted under the 2017 Plan is subject to continuous service. Stock options granted under the 2017 Plan generally are granted at a price per share equivalent to the fair market value on the date of grant. Recipients of option grants who possess more than 10% of the combined voting power of the Company are subject to certain limitations, and incentive stock options granted to such recipients are at a price per share no less than 110% of the fair market value on the date of grant.

Restricted Stock Units

Restricted stock unit activity for the nine months ended September 30, 2024 is as follows (in thousands, except per share data):

	Number of Shares	Weighted-Average Grant Date Fair Value per Share
Balance as of December 31, 2023	8,674	$ 97.33
Awarded	4,316	59.20
Released	(2,392)	111.53
Forfeited	(581)	96.89
Balance as of September 30, 2024	10,017	$ 77.53

As of September 30, 2024, the Company had $ 639.7 million of unrecognized stock-based compensation expense related to unvested restricted stock units that is expected to be recognized over a weighted-average period of approximately 2.1 years.

Stock Options

Stock option activity for the nine months ended September 30, 2024 is as follows (in thousands, except years and per share data):

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Balance as of December 31, 2023	5,310	$ 75.55	6.8	
Granted	948	59.17	—	
Exercised	(332)	27.06	—	
Forfeited and expired	(28)	141.30	—	
Balance as of September 30, 2024	5,898	$ 75.33	6.8	$ 109,020
Options exercisable as of September 30, 2024	3,801	$ 71.59	5.8	$ 82,033

As of September 30, 2024, the Company had $ 69.8 million of unrecognized stock-based compensation expense related to unvested stock options that is expected to be recognized over a weighted-average period of approximately 2.1 years.

Stock-Based Compensation

The Company measures the cost of employee services received in exchange for an equity award based on the grant date fair value of the award. Stock options granted to employees generally vest over one to four years and have a term of ten years. Restricted stock units generally vest over one to four years.

The following table shows the total stock-based compensation expense for the three and nine months ended September 30, 2024 and 2023 (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Cost of revenue, platform	$ 366	$ 368	$ 1,062	$ 1,056
Cost of revenue, devices	163	810	1,201	2,426
Research and development	38,502	37,314	109,457	110,801
Sales and marketing	36,401	34,421	100,353	99,785
General and administrative	24,664	18,392	71,051	63,288
Total stock-based compensation	$ 100,096	$ 91,305	$ 283,124	$ 277,356

12. COMMITMENTS AND CONTINGENCIES

Manufacturing Purchase Commitments

The Company has various manufacturing contracts with vendors in the conduct of the normal course of its business. In order to manage future demand for its products, the Company enters into agreements with manufacturers and suppliers to procure inventory based upon certain criteria and timing. Some of these commitments are non-cancelable. As of September 30, 2024, the Company had $238.2 million of non-cancelable purchase commitments for inventory. As of September 30, 2024, the Company had accrued $10.4 million related to anticipated losses on firm purchase commitments of inventory. The accrual is recorded in Accrued liabilities in the condensed consolidated balance sheets and the related expense is recorded in Cost of revenue, devices in the condensed consolidated statements of operations.

Content Commitments

The Company enters into contracts with content partners to license and produce content for streaming. When a title becomes available, the Company records a content asset and liability on the condensed consolidated balance sheets. Certain agreements include the obligation to license rights for unknown future titles for which the ultimate quantity and/or fees are not yet determinable as of the reporting date. The Company does not include any estimated obligation for these future titles beyond the known minimum amount. The unknown obligations could be material. The Company also licenses content under arrangements where the payments are variable and based on the revenue earned by the Company. Since those amounts cannot be determined, they are not included in the obligations below.

As of September 30, 2024, the Company's total obligation for licensed and produced content was $ 268.1 million, of which the Company recorded $65.9 million in Current liabilities and $20.4 million in Other long-term liabilities in the condensed consolidated balance sheets. The remaining $ 181.8 million is not yet recognized on the condensed consolidated balance sheets as the content does not meet the criteria for asset recognition.

The expected timing of payments for these content obligations are as follows (in thousands):

Year Ending December 31,		
2024 (remaining 3 months)	$	58,992
2025		139,175
2026		42,551
2027		15,735
2028		7,473
Thereafter		4,142
Total content obligations	$	268,068

Letters of Credit

As of September 30, 2024 and December 31, 2023, the Company had irrevocable letters of credit outstanding in the amount of $ 36.8 million and $37.5 million, respectively, related to operating leases for office facilities. The letters of credit have various expiration dates through 2030. As of September 30, 2024, $36.4 million of the outstanding letters of credit are secured by the Credit Agreement (see Note 10).

Contingencies

The Company accounts for loss contingencies, including liabilities for intellectual property licensing and other claims, when it believes such losses are probable and reasonably estimable. These contingencies are reviewed at least quarterly and adjusted to reflect the impact of negotiations, estimated settlements, legal rulings, and other information and events. The resolution of these contingencies and of other legal proceedings can be, however, inherently unpredictable and subject to significant uncertainties.

The Company is, and may become, subject to various lawsuits, stockholder derivative actions, class action lawsuits, individual or mass arbitration proceedings, and other types of legal proceedings, as well as other disputes, claims, and regulatory or governmental inquiries and investigations in the ordinary course of business, relating to commercial, contract, consumer protection, privacy, data protection, intellectual property, tax, employment, corporate governance, and other matters. Although the results of these legal proceedings, disputes, claims, and inquiries and investigations cannot be predicted with certainty, the Company does not believe that the final outcome of any matters that it is currently involved in is reasonably likely to have a material adverse effect on its business, financial condition, or results of operations. Regardless of the outcome, such legal proceedings, disputes, claims, and inquiries and investigations can have an adverse impact on the Company because of legal fees, other litigation costs, and settlement costs, diversion of management resources, reputational harm, and other factors. During the three and nine months ended September 30, 2024 and 2023, the Company did not have any loss contingencies that were material.

Indemnification

In the ordinary course of business, the Company has entered into contractual arrangements which provide indemnification provisions of varying scope and terms to business partners and other parties with respect to certain matters, including, but not limited to, losses arising out of the Company's breach of such agreements and out of intellectual property infringement claims made by third parties. The Company's obligations under these agreements may be limited in terms of time or amount, and in some instances, the Company may have recourse against third parties for certain payments. In addition, the Company has entered into indemnification agreements with its directors and certain of its officers that will require it, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers.

It is not possible to determine the maximum potential amount under these indemnification obligations due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each agreement. To date, the Company has not incurred any material costs as a result of such obligations and has not accrued any liabilities related to such obligations in the condensed consolidated financial statements.

13. INCOME TAXES

Income tax expense was $4.1 million and $3.2 million for the three months ended September 30, 2024 and 2023, respectively. The increase in income tax expense for the three months ended September 30, 2024 is primarily attributable to an increase in U.S. income tax liability.

Income tax benefit was $0.2 million and income tax expense was $8.4 million for the nine months ended September 30, 2024 and 2023, respectively. The increase in income tax benefit is primarily attributable to the release of the valuation allowance on certain foreign deferred tax assets, which are expected to be utilized based on future forecasted income.

A valuation allowance must be established for deferred tax assets when it is more likely than not that they will not be realized. As of September 30, 2024, the Company analyzed all available objective evidence, both positive and negative, and believes it is more-likely-than-not that some deferred tax assets will not be realizable. Accordingly, the Company has provided a valuation allowance against its U.S. deferred tax assets.

14. NET LOSS PER SHARE

The Company's basic net loss per share is calculated by dividing the net loss by the weighted-average number of shares of common stock outstanding for the period. The Company uses the two-class method to calculate net loss per share. Except with respect to certain voting, conversion, and transfer rights and as otherwise expressly provided in the Company's amended and restated certificate of incorporation or required by applicable law, shares of the Company's Class A common stock and Class B common stock have the same rights and privileges and rank equally, share ratably, and are identical in all respects as to all matters. Accordingly, basic and diluted net loss per share are the same for both classes.

For purposes of the calculation of diluted net loss per share, options to purchase common stock and restricted stock units are considered common stock equivalents. Dilutive shares of common stock are determined by applying the treasury stock method. The dilutive shares are excluded from the calculation of diluted net loss per share in the period of net loss, as their effect is antidilutive.

The following table presents the calculation of basic and diluted net loss per share (in thousands, except per share data):

	Three Months Ended		Nine Months Ended	
	September 30, 2024	**September 30, 2023**	**September 30, 2024**	**September 30, 2023**
Numerator:				
Net Loss	$ (9,030)	$ (330,071)	$ (93,838)	$ (631,270)
Denominator:				
Weighted-average common shares outstanding — basic and diluted	144,862	141,877	144,319	141,087
Net loss per share — basic and diluted	$ (0.06)	$ (2.33)	$ (0.65)	$ (4.47)

For the three and nine months ended September 30, 2024, outstanding equity awards of 15.9 million shares of common stock are excluded from the calculation of diluted net loss per share because of their anti-dilutive effect.

For the three and nine months ended September 30, 2023, outstanding equity awards of 15.8 million shares of common stock are excluded from the calculation of diluted net loss per share because of their anti-dilutive effect.

15. SEGMENT INFORMATION

The Company is organized into two reportable segments as follows:

Platform

Platform revenue is generated from the sale of digital advertising (including direct and programmatic video advertising, media and entertainment promotional spending, and related services) and streaming services distribution (including subscription and transaction revenue shares, the sale of Premium Subscriptions, and the sale of branded app buttons on remote controls).

Devices

Devices revenue is generated from the sale of streaming players, Roku-branded TVs, smart home products and services, audio products, and related accessories as well as revenue from licensing arrangements with service operators.

Customers accounting for 10% or more of segment revenue, net, were as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Platform segment revenue:				
Customer I	*	13 %	*	13 %
Customer J	13 %	*	11%	*
Devices segment revenue:				
Customer A	23 %	21 %	22 %	12 %
Customer B	15 %	16 %	20 %	15 %
Customer C	25 %	37 %	27 %	40 %
Customer K	16 %	*	*	*

* Less than 10%

Revenue by geography is determined based on the location where the Company's products and services are delivered. Revenue in international markets was less than 10% in each of the periods presented.

Long-lived assets, net

The following table presents long-lived assets, net, which consist primarily of property and equipment and operating lease right-of-use assets, by geographic area (in thousands):

	As of	
	September 30, 2024	December 31, 2023
United States	$ 416,734	$ 497,024
United Kingdom	93,984	109,315
Other countries	26,607	29,661
Total	$ 537,325	$ 636,000

The Company recorded impairment charges for certain operating lease right-of-use assets and property and equipment during the nine months ended September 30, 2024 and 2023. See Note 16 to the condensed consolidated financial statements for additional information.

16. RESTRUCTURING

The Company began efforts to reduce its operating expense growth rate due to economic conditions in the fourth quarter of fiscal 2022. The Company recorded employee termination expenses and an impairment charge related to abandoned technology assets during the year ended December 31, 2022.

During the year ended December 31, 2023, the Company implemented additional measures including consolidating its office space utilization, performing a strategic review of its content portfolio, reducing outside services expenses, and slowing its year-over-year headcount expense growth rate through a workforce reduction and limiting new hires, among other measures. As a result of these measures, the Company recorded restructuring charges associated with employee termination expenses consisting primarily of severance payments, employee benefits contributions, payroll taxes and related costs, impairment charges related to decisions to sub-lease and cease the use of certain office facilities and related property and equipment, and impairment charges related to removing select licensed and produced content from The Roku Channel during that period.

During the three and nine months ended September 30, 2024, the Company recorded restructuring charges associated with employee termination expenses consisting primarily of severance payments, employee benefits contributions, payroll taxes and related costs, and impairment charges related to decisions to sub-lease and cease the use of certain office facilities and related property and equipment.

Restructuring charges are recorded as follows (in thousands):

	Three Months Ended September 30, 2024				Three Months Ended September 30, 2023			
	Employee Terminations	Facilities Exit Costs	Assets Impairment Charges	Total	Employee Terminations	Facilities Exit Costs	Assets Impairment Charges	Total
Cost of revenue, platform	$ —	$ —	$ —	$ —	$ 764	$ 1	$ 61,995	$ 62,760
Cost of revenue, devices	—	—	—	—	408	6	2,792	3,206
Research and development	—	52	(1,418)	(1,366)	17,736	1,462	75,442	94,640
Sales and marketing	—	717	16,271	16,988	22,013	319	59,679	82,011
General and administrative	—	140	2,759	2,899	9,445	67	30,919	40,431
Total restructuring charges	$ —	$ 909	$ 17,612	$ 18,521	$ 50,366	$ 1,855	$ 230,827	$ 283,048

	Nine Months Ended September 30, 2024				Nine Months Ended September 30, 2023			
	Employee Terminations	Facilities Exit Costs	Assets Impairment Charges	Total	Employee Terminations	Facilities Exit Costs	Assets Impairment Charges	Total
Cost of revenue, platform	$ (3)	$ —	$ —	$ (3)	$ 764	$ 1	$ 61,995	$ 62,760
Cost of revenue, devices	1	—	5	6	408	6	2,792	3,206
Research and development	368	98	(603)	(137)	31,039	1,462	75,442	107,943
Sales and marketing	697	719	24,641	26,057	29,300	319	59,679	89,298
General and administrative	(116)	117	5,075	5,076	14,230	1,670	35,257	51,157
Total restructuring charges	$ 947	$ 934	$ 29,118	$ 30,999	$ 75,741	$ 3,458	$ 235,165	$ 314,364

The asset impairment charges for the three months ended September 30, 2024 primarily include $ 11.4 million of operating lease right-of-use assets impairment and $6.5 million of property and equipment impairment. The asset impairment charges for the nine months ended September 30, 2024 include $22.6 million of operating lease right-of-use assets impairment and $ 7.0 million of property and equipment impairment, offset by $ 0.5 million of adjustments to other long-term liabilities and assets. The asset impairment charges for the three months ended September 30, 2023 include $101.1 million of operating lease right-of-use assets impairment, $68.1 million of property and equipment impairment, and $ 61.6 million of content assets impairment. The asset impairment charges for the nine months ended September 30, 2023 include $104.9 million of operating lease right-of-use assets impairment, $68.7 million of property and equipment impairment, and $ 61.6 million of content assets impairment.

A reconciliation of the beginning and ending balance of employee termination restructuring charges and facilities exit costs, which are included in Accrued liabilities in the condensed consolidated balance sheets, is as follows (in thousands):

	Three Months Ended September 30, 2024			Three Months Ended September 30, 2023		
	Employee Terminations	Facilities Exit Costs	Total	Employee Terminations	Facilities Exit Costs	Total
Beginning balance	$ 181	$ 839	$ 1,020	$ 422	$ 820	$ 1,242
Restructuring charges incurred	—	909	909	50,366	1,855	52,221
Payments made	(181)	(326)	(507)	(3,128)	(1,180)	(4,308)
Ending balance	$ —	$ 1,422	$ 1,422	$ 47,660	$ 1,495	$ 49,155

	Nine Months Ended September 30, 2024			Nine Months Ended September 30, 2023		
	Employee Terminations	Facilities Exit Costs	Total	Employee Terminations	Facilities Exit Costs	Total
Beginning balance	$ 12,661	$ 1,198	$ 13,859	$ 22,093	$ —	$ 22,093
Restructuring charges incurred	947	934	1,881	75,741	3,458	79,199
Payments made	(13,608)	(710)	(14,318)	(50,174)	(1,963)	(52,137)
Ending balance	$ —	$ 1,422	$ 1,422	$ 47,660	$ 1,495	$ 49,155

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report and with our audited consolidated financial statements included in our Annual Report for the year ended December 31, 2023, filed on February 16, 2024 with the SEC.

Overview

Our two reportable segments are the platform segment and the devices segment. Platform revenue is generated from the sale of digital advertising (including direct and programmatic video advertising, media and entertainment promotional spending, and related services) and streaming services distribution (including subscription and transaction revenue shares, the sale of Premium Subscriptions, and the sale of branded app buttons on remote controls).

Devices revenue is generated from the sale of streaming players, Roku-branded TVs (beginning in March 2023), smart home products and services, audio products, and related accessories as well as revenue from licensing arrangements with service operators. We expect to continue to manage the average selling prices of Roku streaming devices in an effort to increase our Streaming Households. We expect that the trade off from devices gross profit or loss to grow Streaming Households should result in increased platform revenue and platform gross profit over time.

Key Performance Metrics and Non-GAAP Measure

The key performance metrics we use to evaluate our business, measure our performance, develop financial forecasts and make strategic decisions are currently Streaming Households, Streaming Hours, Average Revenue Per User ("ARPU"), and Free Cash Flow.

Beginning with our results for the first quarter of 2025, we will no longer report quarterly updates on Streaming Households and, by extension, ARPU. Since we first reported our key performance metrics in connection with our initial public offering in 2017, our business and the streaming industry have evolved significantly. Now, we are primarily focused on the growth of revenue of our platform segment and Adjusted earnings before interest, tax, depreciation and amortization (Adjusted EBITDA). As a result, effective as of the first quarter of 2025, our key performance metrics will be Streaming Hours, Platform Revenue, Adjusted EBITDA, and Free Cash Flow.

Streaming Households

We believe that the number of Streaming Households is a relevant measure to gauge the size of our user base. We define Streaming Households as the number of distinct user accounts that have streamed content on our platform within the last 30 days of the period. We refer to such accounts as "Streaming Households" because a given user account does not necessarily represent a single viewer or a single Roku streaming device. Rather, a single account may be used by multiple viewers and linked to multiple devices. As a result, we may identify more than one Streaming Household within a single dwelling, and more than one dwelling may constitute a Streaming Household.

Users who streamed content from The Roku Channel only on non-Roku platforms are not included in this metric. Additionally, users who only register an account for use of one of our smart home products are not included in our reported number of Streaming Households.

We had 85.5 million and 75.8 million Streaming Households as of September 30, 2024 and 2023, respectively, reflecting an increase of 13%.

Streaming Hours

We believe the number of Streaming Hours on our platform is an effective measure of user engagement and that the growth in the number of hours of content streamed across our platform reflects our success in addressing the growing user demand for TV streaming. We define Streaming Hours as the aggregate amount of time Roku streaming devices stream content on our platform in a given period. Hours streamed from The Roku Channel on non-Roku platforms are not included in this metric. Additionally, smart home products do not contribute to our Streaming Hours. We report Streaming Hours on a calendar basis.

Additionally, we believe that over time, increasing user engagement on our streaming platform increases our platform monetization because we earn platform revenue from various forms of user engagement, including advertising, as well as revenue shares from subscriptions and transactional video on-demand. However, our revenue from content partners is not tied to the hours streamed on their streaming apps, and the number of Streaming Hours does not correlate to revenue earned from such content partners or ARPU on a period-by-period basis. Moreover, Streaming Hours on our platform are measured whenever a Roku streaming device is streaming content, whether a viewer is actively watching or not. For example, if a Roku player is connected to a TV, and the viewer turns off the TV, steps away, or falls asleep and does not stop or pause the player, then the particular streaming app may continue to play content for a period of time determined by the streaming app. We believe that this also occurs across a wide variety of non-Roku streaming devices and other set-top boxes.

Since the first quarter of 2020, all of our Roku streaming devices include a Roku OS feature that is designed to identify when content has been continuously streaming on an app for an extended period of time without user interaction. This feature, which we refer to as “Are you still watching,” periodically prompts the user to confirm that they are still watching the selected app and closes the app if the user does not respond affirmatively. We believe that the implementation of this feature across the Roku platform benefits us, our customers, content partners, and advertisers. Some of our leading content partners, including Netflix, also have implemented similar features within their apps. This Roku OS feature supplements these app features. This feature has not had and is not expected to have a material impact on our future financial performance.

We streamed 32.0 billion and 26.7 billion hours during the three months ended September 30, 2024 and 2023, respectively, reflecting an increase of 20%.

Average Revenue per User

We measure our platform monetization progress with ARPU, which we believe represents the inherent value of our business. We define ARPU as our platform revenue for the trailing four quarters divided by the average of the number of Streaming Households at the end of the current period and the end of the corresponding period in the prior year. ARPU measures the rate at which we are monetizing our Streaming Households base and the progress of our platform business.

ARPU was relatively flat at $41.10 as of September 30, 2024 as compared to $41.03 as of September 30, 2023. This reflects relatively consistent growth rates of Platform revenue and Streaming Households.

Free Cash Flow (Non-GAAP Measure)

We use Free Cash Flow as a primary metric to measure the performance of our business because we believe maximizing Free Cash Flow helps indicate the financial strength of our business, as well as provide an indication of cash generated or (used) by the business. Our goal is to continuously increase Free Cash Flow over time. We define Free Cash Flow as our trailing 12-month (“TTM”) cash flows from operating activities excluding purchases of property and equipment and the effects of exchange rates on cash.

Our Free Cash Flow was $157.3 million and $100.8 million for the TTM periods ended September 30, 2024 and 2023, respectively.

Free Cash Flow is a non-GAAP financial measure. The Free Cash Flow reconciliation excludes purchases of property and equipment and effects of exchange rates on cash from the cash flows from operating activities, in each case where applicable. We believe Free Cash Flow is useful as a supplement in evaluating our ongoing operational performance and enhancing an overall understanding of our past financial performance. However, this non-GAAP financial measure has limitations, and should not be considered in isolation or as a substitute for our GAAP financial information, such as GAAP cash flows from operating activities. For additional information about cash flows from operating activities, see “Liquidity and Capital Resources” below. In addition, Free Cash Flow may not be comparable to similarly titled metrics of other companies due to differences in methods of calculation.

The following table presents a reconciliation of Free Cash Flow to the most directly comparable GAAP financial measure for each of the periods indicated (in thousands):

	Trailing Twelve Months Ended	
	September 30, 2024	**September 30, 2023**
Net cash provided by operating activities	$ 155,080	$ 246,882
Less: Purchases of property and equipment	(6,123)	(144,477)
Add/(Less): Effect of exchange rate changes on cash, cash equivalents and restricted cash	8,392	(1,599)
Free cash flow (TTM)	$ 157,349	$ 100,806

Components of Results of Operations

Revenue

Platform Revenue

We generate platform revenue from the sale of digital advertising (including direct and programmatic video advertising, media and entertainment promotional spending, and related services) and streaming services distribution (including subscription and transaction revenue shares, the sale of Premium Subscriptions, and the sale of branded app buttons on remote controls). Our ad inventory includes video ad inventory from AVOD content in The Roku Channel, native display ads on the Roku Home Screen and screen saver, as well as ad inventory we obtain through our streaming services distribution agreements with our content partners. To supplement supply, we purchase advertising inventory from our content partners, on an as needed basis. To date, we have generated most of our platform revenue in the United States.

Devices Revenue

We generate devices revenue from the sale of streaming players, Roku-branded TVs, smart home products and services, audio products, and related accessories. Our devices revenue also includes licensing arrangements with service operators. We generate most of our devices revenue in the United States. In our international markets, we primarily sell our devices through wholesale distributors which, in turn, sell to retailers.

Cost of Revenue

Cost of Revenue, Platform

Cost of revenue, platform primarily consists of costs associated with acquiring advertising inventory and amortization costs of content, both licensed and produced, and revenue share with content partners. Cost of revenue, platform also includes other costs such as payment processing fees, allocated expenses associated with the delivery of our services that primarily include costs of third-party cloud services and salaries, benefits, and stock-based compensation for our platform operations personnel, and amortization of acquired developed technology.

Cost of Revenue, Devices

Cost of revenue, devices is comprised mostly of manufacturing costs payable to third party manufacturers for devices we sell which include streaming players, Roku-branded TVs, audio products and smart home products. Cost of revenue, devices also includes technology licenses or royalty fees on devices we sell, inbound and outbound freight, duty and logistics costs, third-party packaging, inventory provisions, and allocated overhead costs related to facilities, third-party cloud services, and salaries, benefits, and stock-based compensation for operations personnel.

Operating and Other Expenses

Research and Development

Research and development expenses consist primarily of salaries, benefits, and stock-based compensation for our development teams as well as outsourced development expenses. In addition, research and development expenses include allocated facilities and overhead expenses.

Sales and Marketing

Sales and marketing expenses consist primarily of salaries, benefits, commissions, and stock-based compensation for our employees engaged in sales and sales customer support, marketing, communications, data science and analytics, business development, product management, and partner support functions. Sales and marketing expenses also include marketing, retail and merchandising expenses, and allocated facilities and overhead expenses.

General and Administrative

General and administrative expenses consist primarily of salaries, benefits, and stock-based compensation for our finance, legal, information technology, human resources, business operations support, and other administrative personnel. General and administrative expenses also include outside legal, accounting, and other professional service fees as well as allocated facility and overhead expenses.

Other Income, Net

For the three and nine months ended September 30, 2024, and 2023, other income, net primarily consists of interest income on cash and cash equivalents, and net change in the fair value of the strategic investment in convertible promissory notes (see Note 7 to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report).

Income Tax Expense (Benefit)

Our income tax expense (benefit) consists primarily of income taxes in certain foreign jurisdictions where we conduct business and income taxes in the United States. We have a full valuation allowance against net deferred tax assets in the U.S. During the nine months ended September 30, 2024, we released the valuation allowance on certain foreign deferred tax assets and recognized an income tax benefit.

Results of Operations

The following table sets forth selected condensed consolidated statements of operations data as a percentage of total revenue for each of the periods indicated.

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Net Revenue:				
Platform	85 %	86 %	85 %	87 %
Devices	15 %	14 %	15 %	13 %
Total net revenue	100 %	100 %	100 %	100 %
Cost of Revenue:				
Platform	39 %	45 %	40 %	43 %
Devices	16 %	15 %	16 %	14 %
Total cost of revenue	55 %	60 %	56 %	57 %
Gross Profit (Loss):				
Platform	46 %	41 %	45 %	44 %
Devices	(1) %	(1) %	(1) %	(1) %
Total gross profit	45 %	40 %	44 %	43 %
Operating Expenses:				
Research and development	17 %	31 %	18 %	28 %
Sales and marketing	22 %	34 %	23 %	31 %
General and administrative	9 %	14 %	9 %	12 %
Total operating expenses	48 %	79 %	50 %	71 %
Loss from Operations	(3) %	(39) %	(6) %	(28) %
Other income, net	3 %	3 %	3 %	3 %
Loss Before Income Taxes	— %	(36) %	(3) %	(25) %
Income tax expense (benefit)	— %	— %	— %	— %
Net Loss	— %	(36) %	(3) %	(25) %

Comparison of the Three and Nine Months Ended September 30, 2024 and September 30, 2023

Net Revenue

	Three Months Ended				Nine Months Ended			
	September 30, 2024	September 30, 2023	Change $	Change %	September 30, 2024	September 30, 2023	Change $	Change %
(in thousands, except percentages)								
Platform	$ 908,175	$ 786,785	$ 121,390	15 %	$ 2,487,443	$ 2,165,238	$ 322,205	15 %
Devices	154,028	125,233	28,795	23 %	424,408	334,956	89,452	27 %
Total net revenue	$ 1,062,203	$ 912,018	$ 150,185	16 %	$ 2,911,851	$ 2,500,194	$ 411,657	16 %

Platform

Platform revenue increased by $121.4 million, or 15%, during the three months ended September 30, 2024 as compared to the three months ended September 30, 2023. The increase was primarily due to higher revenue from streaming services distribution, such as revenue share on content subscriptions and Premium Subscriptions through The Roku Channel, in addition to higher advertising revenue, despite continued weakness in the media and entertainment vertical.

Platform revenue increased by $322.2 million, or 15%, during the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. The increase was primarily due to higher revenue from streaming services distribution, such as revenue share on content subscriptions and Premium Subscriptions through The Roku Channel, in addition to higher advertising revenue, despite continued weakness in the media and entertainment vertical.

Devices

Devices revenue increased by $28.8 million, or 23%, during the three months ended September 30, 2024 as compared to the three months ended September 30, 2023. The increase was primarily due to higher revenue from Roku-branded TVs, offset by lower revenue from streaming players and accessories. During the three months ended September 30, 2024, the average selling price of all devices shipped increased by 11% and the volume of all devices shipped increased by 13% as compared to the three months ended September 30, 2023. The increase in average selling price is due to increased sales of Roku-branded TVs, which generally sell at higher prices compared to streaming players. The increase in the volume of devices shipped was mainly due to higher sales of Roku-branded TVs.

Devices revenue increased by $89.5 million, or 27%, during the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. The increase was primarily due to higher revenue from Roku-branded TVs and to a lesser extent higher revenue from streaming players and accessories. This was offset by lower revenue from licensing arrangements with service operators and lower revenue from audio and smart home products and services. During the nine months ended September 30, 2024, the average selling price of all devices shipped increased by 20% and the volume of all devices shipped increased by 9% as compared to the nine months ended September 30, 2023. The increase in average selling price is due to increased sales of Roku-branded TVs, which generally sell at higher prices compared to streaming players. The increase in the volume of devices shipped was mainly due to higher sales of Roku-branded TVs and to a lesser extent higher sales of streaming players offset by lower sales of smart home products.

Cost of Revenue

(in thousands, except percentages)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Change $	Change %	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	Change $	Change %
Cost of Revenue:								
Platform	$ 416,396	$ 408,554	$ 7,842	2 %	$ 1,161,416	$ 1,057,151	$ 104,265	10 %
Devices	165,732	134,641	31,091	23 %	457,369	358,352	99,017	28 %
Total cost of revenue	$ 582,128	$ 543,195	$ 38,933	7 %	$ 1,618,785	$ 1,415,503	$ 203,282	14 %

Platform

The cost of revenue, platform increased by $7.8 million, or 2%, during the three months ended September 30, 2024 as compared to the three months ended September 30, 2023. The increase was primarily driven by higher costs of acquiring content, higher cost of advertising inventory, and higher credit card processing fees, partially offset by lower impairment charges relating to content assets, and lower content asset amortization.

The cost of revenue, platform increased by $104.3 million, or 10%, during the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. The increase was primarily driven by higher costs of acquiring content, write-off of content assets, and higher credit card processing fees, partially offset by lower impairment charges relating to content assets, lower content asset amortization, and lower cost of advertising inventory.

Devices

The cost of revenue, devices increased by $31.1 million, or 23%, during the three months ended September 30, 2024 as compared to the three months ended September 30, 2023. The increase was primarily driven by higher manufacturing costs of $34.8 million, driven primarily by the cost of manufacturing Roku-branded TVs, and higher freight costs of $11.0 million. The increases were partially offset by lower royalty costs of $5.2 million and lower restructuring charges of $3.2 million.

The cost of revenue, devices increased by $99.0 million, or 28%, during the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. The increase was primarily driven by higher manufacturing costs of $87.0 million, driven primarily by the cost of manufacturing Roku-branded TVs, and higher freight costs of $20.1 million.

Operating Expenses

(in thousands, except percentages)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Change $	Change %	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	Change $	Change %
Research and development	$ 178,798	$ 282,201	$ (103,403)	(37) %	$ 534,738	$ 694,673	$ (159,935)	(23) %
Sales and marketing	237,047	307,694	(70,647)	(23) %	660,827	768,805	(107,978)	(14) %
General and administrative	99,993	128,717	(28,724)	(22) %	276,543	309,422	(32,879)	(11) %
Total operating expenses	$ 515,838	$ 718,612	$ (202,774)	(28) %	$ 1,472,108	$ 1,772,900	$ (300,792)	(17) %

Research and development

Research and development expenses decreased by $103.4 million, or 37%, during the three months ended September 30, 2024 as compared to the three months ended September 30, 2023. The decrease was due to lower restructuring charges of $96.0 million, lower office facilities and IT infrastructure expenses of $5.2 million, and lower personnel-related expenses of $2.0 million.

Research and development expenses decreased by $159.9 million, or 23%, during the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. The decrease was mainly due to lower restructuring charges of $108.1 million, lower personnel-related expenses of $28.2 million, lower office facilities and IT infrastructure expenses of $15.4 million, and lower consulting expenses of $6.6 million.

Sales and marketing

Sales and marketing expenses decreased by $70.6 million, or 23%, during the three months ended September 30, 2024 as compared to the three months ended September 30, 2023. The decrease was due to lower restructuring charges of $65.0 million, lower office facilities and IT infrastructure expenses of $5.3 million, and lower personnel-related expenses of $3.6 million, partially offset by higher consulting expenses of $1.6 million.

Sales and marketing expenses decreased by $108.0 million, or 14%, during the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. The decrease was due to lower restructuring charges of $63.2 million, lower personnel-related expenses of $29.8 million, lower office facilities and IT infrastructure expenses of $11.9 million, and lower marketing, retail, and merchandising expenses of $7.7 million, partially offset by higher consulting expenses of $3.5 million.

General and administrative

General and administrative expenses decreased by $28.7 million, or 22%, during the three months ended September 30, 2024 as compared to the three months ended September 30, 2023. The decrease was mainly due to lower restructuring charges of $37.5 million, lower bad debt expense of $1.2 million, and lower office facilities and IT infrastructure expenses of $1.0 million, partially offset by higher legal and consulting expenses of $10.8 million and higher personnel-related expenses of $2.2 million.

General and administrative expenses decreased by $32.9 million, or 11%, during the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. The decrease was due to lower restructuring charges of $46.1 million, lower office facilities and IT infrastructure expenses of $2.5 million, and lower personnel-related expenses of $1.3 million, partially offset by higher legal and consulting expenses of $16.7 million.

Other Income, Net

	Three Months Ended				Nine Months Ended			
	September 30, 2024	September 30, 2023	Change $	Change %	September 30, 2024	September 30, 2023	Change $	Change %
(in thousands, except percentages)								
Other income, net	$ 30,880	$ 22,902	$ 7,978	35 %	$ 84,955	$ 65,317	$ 19,638	30 %

Other income, net, increased $8.0 million, or 35%, during the three months ended September 30, 2024 as compared to the three months ended September 30, 2023. The increase was primarily driven by an increase in interest income of $2.0 million from higher cash balances, an increase in other income of $2.7 million mainly from higher unrealized gains related to the change in the fair value of the strategic investment in convertible promissory notes, and foreign exchange gains of $3.4 million due to fluctuations in exchange rates.

Other income, net, increased $19.6 million, or 30%, during the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. The increase was primarily driven by an increase in interest income of $12.2 million from higher cash balances, an increase in other income of $3.7 million mainly from higher unrealized gains related to the change in the fair value of the strategic investment in convertible promissory notes, and foreign exchange gains of $2.8 million due to fluctuations in exchange rates.

Income Tax Expense (Benefit)

	Three Months Ended				Nine Months Ended			
	September 30, 2024	September 30, 2023	Change $	Change %	September 30, 2024	September 30, 2023	Change $	Change %
(in thousands, except percentages)								
Income tax expense (benefit)	$ 4,147	$ 3,184	$ 963	30 %	$ (249)	$ 8,378	$ (8,627)	(103) %

Income tax expense increased by $1.0 million during the three months ended September 30, 2024 as compared to the three months ended September 30, 2023, primarily due to an increase in U.S. tax liability.

Income tax expense decreased by $8.6 million during the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023, primarily due to a tax benefit from the release of a valuation allowance on certain foreign deferred tax assets.

Liquidity and Capital Resources

As of September 30, 2024, we had cash and cash equivalents of $2,127.0 million. Approximately 6% of our cash was held outside the United States in accounts held by our foreign subsidiaries, which is used to fund foreign operations.

Our primary sources of cash are receipts from platform and devices revenue. The primary uses of cash are costs of revenue including costs to acquire advertising inventory, costs to license and produce content, third-party manufacturing costs for our products, as well as operating expenses such as personnel-related expenses including employee termination payments, consulting and professional service expenses, facilities expenses, and marketing expenses. Other uses of cash include purchases of property and equipment and mergers and acquisitions.

We have pursued merger and acquisition activities in the past, and we may pursue additional merger and acquisition activities in the future, including the acquisition of rights to programming and content assets. Though we do not expect to incur expenses for facilities and building related costs at the same level as the last few fiscal years, we will continue to incur expenses on the maintenance of our facilities and purchases of computer systems, and other property and equipment, in order to support future growth in our business. These activities may materially impact our liquidity and capital resources.

We believe our existing cash and cash equivalents balance, and our undrawn available balance under our Credit Agreement (as discussed further below), will be sufficient to meet our working capital, capital expenditures, and material cash requirements from known contractual obligations for the next twelve months and beyond. Our future capital requirements, the adequacy of available funds, and cash flows from operations could be affected by various risks, uncertainties, including, but not limited to, those detailed in Part II, Item 1A, Risk Factors in this Quarterly Report and the effects of the current macroeconomic environment. While the current macroeconomic environment has not severely impacted our liquidity and capital resources to date, it has contributed to disruption and volatility in local economies and in capital and credit markets, which could adversely affect our liquidity and capital resources in the future.

We may attempt to raise additional capital through the sale of equity securities or other financing arrangements. If we raise additional funds by issuing equity, the ownership of our existing stockholders will be diluted. If we raise additional financing by the incurrence of indebtedness, we may be subject to fixed payment obligations and also to restrictive covenants. Additionally, due to the current macroeconomic environment, we may be unable to obtain debt or equity financing on terms that are acceptable to us.

Debt

On September 16, 2024, we entered into a Credit Agreement, by and among the Company, as borrower, certain of our subsidiaries, as guarantors, the lenders and issuing banks party thereto, and with Citibank N.A., as administrative agent (the "Credit Agreement"), which provides for (i) a five-year revolving credit facility in an aggregate principal amount of up to $300.0 million, and (ii) an uncommitted increase option of up to an additional $300.0 million exercisable upon the satisfaction of certain customary conditions. The Credit Agreement provides for a $100.0 million sub-facility for the issuance of letters of credit, and certain existing letters of credit were deemed outstanding under this facility. The Credit Agreement will mature on September 16, 2029. Proceeds from the Credit Agreement may be used for general corporate purposes, including to finance working capital requirements.

Our obligations under the Credit Agreement are secured by substantially all the assets of the Company and our subsidiaries that are guarantors under the Credit Agreement. We may prepay, and in certain circumstances would be required to prepay, loans under the Credit Agreement without payment of a premium. The Credit Agreement also contains customary representations and warranties, customary affirmative and negative covenants, financial covenants requiring the maintenance of a minimum interest coverage ratio and a maximum total net leverage ratio, as well as customary events of default, the occurrence of which could result in amounts borrowed under the Credit Agreement becoming due and payable and remaining commitments terminated prior to its scheduled September 16, 2029 termination date.

We had outstanding letters of credit secured by the Credit Agreement of $36.4 million as of September 30, 2024. As of September 30, 2024, we had not borrowed against the Credit Agreement, and we were in compliance with all of the covenants of the Credit Agreement.

Cash Flows

The following table summarizes our cash flows for the periods presented (in thousands):

	Nine Months Ended	
	September 30, 2024	September 30, 2023
Condensed Consolidated Statements of Cash Flows Data:		
Cash flows provided by operating activities	$ 138,753	$ 239,529
Cash flows used in investing activities	$ (22,603)	$ (89,099)
Cash flows used in financing activities	$ (56,732)	$ (65,301)

Cash Flows from Operating Activities

Our operating activities provided cash of $138.8 million for the nine months ended September 30, 2024. Our net loss of $93.8 million for the nine months ended September 30, 2024 was adjusted by non-cash charges of $548.0 million comprised primarily of stock-based compensation, amortization and write-off of content assets, depreciation and amortization of property and equipment and intangible assets, amortization of operating lease right-of-use assets, and impairment of assets. The changes in our operating assets and liabilities used cash of $315.4 million, primarily due to a decrease in accounts payable due to timing of payments, payments made to acquire content, payments made for operating leases liabilities, a decrease in deferred revenue, an increase in prepaid expenses and other current assets, increases in other long-term assets, and increases in inventory. This was partially offset by a decrease in the accounts receivable balance and an increase in accrued liabilities.

Cash Flows from Investing Activities

Our investing activities for the nine months ended September 30, 2024 included cash outflows of $22.6 million consisting of purchases of property and equipment of $2.6 million and a purchase of a strategic investment of $20.0 million.

Cash Flows from Financing Activities

Our financing activities used cash of $56.7 million for the nine months ended September 30, 2024. The cash outflow related primarily to the tax payments of $63.9 million made by us on net settlement of the equity awards vested during the period and the payment of $1.8 million in issuance costs related to our credit agreement, partially offset by $9.0 million received from proceeds from the exercise of employee stock options.

Material Cash Requirements from Known Contractual Obligations

Our material cash requirements from known contractual obligations as of September 30, 2024 consisted of:

- Commitments to purchase finished goods from our contract manufacturers and other inventory related items. Consistent with industry practices, we enter into firm, non-cancelable, and unconditional purchase commitments with our contract manufacturers to acquire products through a combination of purchase orders, supplier contracts, and open orders based on projected demand information. Our contract manufacturers source components and build our products based on these demand forecasts. Changes to projected demand or in the subsequent sales mix of our products may result in us being committed to purchase excess inventory to satisfy these commitments. For additional information regarding manufacturing purchase commitments, see Note 12 to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report.

- Commitments to license content from content partners and produce content under contractual arrangements. For additional information regarding content commitments, see Note 12 to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report.

- Operating lease liabilities that are included in our condensed consolidated balance sheets and liabilities related to the lease arrangements that have not yet commenced. For additional information regarding our lease liabilities, see Note 9 to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report. Our restructuring efforts to consolidate office space did not materially change our operating lease obligations.

The contractual commitments discussed above are associated with agreements that are enforceable and legally binding. Obligations under contracts that we can cancel without a significant penalty are not included above.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. These estimates and assumptions are based on historical experience, current trends and other factors that we believe to be reasonable at the time our condensed consolidated financial statements are prepared. We evaluate our estimates and assumptions on an ongoing basis. There have been no material changes to our critical accounting policies and estimates as compared to the critical accounting policies and estimates described in our Annual Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Fluctuation Risk

Our exposure to interest rate risk relates to the interest income generated by cash and cash equivalents. The primary objective of our investment policy is to preserve principal while maximizing income without significantly increasing risk. We believe that an increase or decrease in interest rates of 100 basis points on our cash and cash equivalents balance would impact our interest income by an additional increase or decrease of $21.0 million.

Foreign Currency Exchange Rate Risk

Most of our revenue is generated within the United States and as such we have minimal foreign currency risk related to our revenue. Our foreign currency risk primarily relates to operating expenses, cash balances, and lease liabilities denominated in currencies other than U.S. dollars, primarily British pounds and Euros. Our results of current and future operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates.

We have experienced and will continue to experience fluctuations in our net income as a result of transaction gains or losses related to revaluing monetary asset and liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded. We have not entered into any derivatives or other financial instruments in an attempt to hedge our foreign currency exchange risk, but we may do so in the future.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures were, in design and operation, effective at a reasonable assurance level.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended September 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

Information with respect to this item may be found in Note 12 to the condensed consolidated financial statements, Part I, Item 1 of this Quarterly Report and is incorporated herein by reference.

Item 1A. Risk Factors

Our business involves significant risks, some of which are described below. You should carefully consider the risks and uncertainties described below, together with all the other information in this Quarterly Report, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the condensed consolidated financial statements and the related notes. If any of the following risks actually occur, our business, reputation, financial condition, results of operations, revenue, key performance metrics (including Streaming Households, Streaming Hours, ARPU, and Free Cash Flow), and future prospects could be seriously harmed. In addition, you should consider the interrelationship and compounding effects of two or more risks occurring simultaneously. Unless otherwise indicated, references to our business being harmed in these risk factors will include harm to our business, reputation, financial condition, results of operations, revenue, key performance metrics, and future prospects. In that event, the market price of our Class A common stock could decline, and you could lose part or all of your investment. You should not interpret our disclosure of any of the following risks to imply that such risks have not already materialized. The risks facing our business have not changed substantively from those discussed in our Annual Report, filed with the SEC on February 16, 2024, except for those risks marked with an asterisk (*).

Risk Factors Summary

Below is a summary of the principal factors that make an investment in our Class A common stock speculative or risky:

Risks Related to Our Business and Industry

- the highly competitive nature of the TV streaming industry that is rapidly evolving;
- our ability to grow revenues from advertising on our platform;
- our ability to further monetize our streaming platform;
- our ability to successfully work with third-party demand sources and run our demand-side platform;
- our ability to develop, maintain, and expand relationships with licensed Roku TV partners, manufacturing partners, and service operators;
- our ability to establish and maintain relationships with important content partners;
- popular or new content publishers not publishing their content on our streaming platform;
- the non-renewal or early termination of our agreements with content partners;
- maintaining an adequate supply of quality video advertising inventory on our platform and effectively selling the available supply;
- content partners electing not to participate in platform features that we develop;
- irrelevant or unengaging advertising campaigns on our streaming platform;
- our ability to operate and monetize The Roku Channel;
- users signing up for offerings and services outside of our platform;
- our and our licensed Roku TV partners' ability to develop, maintain, and expand relationships with important retail sales channels that we and they rely on to sell our streaming devices and other products;
- our ability to build a strong brand and maintain customer satisfaction and loyalty;
- advertiser or advertising agency delayed payment or failure to pay;
- maintaining adequate customer support levels;
- our introduction of new products and services;
- our and our licensed Roku TV partners' reliance on contract manufacturers and limited manufacturing capabilities;
- our reliance on licensed Roku TV partners' operations for the supply of Roku TV models;
- our ability to forecast manufacturing requirements and manage our supply chain and inventory levels;
- decreased availability or increased costs for materials and components used in the manufacturing of our products and our licensed Roku TV partners' products;
- our ability to obtain key components from sole source suppliers;
- interoperability of our products with content partners' and other third parties' offerings, technologies, and systems;
- detecting hardware defects and software errors in our products before they are released to end users;
- component manufacturing, design, or other defects that may render our products permanently inoperable;
- our ability to obtain or maintain necessary or desirable licenses, certifications, or approvals related to our use or support of third-party technology, intellectual property, or services;

- our use of artificial intelligence ("AI") technologies in some of our products and services;

Risks Related to Operating and Growing Our Business

- our history of operating losses;
- volatility of our quarterly operating results that could cause our stock price to decline;
- our ability to manage our growth;
- our ability to successfully expand our international operations;
- seasonality and other potential fluctuations in our business and their impact on our revenue and gross profit;
- attracting and retaining key personnel and managing succession;
- maintaining systems that can support our growth, business arrangements, and financial rules;
- our ability to successfully complete acquisitions and investments and integrate acquired businesses;
- our ability to comply with the terms of our outstanding credit facility;
- our ability to secure funds to meet our financial obligations and support our planned business growth;
- adverse developments affecting financial institutions, including bank failures;

Risks Related to Cybersecurity, Reliability, and Data Privacy

- data security incidents, including cybersecurity attacks, or other significant disruptions of our information technology systems that could adversely affect our business and subject us to liability;
- legal obligations and potential liability or reputational harm related to our collection, storage, and use of personal and confidential information related to the users of our products and services and cybersecurity incidents;
- disruptions in information technology systems or other services that result in a degradation of our platform;
- changes in how network operators manage data that travel across their networks;

Risks Related to Intellectual Property

- intellectual property infringement claims and litigation resulting in significant costs or the loss of important intellectual property rights;
- failure or inability to protect or enforce our intellectual property or proprietary rights;
- our use of open-source software;
- our agreements to indemnify certain of our partners if our technology is alleged to infringe on third parties' intellectual property rights;

Risks Related to Macroeconomic Conditions

- the impact of macroeconomic conditions, natural disasters, geopolitical conflicts, or other natural or man-made catastrophic events on our business;

Legal and Regulatory Risks

- lawsuits and other legal proceedings, disputes, claims, and government inquiries and investigations;
- enactment of or changes to government regulation or laws related to our business;
- changes in U.S. or foreign trade policies, geopolitical conditions, and general economic conditions that impact our business;
- U.S. or international rules (or the absence of rules) that permit internet access network operators to degrade users' internet service speeds or limit internet data consumption by users;
- liability for content that is distributed through or advertising that is served through our platform;
- our ability to maintain effective internal controls over financial reporting;
- the impact of changes in accounting principles;
- compliance with laws and regulations related to the payment of income taxes and collection of indirect taxes;
- changes to U.S. or foreign taxation laws or regulations;

Risks Related to Ownership of Our Class A Common Stock

- the dual class structure of our common stock;
- volatility in the market price of our Class A common stock;
- potential dilution or a decline in our stock price caused by future sales or issuance of our capital stock or rights to purchase capital stock;
- a decline in our stock price caused by future sales by existing stockholders;
- dependency on favorable securities and industry analyst reports;
- the significant legal, accounting, and other expenses associated with being a publicly traded company;
- the absence of dividends on our Class A or Class B common stock;
- anti-takeover provisions in our charter and bylaws; and
- the limitations resulting from our selection of the Delaware Court of Chancery and the U.S. federal district courts as the exclusive forums for substantially all disputes between us and our stockholders.

Risks Related to Our Business and Industry

The TV streaming industry is highly competitive and many companies, including large technology companies, content owners and aggregators, TV brands, and service operators, are actively focusing on this industry. If we fail to differentiate our streaming platform and compete successfully with these companies, it will be difficult for us to attract and retain users and our business will be harmed.*

The TV streaming industry is highly competitive and global. Our success depends in part on attracting users to and retaining users on, and the effective monetization of, our streaming platform. To attract and retain users, we need to be able to respond efficiently to changes in user tastes and preferences and to offer our users access to the content they love on terms that they accept. Effective monetization requires us to continue to update the features and functionality of our streaming platform for users, content partners, and advertisers. We also must effectively support popular sources of streaming content that are available on our platform, such as Amazon Prime Video, Disney+, Hulu, Max, Netflix, and YouTube. And we must respond rapidly to actual and anticipated market trends in the TV streaming industry.

Large companies such as Amazon, Apple, and Google offer TV streaming devices that compete with Roku streaming devices made by us and our licensed Roku TV partners. In addition, Google licenses its Android operating system software for integration into smart TVs and service provider set-top boxes, and Amazon licenses its operating system software for integration into smart TVs and sells Amazon-branded smart TVs. If Walmart’s pending acquisition of Vizio is consummated, we may face increased competition from Walmart, which currently makes and sells Onn. branded streaming products, including co-branded Roku TV models. These companies have greater financial resources than we do and can subsidize the cost of their streaming devices or licensing arrangements in order to promote their other products and services, which could make it harder for us to acquire new users, retain existing users, increase Streaming Hours, and monetize our streaming platform. These companies could also implement standards or technology that are not compatible with our products or that provide a better streaming experience. These companies also have greater resources to promote their brands through advertising than we do.

In addition, many TV brands offer their own TV streaming solutions within their TVs. Other devices, such as game consoles, also incorporate TV streaming functionality. Similarly, some service operators, such as Comcast and Charter Communications (and their joint venture, Xumo, LLC), offer TV streaming applications and devices as part of their cable service plans and can leverage their existing user bases, installation networks, broadband delivery networks, and name recognition to gain traction in TV streaming. If viewers of TV streaming content prefer alternative products to Roku streaming devices, we may not be able to achieve our expected growth in platform revenue, gross profit, and our key performance metrics.

We also compete for Streaming Hours with mobile streaming applications on smartphones and tablets, and users may prefer to view streaming content on such applications. Increased use of mobile or other platforms for TV streaming could adversely impact the growth of our Streaming Hours, harm our competitive position, and otherwise harm our business.

We expect competition in TV streaming from the large companies and service operators described above, as well as new and growing companies, to continue to increase in the future. This increased competition could result in pricing pressure, lower revenue and gross profit, declines in our key performance metrics, or the failure of Roku streaming devices, our streaming platform, or our other products to gain or maintain broad market acceptance. To remain competitive and maintain our position as a leading TV streaming platform, we need to continuously invest in our platform, product development, marketing, service and support, and device distribution infrastructure. In addition, evolving TV standards and unknown future developments may require further investments in the development of Roku streaming devices, our streaming platform, and our other products. We may not have sufficient resources to continue to make the investments needed to maintain our competitive position. In addition, many of our competitors have longer operating histories, greater name recognition, larger customer bases and significantly greater financial, technical, sales, marketing, and other resources than us, which provide them with advantages in developing, marketing, or servicing new products and offerings. As a result, they may be able to respond more quickly to market demand, devote greater resources to the development, promotion, sales, and distribution of their products or their content, and influence market acceptance of their products better than we can. These competitors may also be able to adapt more quickly to new or emerging technologies or standards and may be able to deliver products and services at a lower cost. Increased competition could reduce our sales volume, revenue, and operating margins, increase our operating costs, harm our competitive position, and otherwise harm our business.

To enhance our users’ experience, we also offer our own lines of Roku-branded smart home products and services, and audio products, including wireless speakers and subwoofers. As a result, we face additional competition from other brands of smart home products and audio products. If these products do not operate as designed or do not enhance the TVs powered by the Roku OS or other viewing experiences as we intend, our users’ overall viewing experience may be diminished, and this may impact the overall demand for our products and our partners’ Roku TV models.

Our future growth depends our ability to grow revenues from advertising on our streaming platform.*

We operate in a highly competitive advertising industry and compete for revenue from advertising with other streaming platforms and services, including social media and other digital platforms, as well as traditional media, such as radio, broadcast, cable and satellite TV, and satellite and internet radio. 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, and lower ARPU and Free Cash Flow. For example, many major SVOD services, including Netflix, Disney+, and Amazon Prime Video now have ad-supported SVOD tiers, which has further increased competition for streaming TV advertising revenue. These services, as well as other services such as YouTube, Tubi, and Pluto, sell (either through direct sales or programmatically through third parties) ad inventory in their ad-supported content that is distributed on our streaming platform. If we are unable to increase our revenue from advertising by, among other things, continuing to improve our streaming platform's capabilities to further optimize and measure advertisers' campaigns; continuing to increase our streaming platform's reach; increasing, differentiating, and selling our advertising inventory, including video ad inventory we sell in The Roku Channel, video ad inventory that we acquire through our streaming services distribution agreements, and native display ads on the Roku Home Screen and throughout our streaming platform; innovating our ad product offerings; and maintaining a strong 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 industry changes or trends, which would harm our ability to grow our advertising revenue and would harm our business.

Many advertisers continue to devote a substantial portion of their advertising budgets to advertising in traditional media or on other digital platforms, such as traditional TV, radio, print publications, and social media. The future growth of our business depends on the growth of advertising on TV streaming platforms and on advertisers increasing their spending on advertising on our streaming platform. Although traditional TV advertisers have shown growing interest in advertising on TV streaming platforms, we cannot be certain that their interest will continue to increase or that they will not revert to traditional TV advertising or shift their advertising spending to social media and other digital platforms (rather than to us). In addition, if we are unable to compete with social media and other digital platforms to win business from advertisers and advertising agencies who have traditionally advertised on these platforms, such as direct-to-consumer and small or medium-sized businesses, our ability to grow our business may be limited. If advertisers, or their agency relationships, do not perceive meaningful benefits of advertising on streaming TV platforms, the market may develop more slowly than we expect, which could adversely impact our operating results and our ability to grow our business.

Finally, there is political or regulatory pressure in some countries to limit streaming TV advertising (including limiting the advertising that may be associated with children's content) or impose local content requirements on streaming TV services, which could pose a threat to our services.

We may not be successful in our efforts to further monetize our streaming platform, which may harm our business.*

Our business model depends on our ability to generate platform revenue from advertisers and content partners through ad-supported content and native display ads. We generate platform revenue primarily from the sale of digital advertising (including direct and programmatic video advertising, media and entertainment promotional spending, and related services) and streaming services distribution (including subscription and transaction revenue shares, the sale of Premium Subscriptions, and the sale of branded app buttons on remote controls). As such, we are seeking to expand the number of Streaming Households and increase Streaming Hours in an effort to create additional platform revenue opportunities. As our user base grows and as we increase the amount of content offered and streamed across our platform, we must effectively monetize our expanding user base and streaming activity. The total number of Streaming Hours, however, does not correlate with platform revenue on a period-by-period basis, primarily because we do not monetize every hour streamed or every user on our platform. Moreover, Streaming Hours on our platform are measured whenever a Roku streaming device is streaming content, whether a viewer is actively watching or not. For example, if a player is connected to a TV, and the viewer turns off the TV, steps away, or falls asleep and does not stop or pause the player, then the particular streaming app may continue to play content for a period of time determined by the streaming app (although all Roku devices include a Roku OS feature that is designed to identify when content has been continuously streaming on an app for an extended period of time without user interaction, which periodically prompts the user to confirm that they are still watching the selected app and closes the app if the user does not respond affirmatively).

Our ability to deliver advertisements relevant to our users and to increase our streaming platform's value to advertisers and content partners depends on the collection of user engagement data, which may be restricted or prevented by a number of factors, including the evolving data protection legal landscape. Users may decide to opt out or restrict our ability to collect viewing data or to provide them with more relevant advertisements. Content partners may also refuse to allow us to collect data regarding user engagement or refuse to implement mechanisms we request to ensure compliance with our legal obligations or technical requirements. For example, we are not able to fully utilize program level viewing data from many of our most popular apps to improve the relevancy of advertisements provided to our users.

Other apps available on our streaming platform, such as Amazon Prime Video, Apple TV+, Hulu, and YouTube, are focused on increasing user engagement and time spent within their apps by allowing users to purchase additional content and streaming services within their apps; when users purchase these additional services within these apps, we may earn less revenue than when the services are purchased directly from us. If our users spend most of their time within particular apps where we have limited or no ability to place advertisements or leverage user information, or our users opt out from our ability to collect data for use in providing more relevant advertisements, we may not be able to achieve our expected growth in platform revenue, gross profit, or key performance metrics. Additionally, our distribution agreements with our most popular apps are renegotiated periodically; thus, even if we are currently able to monetize Streaming Hours within an app, we may not be able to do so in the future. If we are unable to further monetize our streaming platform, our business may be harmed.

Our efforts to monetize our streaming platform may not continue to grow as we expect, and our platform revenue growth has been, and may continue to be, lower than expected due to advertising inventory supply and demand imbalances, advertisers significantly curtailing or pausing advertising spending due to inflationary pressures, recessionary fears, or other reasons that are out of our control, or competitive pressures from video ad offerings on other TV streaming platforms or services. In addition, advertisers' spending commitments, such as those we obtain in connection with annual TV Upfront presentations, are typically not fully binding, and the revenue we receive from such commitments may be less than the initially committed amount. This means that in order to materially increase the monetization of our streaming platform through the sale of video advertising, we will need to attract significantly more advertising dollars to our streaming platform as well as deliver ad-supported content that results in our users streaming significantly more ad-supported content. Accordingly, there can be no assurance that we will be successful in monetizing our streaming platform through the distribution of ad-supported content.

If we are not successful in working with third-party demand sources or in running our demand-side platform ("DSP"), our business may be harmed.*

Advertisers and advertising agencies can programmatically purchase and manage their streaming TV, desktop, and mobile advertising campaigns both off and on the Roku platform through third-party demand sources (such as third-party DSPs and supply-side platforms ("SSPs")) and OneView (our proprietary DSP). The market for programmatic streaming TV ad buying is an evolving market, and our current and potential advertisers and advertising agencies may not continue to shift to programmatic ad buying from other buying methods as quickly as we expect or at all. If the market for programmatic streaming TV ad buying deteriorates or develops more slowly than we expect, advertisers and advertising agencies may not use DSPs or SSPs, and our business could be harmed. If we are unable to expand our programmatic demand by maintaining and developing third-party demand relationships in a way that is competitive with other advertising platforms, our business could be harmed. In addition, if DSPs or SSPs do not have the functionality or services expected by advertisers or advertising agencies, they may take their advertising spend to a non-Roku platform. We also may not be able to adapt to changes or trends in programmatic streaming TV advertising, which would harm our ability to grow our advertising revenue and harm our business.

Our growth depends in part on our ability to develop, maintain, and expand relationships with our licensed Roku TV partners and manufacturing partners and, to a lesser extent, service operators.

We license the Roku OS and our smart TV reference designs to certain TV brand and manufacturing partners for the development, manufacture, and commercialization of licensed Roku TV models. We have developed, and intend to continue to develop and expand, relationships with these TV brand and manufacturing partners. We continue to invest in the growth and expansion of our Roku TV program both in the United States and international markets. For a number of years, the sale of Roku TV models by our licensed Roku TV partners has materially contributed to growth in our Streaming Households and Streaming Hours and supported our platform monetization efforts. This growth has primarily been driven by North America; however, our Roku TV licensing program has been expanded to certain international markets and has represented an increased share of new Streaming Households. We do not typically receive, nor do we typically expect to receive, license revenue from these arrangements, but we typically incur operating expenses in connection with establishing and supporting these commercial agreements.

The primary economic benefits that we derive from these license arrangements have been and will likely continue to be indirect, primarily from growing our Streaming Households, increasing Streaming Hours, and thereby enabling us to generate more streaming services distribution and advertising-related revenue on our platform. If these arrangements do not continue to result in increased Streaming Households and Streaming Hours, and if that growth does not in turn lead to successfully monetizing that increased user activity, our business may be harmed.

The loss of a relationship with a licensed Roku TV partner (including as a result of our launch of Roku-branded TVs that are designed, made, and sold by us) could harm our results of operations, damage our reputation, increase pricing and promotional pressures from other partners and retail distribution channels, increase our marketing costs, and result in the loss of revenue. If we are not successful in maintaining existing and creating new relationships with any of these third parties, or if we encounter technological, content licensing, or other impediments to these relationships, our ability to grow or maintain our business could be adversely impacted.

We have also developed licensing relationships with certain service operators, primarily in international markets; however, this program has been decreasing in scale in recent years, and as a result we have shifted the focus of our international growth to the sale of Roku streaming devices and expanding our Roku TV licensing program. Based on the decreasing scale of our licensing program for service operators, including termination of these relationships, we expect that the number of Streaming Households generated from this program will continue to decline, which may impact the overall growth rate of our Streaming Households in international markets.

Our Roku TV licensing arrangements are complex and time-consuming to negotiate and complete. Our current and potential partners include TV brands, retailers, cable and satellite companies, and telecommunication providers. Under these license arrangements, we generally have limited or no control over the amount and timing of resources these entities dedicate to the relationship. In the past, our licensed Roku TV partners have failed to meet their forecasts and anticipated market launch dates for distributing Roku TV models, and they may fail to meet their forecasts or such launches in the future. If our licensed Roku TV partners or service operator partners fail to meet their forecasts or such launches for distributing licensed streaming devices or choose to deploy competing streaming solutions within their product lines, our business may be harmed.

We depend on a small number of content partners for a majority of our Streaming Hours, and if we fail to maintain these relationships, our business could be harmed.*

Historically, a small number of content partners have accounted for a significant portion of the hours streamed on our platform. In the three months ended September 30, 2024, the top three streaming services (excluding The Roku Channel) represented over 50% of all hours streamed in the period. If, for any reason, we cease distributing apps that have historically streamed a large percentage of the aggregate Streaming Hours on our platform, our Streaming Hours, our Streaming Households, or Roku streaming device sales may be adversely affected, and our business may be harmed.

If popular or new content publishers do not publish content on our streaming platform, we may fail to retain existing users and attract new users.*

We must continuously maintain existing relationships and identify and establish new relationships with content publishers to provide popular streaming apps, streaming app features, and content. In order to remain competitive, we must consistently meet user demand for popular streaming apps, streaming app features, and content, particularly as we launch new streaming devices, introduce new TVs powered by the Roku OS, or enter new markets, including international markets. This may be challenging as the industry continues to evolve, including through consolidation of content publishers, joint ventures among content publishers, and licensing of content between content publishers. If we are not successful in helping our content publishers launch and maintain streaming apps and streaming app features that attract and retain a significant number of users on our streaming platform or if we are not able to do so in a cost-effective manner, our business will be harmed. Our ability to successfully help content publishers maintain and expand their app offerings on a cost-effective basis largely depends on our ability to:

- effectively promote and market new and existing streaming apps;
- minimize launch delays of new and updated streaming apps; and
- minimize streaming platform downtime and other technical difficulties.

In addition, if service operators, including traditional TV providers, refuse to grant our users access to stream certain apps or only make content available on devices they prefer, our ability to offer a broad selection of popular streaming apps or content may be limited. If we fail to help our content publishers maintain and expand their audiences on our streaming platform or their apps are not available on our streaming platform, our business may be harmed.

The non-renewal or early termination of agreements with our content partners may result in the removal of certain apps or app features from our streaming platform and may harm our streaming device sales, Streaming Household growth, and engagement.

We enter into agreements with all our content partners, which have varying terms and conditions, including expiration dates and rights to terminate under certain circumstances. Our agreements with content partners generally have terms of one to three years and can be terminated before the end of the term by the content partner under certain circumstances, including if we materially breach the agreement, become insolvent, enter bankruptcy, commit fraud, or fail to adhere to the content partners’ security or other platform certification requirements.

Upon expiration of these agreements, we are required to re-negotiate and renew them in order to continue providing content from these content partners on our streaming platform. We have in the past been unable, and in the future may not be able, to reach a satisfactory agreement with certain content partners before our existing agreements have expired. If we are unable to renew such agreements on a timely basis on mutually agreeable terms, or if a content partner terminates an agreement with us prior to its expiration, we may be required to temporarily or permanently remove certain apps or app features from our streaming platform.

The loss of such apps or app features 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 partners on terms favorable to us, or at all, or if these content partners face problems in delivering their content across our streaming platform, we may lose app partners or users and our streaming device sales, Streaming Household growth, and engagement may be harmed.

If we are unable to maintain an adequate supply of quality video ad inventory on our streaming platform or generate sufficient demand to effectively sell our available video ad inventory, our business may be harmed.*

Our business model depends on our ability to grow video ad inventory on our streaming platform and sell it to advertisers. While The Roku Channel has historically served as a valuable source of video ad inventory for us to sell, there is no guarantee that it will continue to do so in the future. If The Roku Channel is unable to secure content that is appealing to our users and advertisers, or is unable to do so on terms that provide a sufficient supply of ad inventory at reasonable cost, our supply of video ad inventory will be negatively impacted. We are also dependent on our ability to monetize video ad inventory within other ad-supported apps on our streaming platform. We seek to obtain the ability to sell such inventory from the content partners of such apps. We may fail to attract content partners that generate a sufficient quantity or quality of ad-supported content hours on our streaming platform or fail to obtain access to a sufficient quantity and quality of ad inventory from the publishers of such content. Our access to video ad inventory in ad-supported streaming apps on our streaming platform varies greatly among apps. Accordingly, we may not have access to a significant portion of the video ad inventory on our streaming platform. For certain apps, including YouTube's ad-supported app, we have no access to video ad inventory at this time and we may not secure access in the future. Moreover, when existing SVOD services introduce new ad-supported tiers to their streaming services, we have in the past and in the future may not be able to reach agreement on access to video ad inventory on these tiers on mutually agreeable terms, or at all. 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 ad inventory at reasonable costs to keep up with demand, our business may be harmed. Further, even if we have an adequate supply of quality video ad inventory, we may not be able to generate sufficient demand for such ad inventory or sell the ad inventory at our desired price. If we are unable to effectively sell our available video ad inventory, our business may be harmed.

If our content partners do not participate in new features that we may introduce from time to time, our business may be harmed.*

As our streaming platform and products evolve, we will continue to introduce new features, which may or may not be attractive to our content partners or meet their requirements. For example, some content partners have elected not to participate in new Roku Home Screen Menu features or in our Roku Zones (collections of related content from apps across our streaming platform) or have imposed limits on our data gathering for usage within their apps. In addition, our streaming platform utilizes our proprietary Brightscript scripting language in order to allow our content partners to develop and create apps on our streaming platform. Certain content partners may find other languages, such as HTML5, more attractive to develop for and shift their resources to developing their apps on other platforms. If key content partners do not find our streaming platform simple and attractive to develop apps for, do not value and participate in all of the features and functionality that our streaming platform offers, or determine that our software developer kit or new features of our platform do not meet their requirements, our business may be harmed.

If the advertising campaigns on our streaming platform decrease, or the campaigns that run are not relevant or not engaging to our users, our business may be adversely impacted.*

We have made, and are continuing to make, investments to engage with more advertisers and content partners, and enable them to deliver more relevant advertising campaigns to our viewers. However, a small number of content partners historically have accounted for a significant portion of the media and entertainment promotional spending campaigns on our streaming platform, and consolidation among content partners has in the past resulted, and may in the future result, in decreased media and entertainment promotional spending campaigns on our streaming platform. If our content partners decrease the media and entertainment promotional spending campaigns on our streaming platform, our financial condition and operating results may suffer, and our business may be harmed.

In addition, existing and prospective advertisers may not be successful in serving advertising campaigns that lead to and maintain viewer engagement. Those ads and campaigns may seem irrelevant, repetitive, or overly targeted and intrusive. For example, viewers may dislike the content and frequency of advertising that appears on the Roku Home Screen. We are continuously seeking to balance the objectives of our advertisers with our desire to provide an optimal viewer experience, but we may not be successful in achieving a balance that continues to attract and retain viewers, advertisers, and content partners.

If the advertising campaigns on our streaming platform are not relevant, are overly intrusive, or are too frequent and impede the use of our platform, our viewers may stop using our platform, resulting in a reduction of our Streaming Households and Streaming Hours, which will harm our business, financial condition and operating results.

We are subject to various risks in connection with our operation and monetization of The Roku Channel.*

We operate The Roku Channel, which offers ad-supported free access for users to a collection of films, television series, live linear television, and other content. We have incurred, and will continue to incur, costs and expenses in connection with the development, expansion, and operation of The Roku Channel, which we monetize primarily through advertising. We also commission original content that we own and distribute on The Roku Channel. From time to time, we may remove underperforming content from The Roku Channel and record an impairment charge related to such removal, as we did in fiscal year 2023 and during the three months ended June 30, 2024.

If our users do not continue to stream the ad-supported content we make available on The Roku Channel, we will not have the opportunity to monetize The Roku Channel through revenue generated from advertising. In order to attract users to the ad-supported content on The Roku Channel and drive streaming of ad-supported video on The Roku Channel, we must secure rights to stream content that is appealing to our users and advertisers. In part, we do this by directly licensing certain content from content owners, such as television and movie studios. The agreements that we enter into with these content owners have varying terms and provide us with rights to make specific content available through The Roku Channel during certain periods of time. Upon expiration of these agreements, we are required to re-negotiate and renew these agreements with the content owners, or enter into new agreements with other content owners, in order to obtain rights to distribute additional titles or to extend the duration of the rights previously granted. If we are unable to enter into content license agreements on acceptable terms to access content that enables us to attract and retain users of the ad-supported content on The Roku Channel, or if the content we do secure rights to stream is ultimately not appealing to our users and advertisers, usage of The Roku Channel may decline, and our business may be harmed. Further, even if we successfully monetize The Roku Channel in the United States, we may not be successful in monetizing The Roku Channel in international markets.

In addition, we produce content for distribution on The Roku Channel and other platforms. We have limited experience producing content, and we may not be successful in doing so in a cost-effective manner that is appealing to our users and advertisers and furthers the growth of The Roku Channel. We also take on risks associated with content production, such as completion and key talent risk. Furthermore, if the advertisements on The Roku Channel are not relevant to our users or such advertisements are overly intrusive and impede our users' enjoyment of the available content, our users may not stream content and view advertisements on The Roku Channel, and The Roku Channel may not generate sufficient revenue from advertising to be cost effective for us to operate. In addition, we distribute The Roku Channel on platforms other than our own streaming platform, and there can be no assurance that we will be successful in attracting a large number of users or generating significant revenue from advertising through the distribution of The Roku Channel on such other streaming platforms.

If our users sign up for offerings and services outside of our streaming platform or through other apps on our streaming platform, our business may be harmed.

We earn revenue by acquiring subscribers for certain of our content partners activated on or through our streaming platform, including Premium Subscriptions on The Roku Channel, which allow our users to pay for content from various content partners. If users reduce the degree to which they use our streaming platform for these purchases or subscriptions for any reason, and instead increase the degree to which they pay for services directly with content partners or by other means for which we do not receive attribution, our business may be harmed.

In addition, certain apps available on our streaming platform allow users to purchase additional streaming services from within those apps. The revenue we earn from these transactions is not always equivalent to the revenue we earn from sales of such additional services on a stand-alone basis through our streaming platform. If users increase their spending on such in-app transactions at the expense of stand-alone purchases through our streaming platform, our business may be harmed.

We and our licensed Roku TV partners depend on retail sales channels to effectively market and sell our respective products, and if we or our partners fail to maintain and expand effective retail sales channels, we or our partners could experience lower product sales.*

To continue to grow our Streaming Households, we must maintain and expand retail sales channels for our products and for the Roku products sold by our partners or licensees. The majority of our products and our licensed Roku TV partners' products are sold through traditional brick and mortar retailers, such as Best Buy, Costco, Target, and Walmart, including their online sales platforms, and online retailers such as Amazon.

We also sell certain products directly through our website and internationally through distributors and retailers such as Coppel in Mexico, Magazine Luiza in Brazil, MediaMarkt in Germany, and Currys in the United Kingdom. As we have only recently expanded to certain international markets, we may not have established a strong reputation or relationships with retailers for those markets as compared to our retail sales channels in the United States or our competitors in international markets.

Our retailers and distributors also sell products that compete with our products and our licensed Roku TV partners' products, including house-branded televisions sold by such retailers that utilize TV operating systems other than the Roku OS. We have no minimum purchase commitments or long-term contracts with any of these retailers or distributors, and there can be no assurance that we will reach agreements with our retailers and distributors on terms we find acceptable or that will be consistent with our past practices. We may be reliant on certain retailers or distributors. Amazon, Best Buy, Target, and Walmart in total accounted for 78% of our devices revenue for both the three months ended September 30, 2024 and September 30, 2023. Furthermore, our licensed Roku TV partners may be reliant on the same retailers and distributors or other retailers and distributors for a significant portion of their unit sales of Roku TV models. If one or several retailers or distributors were to discontinue selling our products or our licensed Roku TV partners' products, choose not to prominently display those products in their stores or on their websites, or close or severely limit access to their brick and mortar locations, the volume of our products or our licensed Roku TV partners' products sold could decrease, which would harm our business. These risks may be exacerbated by our reliance on certain retailers or distributors, or when a major retailer in a jurisdiction commercializes televisions under brands that the retailer controls.

In addition, if any of our existing licensed Roku TV partners choose to work exclusively with, or divert a significant portion of their business with us to, other operating system developers, this may adversely impact our ability to continue to license the Roku OS and our smart TV reference design to TV brands and to grow Streaming Households and monetize the Roku OS. Traditional retailers have limited shelf and end cap space in their stores and limited promotional budgets, and online retailers have limited prime website product placement space. Competition is intense for these resources, and a competitor with more extensive product lines, stronger brand identity and greater marketing resources, such as Amazon or Google, possesses greater bargaining power with retailers. In addition, one of our online retailers, Amazon, sells its own competitive streaming devices, smart TVs, and smart home devices, is able to market and promote these products more prominently on its website, and could refuse to offer or promote our products on its website. If Walmart's pending acquisition of Vizio is consummated, we may face increased competition within Walmart, which currently makes and sells Onn. branded streaming products, including co-branded Roku TV models. Any reduction in our ability to place and promote our products, or increased competition for available shelf or website placement, could require us to increase our marketing or other expenditures to maintain our product visibility or could result in reduced visibility for our products, which may harm our business. In particular, the availability of product placement during peak retail periods, such as the holiday season, is critical to our revenue growth, and if we are unable to effectively sell our products during these periods, our business would be harmed.

If our efforts to build a strong brand and maintain customer satisfaction and loyalty are not successful, we may not be able to attract or retain users, and our business may be harmed.

Building and maintaining a strong brand is important to attract and retain users, as potential users have a number of TV streaming choices. Successfully building a brand is a time-consuming and comprehensive endeavor, and our brand may be negatively impacted by factors that are out of our control, such as the quality and reliability of the Roku TV models made by our licensed Roku TV partners and the quality of the content that our content partners provide. Our competitors may be able to achieve and maintain brand awareness and consumer demand for their products more quickly and effectively than we can. Many of our competitors are larger companies and may have greater resources to devote to the promotion of their brands through traditional advertising, digital advertising, or website product placement. If we are unable to execute on building a strong brand, it may be difficult to differentiate our business and streaming platform from our competitors in the marketplace, which may adversely affect our ability to attract and retain users and harm our business.

Our streaming platform allows our users to choose from a wide variety of apps, representing a variety of content from a wide range of content partners. Our users can choose and control which apps they download and watch, and they can use certain settings to prevent apps from being downloaded to Roku streaming devices. While we have policies that prohibit the publication of content that is unlawful, incites illegal activities, or violates third-party rights, among other things, we may distribute apps that include controversial content. Controversies related to the content included on certain apps that we distribute have resulted in, and could in the future result in, negative publicity, cause harm to our reputation and brand, or subject us to claims and may harm our business.

We are subject to payment-related risks and, if our advertisers, advertising agencies, or programmatic partners do not pay or dispute their invoices, our business may be harmed.*

Many of our contracts with advertising agencies provide that if the advertiser does not pay the agency, the agency is not liable to us, and we must seek payment solely from the advertiser, a type of arrangement called sequential liability. Contracting with these agencies, which in some cases have or may develop higher-risk credit profiles, may subject us to greater credit risk than if we were to contract directly with advertisers.

This credit risk may vary depending on the nature of an advertising agency's aggregated advertiser base. In addition, typically, we are contractually required to pay advertising inventory data suppliers within a negotiated period of time, regardless of whether our advertisers or advertising agencies pay us on time, or at all. Further, we typically experience slow payment cycles by advertising agencies as is common in the advertising industry. While we attempt to balance payment periods with our suppliers and advertisers and advertising agencies, we are not always successful. As a result, we can often face a timing issue with our accounts payable on shorter cycles than our accounts receivables, requiring us to remit payments from our own funds, and accept the risk of credit losses.

We may also be involved in disputes with agencies, their advertisers, or our programmatic partners over the operation of our streaming platform, the terms of our agreements, or our billings for purchases made by them through our streaming platform, our DSP, or other programmatic partners. If we are unable to collect or make adjustments to bills, we could incur credit losses, which could have a material adverse effect on our results of operations for the periods in which the write-offs occur. In the future, bad debt may exceed reserves for such contingencies, and our bad debt exposure may increase over time. Any increase in write-offs for bad debt could have a materially negative effect on our business, financial condition, and operating results. If we are not paid by our advertisers or advertising agencies on time or at all, our business may be harmed.

The quality of our customer support is important, and if we fail to provide adequate levels of customer support, we could lose users, advertisers, content partners, and licensed Roku TV partners, which could harm our business.

Our users depend on our customer support organization to resolve issues relating to our products and our streaming platform. A high level of support is critical for the success of our business. We currently outsource the majority of our customer support operation to a third-party customer support organization which provides support to end users. In addition, we train our licensed Roku TV partners and service operator licensees to provide first-level customer support to users of Roku TV models and other devices. If we do not effectively train, update, and manage our third-party customer support organization to assist our users and licensees, and if that support organization does not succeed in helping them quickly resolve issues or provide effective ongoing support, it could adversely affect our ability to monetize our streaming platform, to sell our products to users and could harm our reputation with potential new customers and our licensees.

We must continue to innovate and develop new and existing products and services to remain competitive, and new products and services expose our business to new risks.*

We must continually innovate and improve our products and services and develop new products and services to meet changing consumer demands. The introduction of a new product or service is a complex task, involving significant expenditures in research and development, promotion, and sales channel development, and can expose our business to new risks. The introduction of new products and services or changes to our existing products and services may result in new or enhanced governmental or regulatory scrutiny, new litigation or claims, or other complications that could adversely affect our business, reputation, or financial results. In addition, our entrance into entirely new lines of business beyond our historical core business of TV streaming and advertising, such as our Roku-branded smart home products, may change our risk profile and subject us to risks that differ from the risks we face as a result of our historical TV streaming business.

Whether users will broadly adopt our new products or services is not certain. Our future success will depend on our ability to develop new and competitively priced products and services and add new desirable content and features to our streaming platform. Moreover, we must introduce new products and services in a timely and cost-effective manner, and we must secure production orders for new products from our contract manufacturers. The development of new products and services is a highly complex process, and we do not expect that all of our projects will be successful.

The successful development and introduction of new products and services depends on a number of factors, including:

- the accuracy of our forecasts for market requirements beyond near-term visibility;
- our ability to anticipate and react to new technologies and evolving consumer trends;
- our development, licensing, or acquisition of new technologies;
- our timely completion of new designs and development;
- our ability to timely and adequately redesign or resolve design or manufacturing or security issues;
- our ability to identify and contract with an appropriate manufacturer;
- the ability of our contract manufacturers to cost-effectively manufacture our new products;
- the availability of materials and key components used in manufacturing;
- tariffs, trade, sanctions, and export restrictions by the U.S. or foreign governments;
- the ability of our contract manufacturers to produce quality products and minimize defects, manufacturing mishaps, shipping costs, and delays;
- our ability to obtain required licenses and comply with other regulatory requirements; and
- our ability to attract and retain world-class research and development personnel.

If any of these or other factors materializes, we may not be able to develop and introduce new products or services in a timely or cost-effective manner, and our business may be harmed.

We do not have our own manufacturing capabilities and primarily depend upon a limited number of contract manufacturers, and our operations could be disrupted if we encounter problems with our contract manufacturers.*

We do not have any internal manufacturing capabilities and rely on a limited number of contract manufacturers to build our players, smart home products, and Roku-branded TVs. Our contract manufacturers are vulnerable to, among other issues:

- capacity constraints;
- reduced component availability;
- production, supply chain, or shipping disruptions, delays, or increased costs, including from labor disputes, strikes, mechanical issues, quality control issues, natural disasters, geopolitical conflicts, and public health crises; and
- the impact of U.S. or foreign tariffs, trade, or sanctions restrictions on components, finished goods, software, other products, or data transfers.

As a result, we have limited control over delivery schedules, manufacturing yields, and costs, particularly when components are in short supply or when we introduce new products.

We also have limited control over our contract manufacturers' quality systems and controls, and therefore must rely on them to manufacture our products to our quality and performance standards and specifications. Delays, component shortages, quality issues, and other manufacturing and supply problems in the past have impaired, and could in the future impair, the retail distribution of our products and ultimately our brand. Furthermore, any adverse change in our contract manufacturers' financial or business condition could disrupt our ability to supply our products to our retailers and distributors.

We also rely upon our contract manufacturers and other contractors to perform some of the development work on our products. The contract manufacturers or other contractors may be unwilling or unable to successfully complete desired development or fix defects or errors in a timely manner. Delays in development work by contract manufacturers or contractors could delay launch of new or improved products.

Our contracts with our contract manufacturers generally may not contain terms that protect us against development, manufacturing, and supply disruptions or risks. For example, such contracts may not obligate our contract manufacturers to supply our products in any specific quantity or at any specific price. If our contract manufacturers are unable to fulfill our production requirements in a timely manner, if their costs increase because of inflationary pressures, U.S. or international tariffs, sanctions, export or import restrictions, or if they decide to terminate their relationship with us, our order fulfillment may be delayed or terminated, and we would have to attempt to identify, select, and qualify acceptable alternative contract manufacturers.

Alternative contract manufacturers may not be available to us when needed or may not be in a position to satisfy our production requirements at commercially reasonable prices, to our quality and performance standards on a timely basis, or at all. Any significant interruption in manufacturing at our contract manufacturers for any reason could require us to reduce our supply of products to our retailers and distributors, which in turn would reduce our revenue, or incur higher freight costs than anticipated, which would negatively impact our devices gross margin.

In addition, our contract manufacturers' facilities, and the facilities of our contract manufacturers' suppliers, are located in various geographic areas that may be subject to political, economic, labor, trade, public health, social, and legal uncertainties, including Taiwan, Vietnam, China, and Brazil, and such uncertainties may harm or disrupt our relationships with these parties or their ability to perform. For example, if the tensions between Taiwan and China escalate and impact the operations of our contract manufacturers and their Taiwanese suppliers, our supply chain and our business could be adversely affected. We believe that the international location of these facilities increases supply risk, including the risk of supply interruptions, tariffs, and trade restrictions on exports or imports.

The supply of Roku TV models to the market could be disrupted if our licensed Roku TV partners encounter problems with their internal operations or with their contract manufacturers, assemblers, or component suppliers.*

Some of our licensed Roku TV partners have internal manufacturing capabilities, while others rely primarily or exclusively upon contract manufacturers to build the Roku TV models that our licensed Roku TV partners sell to retailers. Regardless of whether their manufacturing capabilities are internal or contracted, our licensed Roku TV partners' manufacturers may be vulnerable to capacity constraints and reduced component availability; increases in tariffs on imports of Roku TV models; future possible changes in regulations on exports; restrictions, by the United States or otherwise, on dealings with certain countries, companies, or imported inputs; tariffs on parts or components for Roku TV models; and supply chain disruptions, increased shipping costs, and shipping delays.

Our licensed Roku TV partners' control over delivery schedules, manufacturing yields, and costs, particularly when components are in short supply, may be limited. For those licensed Roku TV partners with contract manufacturers or suppliers, the problems are exacerbated because the contract manufacturer is a third party, and the licensed Roku TV partner does not have direct visibility into or control over the operations. Delays, component shortages, and other manufacturing and supply problems could impair the manufacture or distribution of Roku TV models. Interruptions in the supply of Roku TV models to retailers and distributors or increases in the pricing of Roku TV models at times have negatively affected, and could adversely affect in the future, the volume of Roku TV models sold at retail, resulting in slower Streaming Households and Streaming Hours growth.

Furthermore, any manufacturing, design, or other issues affecting the quality or performance of Roku TV models could harm our brand and our business.

If we fail to accurately forecast our manufacturing requirements for our products and manage our inventory with our contract manufacturers, we could incur additional costs, experience manufacturing delays, and lose revenue.

We bear risks of excess and insufficient inventories under our contract manufacturing arrangements. For example, our contract manufacturers order materials and components in advance in an effort to meet our projected needs for our products. Lead times for the materials and components that our contract manufacturers order on our behalf through different component suppliers may vary significantly and depend on numerous factors outside of our control, including the specific supplier, contract terms, shipping and freight, market demand for a component at a given time, and trade and government relations. Lead times for certain key materials and components incorporated into our products are currently lengthy and may require our contract manufacturers to order materials and components many months in advance. If we overestimate our production requirements, our contract manufacturers may purchase excess components and build excess inventory. If our contract manufacturers, at our request, purchase excess components or build excess products, we could be required to pay for these excess components or products. In the past, we have agreed to reimburse our contract manufacturers for purchased components that were not used as a result of our decision to discontinue a certain model or the use of particular components. If we incur costs to cover excess supply commitments, our business may be harmed.

Conversely, if we underestimate our product requirements, our contract manufacturers may have inadequate material or component inventory, which could interrupt the manufacturing of our products, result in insufficient quantities available to meet demand, and result in delays or cancellation of orders from retailers and distributors. In addition, from time to time we have experienced unanticipated increases in demand that resulted in the need to ship our products via air freight, which is more expensive than ocean freight, and adversely affected our devices gross margin during such periods of high demand (for example, during end-of-year holidays). If we fail to accurately forecast our manufacturing requirements, our business may be harmed.

Our products incorporate key components from sole source suppliers, and if our contract manufacturers are unable to obtain sufficient quantities of these components on a timely basis, we will not be able to deliver our products to our retailers and distributors.

We depend on sole source suppliers for key components in our products. For example, each of our streaming players and TVs powered by the Roku OS may utilize a specific system on chip (or SoC), Wi-Fi silicon product, and Wi-Fi front-end module, each of which may be available from only a single manufacturer and for which we do not have a second source.

Although this approach allows us to maximize product performance on lower cost hardware, reduce engineering development and qualification costs, and develop stronger relationships with our strategic suppliers, this also creates supply chain risk. These sole-source suppliers could be constrained by fabrication capacity issues or material supply issues, such as U.S. or foreign tariffs, war or other government or trade relations issues, other export or import restrictions on parts or components for finished products that are used in final assembly of their components (or on the finished products themselves), or shortages of key components.

There is also a risk that the strategic supplier may stop producing such components, cease operations, be acquired by or enter into exclusive arrangements with our competitors or other companies, put contract manufacturers on allocation because of semiconductor shortages, or become subject to U.S. or foreign sanctions or export control restrictions or penalties. Such suppliers have experienced, and may in the future experience, production, shipping, or logistical constraints arising from macroeconomic conditions or other circumstances, such as inflationary pressures, geopolitical conflict, and supply chain disruptions. Such interruptions and delays have in the past and may in the future force us to seek similar components from alternative sources, which may not always be available, and which may cause us to delay product introductions and incur air freight expense. Switching from a sole-source supplier may require that we adapt our software and redesign our products to accommodate new chips and components, and may require us to re-qualify our products with regulatory bodies, such as the U.S. Federal Communications Commission ("FCC"), which would be costly and time-consuming.

Our reliance on sole-source suppliers involves a number of additional risks, including risks related to:

- supplier capacity constraints;
- price increases, including those related to inflationary pressures, tariffs, and material costs;
- timely delivery;
- component quality; and
- delays in, or the inability to execute on, a supplier roadmap for components and technologies.

Any interruption in the supply of sole-source components for our products could adversely affect our ability to meet scheduled product deliveries to our retailers and distributors, result in lost sales and higher expenses, and harm our business.

If our products do not operate effectively with various offerings, technologies, and systems from content partners and other third parties that we do not control, our business may be harmed.*

The Roku OS is designed to perform using relatively low-cost hardware, which enables us to drive user growth via Roku streaming devices offered at a low cost to users. However, this hardware must be interoperable with all apps and other offerings, technologies, and systems from our content partners, including virtual multi-channel video programming distributors, and other third parties. We have no control over these offerings, technologies, and systems beyond our app certification requirements, and if Roku streaming devices do not provide our users with a high-quality experience on those offerings on a cost-effective basis or if changes are made to those offerings that are not compatible with Roku streaming devices, we may be unable to increase Streaming Household growth and user engagement or may be required to increase our hardware costs, and our business will be harmed.

We plan to continue to introduce new products regularly, including, for example, the Roku-branded TVs we launched in 2023 and the Roku Pro Series TVs launched in April 2024, and we have experienced that it takes time to optimize such products to function well with these offerings, technologies and systems. In addition, many of our largest content partners have the right to test and certify our new products before we can publish their apps. The certification processes can be time-consuming and introduce third-party dependencies into our product release cycles. If our content partners do not certify new products on a timely basis or require us to make changes in order to obtain certifications, our product release plans may be adversely impacted, we may not be able to offer certain products to all licensed Roku TV partners or we may not continue to offer certain apps. To continue to grow our Streaming Households and user engagement, we will need to prioritize development of Roku streaming devices to work better with new offerings, technologies, and systems, including our smart home products and services. If we are unable to maintain consistent operability of Roku streaming devices that is on parity with or better than other platforms, our business could be harmed.

In addition, any future changes to offerings, technologies, and systems from our content partners may impact the accessibility, speed, functionality, and other performance aspects of Roku streaming devices. We may not successfully develop Roku streaming devices that operate effectively with these offerings, technologies, or systems. If it becomes more difficult for our users to access and use these offerings, technologies, or systems, our business could be harmed.

Our products are complex and may contain hardware defects and software errors, which could manifest themselves in ways that could harm our reputation and our business.*

Our products and the products of our licensed Roku TV partners are complex and have contained and may in the future contain hardware defects or software errors. These defects and errors can manifest themselves in any number of ways in our products or our streaming platform, including through diminished performance, security vulnerabilities, data loss or poor quality, device malfunctions, account inactivity, or even permanently disabled products. Some errors may only be discovered after a product has been shipped and used by users and may in some cases only be detected under certain circumstances or after extended use. We update our software on a regular basis, and, despite our quality assurance processes, we could introduce software errors in the process of any such update.

The introduction of a serious software error could result in products becoming permanently disabled. We offer a limited warranty for our products, in accordance with applicable law, however, providing software updates, product support, and other activities could cause us to be responsible for issues with products for an extended period of time. Any defects discovered in our products after commercial release could result in loss of revenue or delay in revenue recognition, loss of customer goodwill and users, and increased service costs, any of which could harm our business, operating results, and financial condition. We could also face claims for product or information liability, tort or breach of warranty, or other violations of laws or regulations. In addition, our contracts with our end users contain provisions relating to warranty disclaimers and liability limitations, which may not be upheld. Defending a lawsuit, regardless of its merit, is costly and may divert management’s attention and adversely affect the market’s perception of Roku and our products. In addition, if our insurance coverage proves inadequate or future coverage is unavailable on acceptable terms or at all, our business could be harmed.

Components used in our products may fail as a result of manufacturing, design, or other defects that were unknown to us or over which we have no control and may render our products permanently inoperable.

We rely on third-party component suppliers to provide certain functionalities needed for the operation and use of our products. Any errors or defects in such third-party technology could result in errors or defects in our products that could harm our business. If these components have a manufacturing, design, or other defect, they could cause our products to fail and could render them permanently inoperable. For example, the typical means by which our users connect their home networks to our players is by way of a Wi-Fi access point in the home network router. If the Wi-Fi receiver or transmitter in a player fails and cannot detect a home network's Wi-Fi access point, the player will not be able to display or deliver any content to the TV screen. As a result, we may have to recall and replace defective products, which could be at a considerable cost and expense. Should we have a widespread problem of this kind, our reputation in the market could also be adversely affected.

If we are unable to obtain or maintain necessary or desirable licenses, certifications, or approvals related to our use or support of third-party technology, intellectual property, or services, then our ability to develop and introduce new products and services, and continue to manufacture, update, and commercialize existing products and services, may be impaired.*

We use or enable in our products and services certain industry standard and other technology, intellectual property, and services that are obtained from third parties. As a result, in order to continue to make, distribute, update, and commercialize our existing products and services, and introduce and commercialize new products and services, we may be required to maintain certain licenses, certifications, and approvals from the relevant third parties and potentially license and otherwise obtain access to additional technologies, intellectual property, and products from third parties. The licenses, certifications, and approvals we need to obtain from third parties may be or become unavailable to us on commercially reasonable terms, if at all. If we are unable to obtain or maintain necessary third-party licenses, certifications, or approvals, we may have to obtain substitute technologies, intellectual property, or services with lower quality or performance standards, or at a greater cost, or remove desired functions and features from our products and services, any of which could harm customer and partner relationships, as well as the competitiveness of our products, services, and business.

Our products and services are designed to be compatible with numerous industry standards. In many cases, these industry standards have numerous associated patents known generally as standard essential patents ("SEPs"). Over time, SEP owners have increasingly turned away from licensing their SEPs through patent pools, preferring to license their portfolios directly. This has increased the number of licensors (since the patents are not pooled) and increased the time, cost, and difficulty of SEP licensing. If we are unable to obtain a license to a necessary SEP on commercially reasonable terms, or at all, or find a suitable substitute technology that complies with the industry standard, our customer and partner relationships, as well as the competitiveness of our products and services, and our business may be harmed.

We are incorporating AI technologies into some of our products and services, which may present operational and reputational risks.*

We have incorporated and intend to continue to incorporate AI technologies, such as generative AI, into our products and services. For example, we have introduced a generative-driven ad creation service for our advertisers to help them create ads more easily, and we continue to use AI technologies to power our content recommendation engine. As with many innovations, AI presents risks and challenges that could adversely impact our business. AI technologies can create accuracy issues, unintended biases, and discriminatory outcomes, or may create content that appears correct but is inaccurate or flawed. If the recommendations, content, or analyses that AI applications produce are or are alleged to be deficient or inaccurate, we could be subjected to competitive harm, potential legal liability, and brand or reputational harm. The legal and regulatory landscape surrounding AI technologies is rapidly evolving and uncertain, including in the areas of intellectual property, cybersecurity, and privacy and data protection. For example, there is uncertainty around the validity and enforceability of intellectual property rights related to the use, development, and deployment of AI technologies. Compliance with new or changing laws, regulations or industry standards relating to AI may impose significant operational costs and may limit our ability to develop, deploy or use AI technologies. There can be no assurance that the measures we have taken to mitigate the potential risks related to generative AI will be sufficient. Failure to appropriately respond to this evolving landscape may result in legal liability, regulatory action, or brand and reputational harm.

Risks Related to Operating and Growing Our Business

We have incurred operating losses in the past, and although we have achieved profitability in certain prior quarters, we may continue to incur operating losses in the future and may not be able to achieve profitability again in the near term or at all.*

We have incurred operating losses in the past, and we may incur operating losses in the future. Although we achieved profitability in certain prior quarters, we may not be able to achieve profitability again in the near term or at all. As of September 30, 2024, we had an accumulated deficit of $1,391.4 million. Our operating expenses have increased in the past and may increase again in the future as we expand our operations and invest in growth and new areas. If our revenue and gross profit do not grow at a greater rate than our operating expenses, we may not be able to achieve profitability again. We expect our profitability to fluctuate in the future for a number of reasons, including without limitation the other risks and uncertainties described herein. Additionally, we may encounter unforeseen operating or legal expenses, difficulties, complications, delays, and other factors that may result in losses in future periods.

Our quarterly operating results may be volatile and are difficult to predict, and our stock price may decline if we fail to meet the expectations of securities analysts or investors.*

Our revenue, gross profit, key performance metrics (including Streaming Households, Streaming Hours, ARPU, and Free Cash Flow), and other operating results could vary significantly from quarter-to-quarter and year-to-year and may fail to match our past performance due to a variety of factors, including many factors that are outside of our control. Factors that may contribute to the variability of our operating results and cause the market price of our Class A common stock to fluctuate include:

- the entrance of new competitors or competitive products or services, whether by established or new companies;
- our ability to retain and grow our Streaming Households, increase engagement among new and existing users, and monetize our streaming platform;
- our ability to maintain effective pricing practices in response to the competitive markets in which we operate or other macroeconomic factors, such as increased taxes or inflationary pressures, such as those the market is currently experiencing, and our ability to control costs, including our operating expenses;
- our revenue mix, which drives gross profit;
- supply of advertising inventory on our platform and advertiser demand for advertising inventory on our platform;
- seasonal, cyclical, or other shifts in revenue from advertising or product sales;
- the timing of the launch of new or updated products, apps, or features;
- the addition or removal of content or apps from our streaming platform;
- the expense and availability of content to license or produce for The Roku Channel;
- the ability of retailers to anticipate consumer demand;
- an increase in the manufacturing or component costs of our products or partner-branded products;
- delays in delivery of our products or partner-branded products, or disruptions in our or our partners’ supply or distribution chains; and
- an increase in legal costs, including costs associated with protecting our intellectual property, defending against third-party intellectual property infringement allegations, or procuring rights to third-party intellectual property.

Our gross margins vary across our devices and platform offerings. Our devices segment (which generates revenue from the sale of streaming players, Roku-branded TVs, smart home products and services, audio products, and related accessories, as well as revenue from licensing arrangements with service operators) experienced negative gross margin for the three and nine months ended September 30, 2024, and our platform segment (which generates revenue from the sale of digital advertising (including direct and programmatic video advertising, media and entertainment promotional spending, and related services) and streaming services distribution (including subscription and transaction revenue shares, the sale of Premium Subscriptions, and the sale of branded app buttons on remote controls)) experienced positive gross margin for the three and nine months ended September 30, 2024. Gross margins on our streaming devices vary across models and can change over time as a result of product transitions, pricing and configuration changes, component costs, device returns, and other cost fluctuations.

In addition, our gross margin and operating margin percentages, as well as overall profitability, may be adversely impacted as a result of a shift in device, geographic, or retail sales channel mix, component cost increases, price competition, or the introduction of new products, including those that have higher cost structures with flat or reduced pricing. We have in the past and may in the future strategically reduce our devices gross margin or record negative gross margin on devices in an effort to increase the number of Streaming Households and grow our gross profit.

As a result, our devices segment revenue may not increase as rapidly as it has historically, or at all, and, unless we are able to continue to increase our platform segment revenue and grow the number of Streaming Households, we may be unable to grow gross profit and our business will be harmed. For example, from time to time, global supply chain disruptions have resulted in shipping delays, increased shipping costs, component shortages, and increases in component prices, which negatively affected our devices gross margin. If a reduction in gross margin does not result in an increase in our Streaming Households or an increase in our platform revenue and gross profit, our financial results may suffer, and our business may be harmed. In addition, our platform segment has experienced in the past, and may experience in the future, lower gross margins than we anticipate. If our platform gross margins are lower than we anticipate, our financial results may suffer, and our business may be harmed.

If we have difficulty managing our growth in operating expenses, our business could be harmed.*

We have experienced significant growth in our research and development, sales and marketing, support services, operations, and general and administrative functions in recent years and may continue to expand certain of these activities. Our historical growth has placed, and any future growth will continue to place, significant demands on our management, as well as our financial and operational resources, to:

- manage a larger organization;
- hire more employees, including engineers with relevant skills and experience;
- expand internationally;
- increase our sales and marketing efforts;
- expand the capacity to manufacture and distribute our products;
- broaden our customer support capabilities;
- expand our product offerings;
- support our licensed Roku TV partners and service operators;
- expand and improve the content offering on our streaming platform;
- implement appropriate operational and financial systems; and
- maintain effective financial disclosure controls and procedures.

If we fail to manage our growth effectively, including if we grow our business too rapidly, we may not be able to execute our business strategies, which could harm our business and adversely affect our financial condition, results of operations, or cash flows.

We have previously undertaken restructuring plans to adjust our investment priorities and manage our operating expenses, and we may do so again in the future. We have incurred, and may in the future incur, material costs and charges in connection with restructuring plans and initiatives, and there can be no assurance that any restructuring plans and initiatives will be successful. Any restructuring plans may adversely affect our internal programs and our ability to recruit and retain skilled and motivated personnel, may result in a loss of continuity, loss of accumulated knowledge, or inefficiency during transitional periods, may require a significant amount of employees' time and focus, and may be distracting to employees, which may divert attention from operating and growing our business. For more information, see Note 16 to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report.

If we fail to achieve some or all of the expected benefits of any restructuring plans or are unable to manage our growth and expansion plans effectively, which may be impacted by factors outside of our control, our business, operating results, and financial condition could be adversely affected.

We may be unable to successfully expand our international operations, and our international expansion plans, if implemented, will subject us to a variety of risks that may harm our business.*

We currently generate the vast majority of our revenue in the United States and have limited experience marketing, selling, licensing, and supporting our products and running or monetizing our streaming platform outside the United States. In addition, we have limited experience managing the administrative aspects of a global organization. While we intend to continue to explore opportunities to expand our business in international markets in which we see compelling opportunities, we may not be able to create or maintain international market demand for our products and streaming platform services. Moreover, we face intense competition in international markets, especially because some of our competitors have already successfully introduced their products into new markets we are entering and have greater experience managing a global organization.

In the course of expanding our international operations, we are subject to a variety of risks that could adversely affect our business, including:

- differing legal and regulatory requirements in foreign jurisdictions, including country-specific laws and regulations pertaining to data privacy and data security, consumer protection, tax, telecommunications, trade (including tariffs, quotas, and sanctions), labor, environmental protection, censorship and other content restrictions, use of AI technologies, copyright and intellectual property, and local content and advertising requirements, among others;
- exposure to increased corruption risk and compliance with laws such as the U.S. Foreign Corrupt Practices Act, UK Bribery Act, and other anti-corruption laws, U.S. or foreign export controls and sanctions, and local laws prohibiting improper payments to government officials and requiring the maintenance of accurate books and records and a system of sufficient internal controls;
- slower consumer adoption and acceptance of streaming devices and services in other countries;
- different or unique competitive pressures as a result of, among other things, competition with other devices that consumers may use to stream TV or existing local traditional TV services and products, including those provided by incumbent TV service providers and local consumer electronics companies;
- greater difficulty supporting and localizing Roku streaming devices and our streaming platform, including delivering support and training documentation in languages other than English;
- our ability to deliver or provide access to popular streaming apps or content to users in certain international markets;
- availability of reliable broadband connectivity in areas targeted for expansion;
- challenges and costs associated with staffing and managing foreign operations;
- differing legal and court systems, including limited or unfavorable intellectual property protection;
- unstable political and economic conditions, social unrest, or economic instability, whatever the cause, including due to pandemics, natural disasters, wars, terrorist activity, foreign invasions (such as the Russian invasion of Ukraine and the current conflict in the Middle East), tariffs, trade disputes, local or global recessions, diplomatic or economic tensions (such as the tension between China and Taiwan), long-term environmental risks, or climate change;
- adverse tax consequences, such as those related to changes in tax laws (including increased tax rates, the imposition of digital services taxes, and the adoption of global corporate minimum taxes and anti-base-erosion rules), changes in the interpretation of existing tax laws, and the heightened scrutiny by tax administrators of companies that have cross-border business activities;
- the imposition of customs duties on cross-border data flows for streaming services, in the event that the World Trade Organization fails to extend the current moratorium on such duties;
- any pandemics or epidemics, which could result in decreased economic activity in certain markets, changes in the use of our products or platform, or decreased ability to import, export, ship, or sell our products to supply such services to existing or new customers in international markets;
- inflationary pressures, such as those the global market is currently experiencing, which may increase costs for materials, supplies, and services;
- fluctuations in currency exchange rates, which could impact the revenue and expenses of our international operations and expose us to foreign currency exchange rate risk (see the section titled “Foreign Currency Exchange Rate Risk” in Part I, Item 3 of this Quarterly Report for additional information);
- restrictions on the repatriation of earnings from certain jurisdictions; and
- working capital constraints.

In addition, we may face challenges in successfully deploying our business model in international markets. Three core areas of focus define our business model: first, we grow scale by increasing our Streaming Households; second, we grow engagement by increasing the hours of content streamed through our streaming platform; and third, we grow monetization of the activities that users engage in through our streaming platform. Even if we are able to increase our Streaming Households in international markets, we may be unable to effectively grow our Streaming Hours or monetize user activity in those markets. Further, as of September 30, 2024, our ARPU was lower in international markets than in the United States. If we invest substantial time and resources to expand our international operations and are unable to do so successfully and in a timely manner, our business and financial condition may be harmed.

Our revenue and gross profit are subject to seasonality and other potential fluctuations, and if our sales during the affected periods fall below our expectations, our business may be harmed.*

Seasonality and certain one-time events significantly affect our business. For example, our revenue and gross profit are traditionally strongest in the fourth quarter of each fiscal year due to higher consumer purchases and increased advertising during holiday seasons. Furthermore, in preparation for the fourth quarter holiday season, we recognize significant discounts in the average selling prices of our products through retailers in an effort to grow our Streaming Households, which typically reduce our devices gross margin in the fourth quarter. Additionally, certain other events have in the past, and may in the future, impact the amount of advertising spending on our platform. For example, we have experienced increased demand for advertising time and placement for political advertisements in connection with the U.S. presidential election.

Given the seasonal and often irregular nature of advertising and our product sales, as well as other potential fluctuations, accurate forecasting is critical to our operations. We anticipate that such impact on revenue and gross profit is likely to continue, and any shortfall in expected fourth quarter revenue due to a decline in the effectiveness of our promotional activities, actions by our competitors, reductions in consumer discretionary spending, curtailed advertising spending, disruptions in our supply or distribution chains, tariffs or other restrictions on trade, increased shipping costs, shipping or air freight delays, or for any other reason, would cause our full year results of operations to suffer significantly. For example, macroeconomic uncertainties and inflationary pressures negatively affected consumer electronics sales during the holiday season in 2023. In addition, delays or disruptions at U.S. ports of entry have in the past, and may in the future, adversely affect our or our licensed Roku TV partners' ability to timely deliver products to retailers during holiday seasons.

A substantial portion of our expenses are personnel-related (including salaries, stock-based compensation, and benefits) and facilities-related, none of which are seasonal in nature. Accordingly, in the event of a revenue shortfall, we would be unable to mitigate the negative impact on gross profit and operating margins, at least in the short term, and our business would be harmed.

If we fail to attract and retain key personnel, effectively manage succession, or hire, develop, and motivate our employees, we may not be able to execute our business strategy or continue to grow our business.

Our success depends in large part on our ability to attract and retain key personnel on our senior management team and in our engineering, research and development, sales and marketing, operations, and other organizations. In particular, our founder, President and Chief Executive Officer, Anthony Wood, is critical to our overall management, as well as the continued development of our products and streaming platform, our culture, and our strategic direction. We do not have long-term employment or non-competition agreements with any of our key personnel. The loss of one or more of our executive officers or the inability to promptly identify a suitable successor to a key role could have an adverse effect on our business.

Our ability to compete and grow depends in large part on the efforts and talents of our employees. Labor is subject to external factors that are beyond our control, including our industry's highly competitive market for skilled workers and leaders, cost inflation, workforce participation rates, and unstable political conditions. Our employees, particularly engineers and other product developers, are in demand, and we devote significant resources to identifying, hiring, training, successfully integrating, and retaining these employees. To attract top talent, we generally offer competitive compensation packages before we can validate the productivity of those employees. In addition, many companies now offer a remote or hybrid work environment, which may increase the competition for employees from employers outside of our traditional office locations. To retain employees, we have in the past and may in the future need to increase our employee compensation levels or other benefits in response to competition and other business and macroeconomic factors. The loss of employees or the inability to hire additional skilled employees necessary to support our growth could result in significant disruptions to our business, and the integration of replacement personnel could be time-consuming and expensive and cause disruptions.

We believe a critical component to our success and our ability to retain our best people is our culture. As we continue to grow, we may find it difficult to maintain our entrepreneurial, execution-focused culture. In addition, past or any additional workforce reductions could harm employee morale and negatively impact employee recruiting and retention.

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 both in the United States and in international jurisdictions. 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 partners, advertisers, licensed Roku TV partners, and other licensees, and the rules that govern revenue and expense recognition in our 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 users, content partners, advertisers, advertisement agencies, licensed Roku TV partners, or other licensees; cause harm to our reputation and brand; and result in errors in our financial and other reporting.

We may pursue acquisitions, which involve a number of risks, and if we are unable to address and resolve these risks successfully, such acquisitions could harm our business.

We have in the past and may in the future acquire businesses, products, or technologies to expand our offerings and capabilities, user base, and business. We have evaluated, and expect to continue to evaluate, a wide array of potential strategic transactions; however, we have limited experience completing or integrating acquisitions. Any acquisition could be material to our financial condition and results of operations, and any anticipated benefits from an acquisition may never materialize.

Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our operating results, may cause unfavorable accounting treatment, may expose us to claims and disputes by third parties, including intellectual property claims, and may not generate sufficient financial returns to offset additional costs and expenses related to the acquisitions.

In addition, the process of integrating acquired businesses, products, or technologies may create unforeseen operating difficulties and expenditures, in particular when the acquired businesses, products, or technologies involve areas of operation in which we have limited or no prior experience.

Acquisitions of businesses, products, or technologies in international markets would involve additional risks, including those related to integration of operations across different cultures and languages, currency risks, and the particular economic, political, and regulatory risks associated with specific countries. We may not be able to address these risks successfully, or at all, without incurring significant costs, delays, or other operational problems, and if we were unable to address such risks successfully, our business could be harmed.

Our credit facility provides our lenders with a first-priority lien against substantially all of our assets and contains financial covenants and other restrictions on our actions that may limit our operational flexibility or otherwise adversely affect our financial condition.*

On September 16, 2024, we entered into a credit agreement (the “Credit Agreement”), by and among us, as borrower, certain of our subsidiaries, as guarantors, the lenders and issuing banks party thereto, and Citibank N.A., as administrative agent (the “Agent”), providing for (i) a five-year revolving credit facility in an aggregate principal amount of up to $300.0 million, and (ii) an uncommitted increase option of up to an additional $300.0 million exercisable upon the satisfaction of certain customary conditions. The Credit Agreement provides for a $100.0 million sub-facility for the issuance of letters of credit, and certain existing letters of credit were deemed outstanding under this facility. The Credit Agreement will mature on September 16, 2029. Proceeds from the Credit Agreement may be used for general corporate purposes, including to finance working capital requirements. As of September 30, 2024, we had not borrowed against the Credit Agreement.

The Credit Agreement contains financial covenants requiring the maintenance of a minimum interest coverage ratio and a maximum total net leverage ratio, as well as customary events of default, the occurrence of which could result in amounts borrowed under the Credit Agreement becoming due and payable and remaining commitments terminated prior to the initial termination date on September 16, 2029. The Credit Agreement also contains a number of customary affirmative and negative covenants that, among other things, impose restrictions, subject to certain exceptions, on indebtedness, liens, fundamental changes, investments, asset dispositions, restricted payments, dividends and distributions, prepayment of other indebtedness, transactions with affiliates, restrictive agreements, amendments of material documents, and the abandonment of intellectual property. The obligations under the Credit Agreement, along with certain swap and banking services obligations, are secured by substantially all the assets of us and our subsidiaries that are guarantors under the Credit Agreement, except for certain customary excluded assets.

As of September 30, 2024, we were in compliance with all of the covenants of the Credit Agreement. However, if we fail to comply with the covenants, fail to make payments as specified in the Credit Agreement, or undergo any other event of default contained in the Credit Agreement, the Agent could declare an event of default, which would give it the right to terminate the commitments to provide additional loans and declare any borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable. In addition, the Agent would have the right to proceed against the assets we provided as collateral pursuant to the Credit Agreement. If any future outstanding debt under the Credit Agreement is accelerated, we may not have sufficient cash or be able to sell sufficient assets to repay it, which would harm our business and financial condition.

We may require additional capital to meet our financial obligations and support planned business growth, and this capital might not be available on acceptable terms or at all.*

We intend to continue to make significant investments to support planned business growth and may require additional funds to respond to business challenges, including the need to develop new products and enhance our streaming platform, continue to expand the content on our platform, maintain adequate levels of inventory to support our retail partners' demand requirements, improve our operating infrastructure, or acquire complementary businesses, personnel, and technologies. Our primary uses of cash include operating costs such as personnel-related expenses and capital spending. Our future capital requirements may vary materially from those currently planned and will depend on many factors including our growth rate and the continuing market acceptance of our products and streaming platform, along with the timing and effort related to the introduction of new platform features, products, the hiring of experienced personnel, the expansion of sales and marketing activities, as well as overall economic conditions.

We may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our then existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our Class A common stock. Any debt financing we secure could involve additional 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. If we were to violate such restrictive covenants, we could incur penalties, increased expenses, and an acceleration of the payment terms of our outstanding debt, which could in turn harm our business.

Our Credit Agreement matures on September 16, 2029. While we may enter into a new credit agreement in the future, we currently have no other committed source of financing, and we may not be able to obtain additional financing on terms favorable to us. Any future credit agreements we may enter into could require a lien on our assets or contain financial covenants and other restrictions that may limit our operational flexibility or otherwise adversely affect our financial condition. 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 impaired, and our business may be harmed.

We maintain cash deposits in excess of federally insured limits. Adverse developments affecting financial institutions, including bank failures, could adversely affect our liquidity and financial performance.

We maintain domestic cash deposits in Federal Deposit Insurance Corporation ("FDIC") insured banks that exceed the FDIC insurance limits. We also maintain cash deposits in foreign banks where we operate, some of which are not insured or are only partially insured by the FDIC or similar agencies. Bank failures, events involving limited liquidity, defaults, non-performance, or other adverse developments that affect financial institutions, or concerns or rumors about such events, may lead to liquidity constraints. For example, in 2023, Silicon Valley Bank failed and was taken into receivership by the FDIC. The failure of a bank, or other adverse conditions in the financial or credit markets impacting financial institutions at which we maintain balances, could adversely impact our liquidity and financial performance. There can be no assurance that our deposits in excess of the FDIC or other comparable insurance limits will be backstopped by the U.S. or applicable foreign government, or that any bank or financial institution with which we do business will be able to obtain needed liquidity from other banks, government institutions, or by acquisition in the event of a failure or liquidity crisis.

Risks Related to Cybersecurity, Reliability, and Data Privacy

Data security incidents, including cybersecurity attacks, or other significant disruptions of our information technology systems could harm our reputation, cause us to modify our business practices, and otherwise adversely affect our business and subject us to liability.*

We are dependent on information technology systems and infrastructure to operate our business. In the ordinary course of our business, we collect, store, process, and transmit large amounts of sensitive corporate, personal, and other information, including intellectual property, proprietary business information, user payment card information, user video and audio recordings, other user information, employee information, and other confidential information. It is critical that we do so in a secure manner to maintain the confidentiality, integrity, and availability of such information. Our obligations under applicable laws, regulations, contracts, industry standards, self-certifications, and other documentation may include maintaining the confidentiality, integrity, and availability of personal information in our possession or control, maintaining reasonable and appropriate security safeguards as part of an information security program, and complying with requirements regarding the use or cross-border transfer of such personal information. These obligations create potential legal liability to regulators, our business partners, our users, and other relevant stakeholders and impact the attractiveness of our services to existing and potential users.

We have outsourced certain elements of our operations (including elements of our information technology infrastructure) to third parties, or may have incorporated technology into our platform, that collects, processes, transmits, and stores our users' or others' personal information (such as payment card information and user video and audio recordings), and as a result, we manage a number of third-party vendors and other partners who may or could have access to our information technology systems (including our computer networks) or to our confidential information. In addition, many of those third parties in turn subcontract or outsource some of their responsibilities to third parties. As a result, our information technology systems, including the functions of third parties that are involved in or have access to those systems, are very large and complex.

While all information technology operations are inherently vulnerable to inadvertent or intentional security breaches, incidents, attacks, and exposures, the size, complexity, accessibility, and distributed nature of our information technology systems, and the large amounts of sensitive or personal information stored on those systems, make such systems vulnerable to unintentional or malicious, internal, and external threats on our technology environment. Vulnerabilities can be, and have been, exploited from inadvertent or intentional actions of our employees, third-party vendors, business partners, or by malicious third parties. Open-source software, which may be incorporated into our systems or products, inherently presents a large attack surface and may contain vulnerabilities of which we are not aware and which we cannot control or fully mitigate. Additionally, credential stuffing attacks are becoming increasingly common, and sophisticated actors can mask their attacks, making them increasingly difficult to identify and prevent. Moreover, AI technologies may be used to implement certain cybersecurity attacks or to increase their intensity, which may further increase risk. While we have processes in place to mitigate the risks related to these vulnerabilities, these measures may not be adequately designed or implemented to ensure that our operations are not disrupted, our reputation is not harmed, or that we will not be impacted by ransomware, cybersecurity attacks, or other vulnerabilities in the future.

There is no way of knowing with certainty whether we have experienced any data security incidents that have not been discovered. While we have no reason to believe that we have experienced a data security incident that we have not discovered, attackers have become very sophisticated in the way they conceal their unauthorized access to systems, and many companies that have been attacked are not aware that they have been attacked. Any event (including credential stuffing) that leads to unauthorized access, use, or disclosure of personal information, including but not limited to personal information regarding our users, could disrupt our business, harm our reputation, compel us to comply with applicable federal or state breach notification laws and foreign law equivalents, subject us to time-consuming, distracting, and expensive litigation, regulatory inquiries, investigations and oversight, mandatory corrective action, require us to verify the correctness of database contents, or otherwise subject us to liability under laws, regulations, and contractual obligations, including those that protect the privacy and security of personal information. This could result in increased costs to us and result in significant legal and financial exposure or reputational harm.

For example, despite our efforts to secure our information technology systems and the data contained in those systems, we and our third-party vendors and business partners have experienced, and remain vulnerable to, data security incidents, including ransomware, phishing attacks, bot attacks, credential stuffing attacks, improper employee access of confidential data, and inadvertent employee disclosure of confidential data. Our systems regularly experience directed attacks that are intended to interrupt our operations; interrupt our users', content partners', and advertisers' ability to access our platform; extract money from us; or view or obtain our data (including without limitation user or employee personal information or proprietary information) or intellectual property. Our systems have been and may continue to be attacked through the use of compromised credentials, including those obtained through phishing or stolen from another source unrelated to us.

Malicious attacks are increasing in their frequency, levels of persistence, sophistication, and intensity, and are being conducted by sophisticated and organized groups and individuals with a wide range of motives (including, but not limited to, industrial espionage) and expertise, including organized criminal groups, “hacktivists,” nation states, and others. The geopolitical conflicts stemming from the Russian invasion of Ukraine and the current unrest in the Middle East have increased the risk of malicious attacks on information technology operations globally, including for companies headquartered in the United States, that could materially disrupt our systems and operations, supply chain, and ability to produce, sell, and distribute our devices and services.

Most of our employees now have a hybrid work schedule (consisting of both in-person work and working from home). Although we have implemented work from home protocols, the actions of our employees while working from home may have a greater effect on the security of our systems and the data we process, including by increasing the risk of compromise to our systems, intellectual property, or data arising from employees’ combined use of personal and private devices, accessing our systems or data using wireless networks that we do not control, or the ability to transmit or store company-controlled data outside of our secured network.

In addition, information technology system disruptions, whether from attacks on our technology environment or from computer viruses, natural disasters, terrorism, war, foreign invasions, and telecommunications and electrical failures, could result in a material disruption of our product development and our business operations. Significant disruptions of our third-party vendors’ or commercial partners’ information technology systems or other similar data security incidents could also adversely affect our business operations or result in the loss, misappropriation, or unauthorized access, use or disclosure of, or the prevention of access to, sensitive or personal information, which could harm our business.

Though it is difficult to determine what harm may directly result from any specific interruption or breach, any failure to maintain performance, reliability, security, and availability of our network infrastructure to the satisfaction of our users, business partners, regulators, or other relevant stakeholders may harm our reputation and our ability to retain existing users and attract new users. Because of our prominence in the TV streaming industry, we believe we may be a particularly attractive target for threat actors. Any attempts by threat actors to disrupt our streaming platform, streaming devices, smart home products, website, computer systems, or mobile apps, if successful, could harm our business, subject us to liability, be expensive to remedy, cause harm to our systems and operations, damage our reputation, and could result in contractual damages, litigation, governmental inquiries and investigations, enforcement actions, and regulatory notification requirements, fines, and penalties that could harm our business. The risk of harm to our business caused by security incidents may also increase as we expand our product and service offerings and as we enter new markets. Efforts to prevent threat actors from entering our computer systems or exploiting vulnerabilities in our products are expensive to implement and may not be effective in detecting or preventing intrusion or vulnerabilities.

For example, in the wake of a data breach involving payment card data, we may be subject to substantial penalties for failure to adhere to the technical or operational security requirements of the Payment Card Industry (“PCI”) Data Security Standards (“DSS”) imposed by the PCI Council to protect cardholder data. Penalties arising from PCI DSS enforcement are inherently uncertain as penalties may be imposed by various 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.

There can be no assurance that the limitations of liability in our contracts would be enforceable or adequate or would otherwise protect us from liabilities or damages. While we maintain insurance policies to cover certain losses relating to our information technology systems, there may be exceptions. Security incidents may not be fully covered by our insurance policies, and some aspects of a security incident may not be covered at all. Additionally, insurance policies will not protect against the reputational harms caused by a major security incident. Even where an incident is covered by our insurance, the insurance limits may not cover the costs of complete remediation and redress that we may be faced with in the wake of a security incident.

The successful assertion of one or more large claims against us that exceeds our available insurance coverage, or results in changes to our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have an adverse effect on our business. In addition, we cannot be sure that our existing insurance coverage and coverage for errors and omissions will continue to be available on acceptable terms or that our insurers will not deny coverage as to any future claim.

Data protection laws around the world often require “reasonable,” “appropriate,” or “adequate” technical and organizational security measures, and the interpretation and application of those laws are often uncertain and evolving, and there can be no assurance that our security measures will be deemed adequate, appropriate, or reasonable by a regulator or court. Moreover, even security measures that are deemed appropriate, reasonable, or in accordance with applicable legal requirements may not be able to protect the information we maintain. In addition to potential fines, we could be subject to mandatory corrective action due to a data security incident, which could adversely affect our business operations and result in substantial costs and reputational harm.

We and our service providers and partners collect, process, transmit, and store personal and confidential information, which creates legal obligations and exposes us to potential liability.*

We collect, process, transmit, and store personal or confidential information about our users (and their devices), other consumers, employees, job applicants, and partners, and we rely on third-party service providers to collect, process, transmit, and store personal or confidential information (including our users' payment card data and video and audio recordings). We collect such information from individuals located both in the United States and abroad and may store or process such information outside the country in which it was collected. Further, we, our service providers and our business partners use tracking technologies, including cookies, device identifiers, and related technologies, to help us manage and track our users' interactions with our platform, devices, website, and partners' content and deliver relevant advertising and personalized content for ourselves and on behalf of our partners on our products.

We collect information about the interaction of users with our platform, devices, website, advertisements, and content partners' streaming apps. To deliver relevant advertisements effectively, we must successfully leverage this data, as well as data provided by third parties. Our ability to collect and use such data could be restricted by a number of factors, including users having the ability to refuse consent to or opt out from our, our service providers', or our advertising partners' collection and use of this data, restrictions imposed by advertisers, content partners, licensors, and service providers, changes in technology, and developments in laws, regulations, and industry standards. For example, certain European Union ("EU") laws and regulations prohibit access to or storage of information on a user's device (such as cookies and similar technologies that we use for advertising) that is not "strictly necessary" to provide a user-requested service or used for the "sole purpose" of a transmission unless the user has provided consent, and users may choose not to provide this consent to collection of information which is used for advertising purposes.

Additionally, certain device manufacturers or operating system providers may restrict the deployment of cookies and similar technologies, or otherwise restrict the collection of personal information through these or other tools, via our applications. Any restrictions on our ability to collect or use data, including instances where our users refuse to consent to the collection or use of their data, could harm our ability to grow our revenue, particularly our platform revenue which depends on engaging the relevant recipients of advertising campaigns.

Various federal, state, and foreign laws and regulations as well as industry standards and contractual obligations govern the collection, use, processing, retention, deletion, protection, disclosure, cross-border transfer, localization, sharing, and security of the data we receive from and about our users, employees, and other individuals. The regulatory requirements and consumer expectations related to the collection, use, processing, retention, and deletion of personal information by device manufacturers, online service providers, content distributors, advertisers, and publishers is evolving in the United States and internationally.

Privacy and consumer rights groups and government bodies (including the U.S. Federal Trade Commission ("FTC"), state attorneys general, the European Commission, European and UK data protection authorities, and the Brazilian national data protection authority), have increasingly scrutinized privacy issues with respect to devices that identify or are identifiable to a person (or household or device) and personal information collected through the internet, and we expect such scrutiny to continue to increase.

The U.S. federal government, U.S. states, and foreign governments have enacted (or are considering) laws and regulations that could significantly restrict industry participants' ability to collect, use, and share personal information, such as by regulating the level of consumer notice and consent required before a company can place cookies or other tracking technologies or collect categories of personal information deemed sensitive. For example, the EU General Data Protection Regulation ("GDPR") imposes detailed requirements related to the collection, storage, and use of personal information related to people located in the EU (or which is processed in the context of EU operations) and places data protection obligations and restrictions on organizations, including requiring a company to delete collected data, and may require us to make further changes to our policies and procedures in the future beyond what we have already done. In addition, in the wake of the United Kingdom's withdrawal from the EU ("Brexit"), the United Kingdom has adopted a framework similar to the GDPR. The EU has confirmed that the UK data protection framework is "adequate" to receive EU personal data.

Data protection laws and regulations continue to proliferate throughout the world. We continue to monitor the implementation and evolution of such laws and regulations, but if we are not compliant with data protection laws or regulations if and when implemented, we may be subject to significant fines and penalties (such as restrictions on personal information processing) and our business may be harmed. For example, under the GDPR, fines of up to 20 million euros or 4% of the annual global revenue of a noncompliant company, whichever is higher, as well as data processing restrictions, could be imposed for violation of certain of the GDPR's requirements.

The U.S. data protection legal landscape also continues to evolve, with various states having enacted broad-based data privacy and protection legislation and with states and the federal government continuing to consider additional data privacy and protection legislation. The potential effects of this legislation are far-reaching and may require us to modify our data processing practices and policies and incur substantial costs and expenses in an effort to comply. For example, the California Consumer Privacy Act ("CCPA") provides for civil penalties for violations, as well as a private right of action for certain data breaches that may increase data breach litigation. The California Privacy Rights Act ("CPRA"), which amended the CCPA, among other things, established a dedicated agency to regulate and enforce the CCPA.

Furthermore, rules governing new technological developments, such as developments in generative AI, remain unsettled. Several national and local governments have proposed or enacted measures related to the use of AI technologies in products and services. For example, in the EU, legislators adopted the EU AI Act in May 2024. The EU AI Act imposes new and substantial obligations related to the use of AI-related systems. In the United States, there similarly is growing interest among federal, state, and local policymakers with respect to potential legislation, regulation, and/or guidance to address perceived concerns with the rapid uptake of AI technologies. During the 2024 legislative session, multiple U.S. states adopted laws concerning AI. The rules and regulations adopted by policymakers over time may require us to make changes to our business practices.

We are continuing to assess the impact of new and proposed data privacy and protection laws and proposed amendments to existing laws on our business. Among other things, such restrictions are likely to increase the number of users to whom we cannot serve targeted advertising, and are likely to restrict our ability to collect and process certain types of information deemed sensitive under these new laws. The Canadian province of Quebec has also enacted a data protection law, known as Bill 64, that may similarly impose requirements on our data processing activities.

In addition, each U.S. state and most U.S. territories, each EU member state, and the United Kingdom, as well as many other foreign nations, have passed laws requiring notification to regulatory authorities, affected users, or others within a specific timeframe when there has been a security breach involving, or other unauthorized access to or acquisition or disclosure of, certain personal information and impose additional obligations on companies. Additionally, our agreements with certain users or partners may require us to notify them in the event of a security breach. Such statutory and contractual disclosures are costly, could lead to negative publicity, may cause our users to lose confidence in the effectiveness of our security measures, and may require us to expend significant capital and other resources to respond to or alleviate problems caused by the actual or perceived security breach. Compliance with these obligations could delay or impede the development of new products and may cause reputational harm.

As part of our data protection compliance program, we have implemented data transfer mechanisms to provide for the transfer of personal information from the European Economic Area (the "EEA") or the United Kingdom to the United States. After a period of uncertainty concerning certain mechanisms for data transfers to the United States, in July 2023, the European Commission adopted an adequacy decision concerning a new framework for data transfers from the EEA to the United States, known as the EU-U.S. Data Privacy Framework ("EU-U.S. DPF"). That decision recognizes that the United States ensures an adequate level of protection for personal information transferred from the EEA to organizations participating in the EU-U.S. DPF. The United Kingdom has made a similar determination, providing a means by which data transfers may take place between the United States and the United Kingdom. That framework, known as the UK Extension to the EU-U.S. DPF, became effective in October 2023. We have since joined the EU, Swiss, and UK DPF programs to facilitate any transfers of non-HR personal data to the United States from these jurisdictions.

In addition, cloud service providers upon which our services depend are experiencing heightened scrutiny from EU regulators, which may lead to significant shifts or unavailability of cloud services to transfer personal information outside the EU, which may significantly impact our costs or ability to operate.

We continue to assess the available regulatory guidance, determinations, and enforcement actions from EU Data Protection Authorities and the U.S. Department of Commerce on international data transfer compliance for companies. Our ability to continue to transfer personal information outside of the EU may become significantly more costly and may subject us to increased scrutiny and liability under the GDPR or other legal frameworks, and we may experience operating disruptions if we are unable to conduct these transfers in the future.

We will continue to review our business practices and may find it necessary or desirable to make changes to our personal information processing to cause our transfer and receipt of EEA residents' personal information to conform to applicable European law. The regulation of data privacy in the EU continues to evolve, and it is not possible to predict the ultimate effect of evolving data protection regulation and implementation over time. Member states also have some flexibility to supplement the GDPR with their own laws and regulations and may apply stricter requirements for certain data processing activities.

In addition, some countries are considering or have enacted "data localization" laws requiring that user data regarding users in their respective countries be maintained, stored, or processed in their respective countries. Maintaining local data centers in individual countries could increase our operating costs significantly. We expect that, in addition to the "business as usual" costs of compliance, the evolving regulatory interpretation and enforcement of laws such as the GDPR and CCPA, as well as other domestic and foreign data protection laws, will lead to increased operational and compliance costs and will require us to continually monitor and, where necessary, make changes to our operations, policies, and procedures. Any failure or perceived failure to comply with privacy-related legal obligations, or any compromise of security of user data, may result in governmental enforcement actions, litigation, contractual indemnities, or public statements against us by consumer advocacy groups or others. In addition to potential liability, these events could harm our business.

We publish privacy policies, notices, and other documentation regarding our collection, processing, use, and disclosure of personal information, credit card information, and other confidential information. Although we endeavor to comply with our published policies, certifications, and documentation, we may at times fail to do so or may be perceived to have failed to do so. Moreover, despite our efforts, we may not be successful in achieving compliance if our employees, representatives, agents, vendors, or other third parties fail to comply with our published policies, certifications, and documentation. Such failures could subject us to potential international, local, state, and federal action, substantial monetary fines, and other penalties if they are found to be deceptive, unfair, or misrepresentative of our actual practices, which could harm our business, financial condition, and results of operations.

We have incurred, and will continue to incur, expenses to comply with privacy and security standards and protocols imposed by law, regulation, 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 cost of compliance and operation, limit our ability to grow our business, or otherwise harm our business.

Any significant disruption in our information technology systems or those of third parties we utilize in our operations could result in a loss or degradation of service on our platform and could harm our business.*

We rely on the expertise of our engineering and software development teams as well as the teams of our service providers and partners for the performance and operation of the Roku OS, streaming platform, smart home products, and other information technology systems. Service interruptions, errors in our software, or the unavailability of information technology systems used in our operations could diminish the overall attractiveness of our products and streaming platform to existing and potential users or otherwise disrupt our business. We utilize information technology systems located either in our facilities or those of third-party server hosting providers and third-party internet-based or cloud computing services. Although we generally enter into service level agreements with these parties, we exercise no control over their operations, which makes us vulnerable to any errors, interruptions, or delays that they may experience.

We have transitioned, and may continue to transition, features of our services from our managed hosting systems to cloud computing services, which may require significant expenditures and engineering resources. If we are unable to manage such a transition effectively, we may experience a loss or degradation in services, operational delays, or inefficiencies until the transition is complete. Upon the expiration or termination of any of our agreements with third-party vendors, we may not be able to replace their services in a timely manner or on terms and conditions, including service levels and cost, that are favorable to us, and a transition from one vendor to another vendor could subject us to operational delays and inefficiencies until the transition is complete. In addition, fires, floods, earthquakes, wars, foreign invasions, terrorist activity, power losses, telecommunications failures, break-ins, and similar events could damage these systems and hardware or cause them to fail completely.

As we do not maintain entirely redundant systems, a disrupting event could result in prolonged downtime of our operations, products, or services, could result in liabilities to our customers or third parties, and could adversely affect our business. Our property insurance and cyber liability insurance may not be sufficient to fully cover our losses or may not cover a particular event at all. Any disruption in the services provided by these vendors could have adverse impacts on our business reputation, customer relations, and operating results.

If any aspect of our information technology systems or those of third parties we utilize in our operations fails, it may lead to downtime or slow processing time, either of which may harm the experience of our users. We have experienced, and may in the future experience, service disruptions, outages, and other performance problems due to a variety of factors, including infrastructure changes, human or software errors, and capacity constraints. We expect to continue to invest in our technology infrastructure to maintain and improve the user experience and platform performance. To the extent that we or our third-party service hosting providers do not effectively address capacity constraints, upgrade or patch systems as needed, and continually develop technology and network architecture to accommodate increasingly complex services and functions, increasing numbers of users, and actual and anticipated changes in technology, our business may be harmed.

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

Our business relies upon the ability of our users to access high-quality streaming content through the internet. As a result, the growth of our business depends on our users' ability to obtain and maintain high-speed access to the internet at reasonable cost, which relies in part on internet service 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, disruptions, or delays in their operations, as well as any decision they may make to prioritize the delivery of certain network traffic at the expense of other traffic. Any material disruption or degradation in internet services could harm our business.

To the extent that the number of internet users continues to increase, network congestion could adversely affect the reliability of our streaming platform. We may also face increased costs of doing business, or decreased demand for our services, if network operators engage in discriminatory practices with respect to streamed video content in an effort to monetize access to their networks or customers by data providers.

Certain laws intended to prevent network operators from engaging in discriminatory practices with respect to streaming video content have been implemented in many countries, including in the EU. In other countries, laws in this area may be nascent or non-existent. Furthermore, favorable laws may change. Given the uncertainty around these laws and the rules that implement them, including changing interpretations, amendments, or repeal, coupled with potentially significant political and economic power of network operators, we could experience discriminatory or anti-competitive practices, such as usage-based pricing, bandwidth caps, zero rating of competing services by ISPs, and traffic "shaping" or throttling, that could impede our growth, result in a decline in our quality of service, cause us to incur additional expense, or otherwise impair our ability to attract and retain users, all of which could harm our business.

In addition, most network operators that provide users with access to the internet also offer users multichannel video programming, and some network operators also own streaming services. 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 could be harmed.

Risks Related to Intellectual Property

Litigation and claims regarding intellectual property rights could result in the loss of rights important to our products and streaming platform, cause us to incur significant legal costs, or otherwise harm our business.

Some internet, technology, and media companies, including some of our competitors, own large numbers of patents, copyrights, and trademarks, which they may use to assert claims against us. Third parties have asserted, and may in the future assert, that we have infringed, misappropriated, or otherwise violated their intellectual property rights. As we grow and face increasing competition, the possibility of intellectual property rights claims against us will grow. Plaintiffs who have no relevant product revenue may not be deterred by our own issued patents and pending patent applications in bringing intellectual property rights claims against us and may seek to challenge the validity or enforceability of our own patents and patents applications. The cost of patent litigation or other proceedings, even if resolved in our favor, has been and is expected to be substantial. Some of our competitors may be better able to sustain the costs of such litigation or proceedings because of their substantially greater financial resources. Patent litigation and other proceedings may also require significant management time and divert management's attention from our other business concerns or otherwise adversely affect our business and operating results. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could impair our ability to compete in the marketplace. The occurrence of any of the foregoing could harm our business.

As a result of intellectual property infringement claims, or to avoid potential claims, we may choose or be required to seek licenses from third parties. These licenses may not be available on commercially reasonable terms, or at all, thereby hindering our ability to sell or use the relevant technology or requiring redesign of the allegedly infringing solutions to avoid infringement, which could be costly, time-consuming, or impossible. Even if we are able to obtain a license, the license would likely obligate us to pay license fees or royalties or both, and the rights granted to us might be nonexclusive, with the potential for our competitors to gain access to the same intellectual property. In addition, the rights that we secure under intellectual property licenses may not include rights to all of the intellectual property owned or controlled by the licensor, and the scope of the licenses granted to us may not include rights covering all of the products and services provided by us and our licensees. Furthermore, an adverse outcome of a dispute may require us to: pay damages, potentially including treble damages and attorneys' fees, if we are found to have willfully infringed a party's intellectual property; cease making, licensing, or using technologies that are alleged to infringe or misappropriate the intellectual property of others; expend additional development resources to redesign our products; enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies, content, or materials; and indemnify our partners and other third parties. For example, we have in the past elected to develop and implement specific design changes to address potential risks that certain products could otherwise become subject to exclusion or cease and desist orders arising from patent infringement and other intellectual property claims brought in the U.S. International Trade Commission. In addition, any lawsuits regarding intellectual property rights, regardless of their success, could be expensive to resolve and would divert the time and attention of our management and technical personnel.

If we fail to, or are unable to, protect or enforce our intellectual property or proprietary rights, our business and operating results could be harmed.

We regard the protection of our patents, trade secrets, copyrights, trademarks, trade dress, domain names, and other intellectual property or proprietary rights as critical to our success. We strive to protect our intellectual property rights by relying on federal, state, and common law rights, as well as contractual restrictions. We seek to protect our confidential proprietary information, in part, by entering into confidentiality agreements and invention assignment agreements with all of our employees, consultants, contractors, advisors, and any third parties who have access to our proprietary know-how, information, or technology.

However, we cannot be certain that we have executed such agreements with all parties who may have helped to develop our intellectual property or who had access to our proprietary information, nor can we be certain that our agreements will not be breached. Any party with whom we have executed such an agreement could potentially breach that agreement and disclose our proprietary information, including our trade secrets, and we may not be able to discover such breaches, and if we do, we may not be able to obtain adequate remedies for such breaches. We cannot guarantee that our trade secrets and other confidential 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. Detecting the disclosure or misappropriation of a trade secret and enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, time-consuming, and could result in substantial costs, and the outcome of such a claim is unpredictable.

Further, the laws of certain foreign countries do not provide the same level of protection of corporate proprietary information and assets such as intellectual property, trademarks, trade secrets, know-how, and records as the laws of the United States. For instance, the legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection. As a result, we may encounter significant problems in protecting and defending our intellectual property or proprietary rights abroad. Additionally, we may also be exposed to material risks of theft or unauthorized reverse engineering of our proprietary information and other intellectual property, including technical data, manufacturing processes, data sets, or other sensitive information.

Our efforts to enforce our intellectual property rights in such foreign countries may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop, which could have a material adverse effect on our business, financial condition, and results of operations. Moreover, if we are unable to prevent the disclosure of our trade secrets to third parties, or if our competitors independently develop any of our trade secrets, we may not be able to establish or maintain a competitive advantage in our market, which could harm our business.

There can be no assurance that the particular forms of intellectual property protection that we seek, including business decisions about when to file patents and when to maintain trade secrets, will be adequate to protect our business. We have filed and will in the future file patent applications on inventions that we deem to be innovative. There is no guarantee that our patent applications will issue as granted patents, that the scope of the protection gained will be sufficient or that an issued patent may subsequently be deemed invalid or unenforceable. U.S. patent laws, and the scope of coverage afforded by them, have been subject to significant changes, such as the change to “first-to-file” from “first-to-invent” resulting from the Leahy-Smith America Invents Act. This change in the determination of inventorship may result in inventors and companies having to file patent applications more frequently to preserve rights in their inventions, which may favor larger competitors that have the resources to file more patent applications. Another change to the patent laws may incentivize third parties to challenge any issued patent in the United States Patent and Trademark Office (“USPTO”), as opposed to having to bring such an action in U.S. federal court. Foreign patent laws may also continue to develop and significantly impact our ability to protect or maintain our intellectual property. Any invalidation of a patent claim could have a significant impact on our ability to protect the innovations contained within our products and platform and could harm our business.

The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other provisions to maintain patent applications and issued patents. We may fail to take the necessary actions and pay the applicable fees to obtain or maintain our patents. Noncompliance with these requirements can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, competitors might be able to use our technologies and enter the market earlier than would otherwise have been the case.

We pursue the registration of our domain names, trademarks, and service marks in the United States and in certain locations outside the United States. We are seeking to protect our trademarks, patents, and domain names in an increasing number of jurisdictions, a process that is expensive and time-consuming and may not be successful or which we may not pursue in every jurisdiction in which we conduct business. Despite the cost and time we spend monitoring, we may or may not be able to detect infringement by third parties. Our competitive position may be harmed if we cannot detect infringement and enforce our intellectual property rights quickly or at all. In particular, our actions to monitor and enforce our trademarks against third parties may not prevent counterfeit versions of our products or products bearing confusingly similar trademarks to ours from entering the marketplace, which could divert sales from us, tarnish our reputation, or reduce the demand for our products. In some circumstances, we may choose to not pursue enforcement because an infringer has a dominant intellectual property position or for other business reasons.

Litigation may be necessary to enforce our intellectual property or proprietary rights, protect our trade secrets, or determine the validity and scope of proprietary rights claimed by others. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs, adverse publicity, or diversion of management and technical resources, any of which could adversely affect our business and operating results. If we fail to maintain, protect, and enhance our intellectual property or proprietary rights, our business may be harmed.

Our use of open-source software could impose limitations on our ability to commercialize our products and our streaming platform or could result in public disclosure of competitively sensitive trade secrets.

We incorporate open-source software in our proprietary software. From time to time, companies that have incorporated open-source software into their products and services have faced claims challenging the ownership of certain open-source software or compliance with open-source software license terms. Therefore, we could be subject to similar suits by parties claiming ownership of what we believe to be open-source software or our noncompliance with the open-source software license terms.

Although we have processes and procedures designed to help monitor our use of open-source software, these processes and procedures may not be followed appropriately or may fail to identify risks. Additionally, the terms of many open-source software licenses have not been interpreted by U.S. courts, and there is a risk that such licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our products or technology or impose unanticipated obligations that could require the disclosure of trade secrets. Some open-source software is governed by licenses containing conditions that any person who distributes or uses a modification or derivative work of software that was subject to an open-source license make the modified version subject to the same open-source license. Distributing or using software that is subject to this kind of open-source license can lead to a requirement that certain aspects of our solutions be distributed or made available in source code form. In such event, we could be required to make portions of our proprietary software generally available under similar open-source software license terms to third parties, including competitors, at low or no cost, to seek licenses from third parties in order to continue offering our products, to re-engineer our products, or to discontinue the sale of our products in the event re-engineering cannot be accomplished on a timely basis or at all, any of which could harm our business.

Further, use of open-source software can involve greater risks than those associated with use of third-party commercial software, as open-source licensors generally do not provide warranties, assurances of title, performance, non-infringement, or controls on the origin of the software. Open-source software typically lacks support, and authors of such open-source software may abandon further development and maintenance. Open-source software may contain security vulnerabilities and other liabilities, and we may be subject to additional security risk by using open-source software. We have established processes to help alleviate these risks, but there can be no assurance that these processes will alleviate all risks with the open-source software we incorporate.

Under our agreements with many of our content partners, licensees, distributors, retailers, contract manufacturers, and suppliers, we are required to provide indemnification in the event our technology is alleged to infringe upon the intellectual property rights of third parties.

In certain of our agreements, we indemnify our content partners, licensees, distributors, retailers, manufacturing partners, and suppliers. We have in the past, and may in the future, incur significant expenses defending these partners if they are sued for patent or other property infringement based on allegations related to our technology. If a partner were to lose a lawsuit and in turn seek indemnification from us, we also could be subject to significant monetary liabilities. In addition, because the devices sold by our licensing partners and licensed Roku TV partners often involve the use of third-party technology, this increases our exposure to litigation in circumstances where there is a claim of infringement asserted against the streaming device in question, even if the claim does not pertain to our technology. Liability under our indemnification commitments may not be contractually limited.

Risks Related to Macroeconomic Conditions

Macroeconomic uncertainties have in the past and may continue to adversely impact our business, results of operations, and financial condition.*

Macroeconomic uncertainties, including increased inflation and interest rates, slow growth or recession, higher interest rates, financial and credit market fluctuations, changes in economic policy, bank failures, labor disputes, and global supply chain constraints have in the past, and may continue to, adversely impact consumer confidence and spending and materially adversely affect many aspects of our business.

Our business is dependent on consumer discretionary spending and advertising spending, both of which are susceptible to changes in macroeconomic conditions. Sustained or worsening inflation or an economic downturn has in the past and may in the future result in fewer consumer purchases of our products or the products of our licensed Roku TV partners and reduced advertising spending. Advertising budgets in a variety of industries have been pressured by factors such as inflation, rising interest rates, and related market uncertainty, which led to reduced advertiser spending and adversely affected our platform revenue. Further, even if the broader advertising market recovers, advertisers may not choose to advertise on our platform. Any pullback in consumer discretionary spending or advertising spending could adversely affect our future operating results.

In addition, a significant reduction in the supply of original entertainment content, including as a result of macroeconomic factors or labor disputes (such as the 2023 strikes called by the Writers Guild of America and SAG-AFTRA), could in turn reduce the demand for advertising and media and entertainment promotional spending campaigns on our platform, and have a material adverse effect on our financial condition, operating results, and key performance metrics.

The extent to which macroeconomic uncertainties may continue to impact our operational and financial performance remains uncertain and will depend on many factors outside our control. These direct and indirect impacts may negatively affect our business and operating results.

Natural disasters, geopolitical conflicts, or other natural or man-made catastrophic events could disrupt and impact our business.*

Occurrence of any catastrophic event, including an earthquake, flood, tsunami, or other weather event, power loss, internet failure, software or hardware malfunctions, cybersecurity attack, war or foreign invasion (such as the Russian invasion of Ukraine and the unrest in the Middle East), terrorist attack and other geopolitical conflicts (such as Yemen’s Houthi attacks in the Red Sea), medical epidemic or pandemic (such as the COVID-19 pandemic), government shutdown orders, other man-made disasters, or other catastrophic events could disrupt our, our business partners’ and customers’ business operations or result in disruptions in the broader global economic environment. Any of these business disruptions could require substantial expenditures and recovery time in order to fully resume operations.

In particular, our principal offices are located in California, and our contract manufacturers and some of our suppliers are located in Asia, both of which are regions known for seismic activity, making our operations in these areas vulnerable to natural disasters or other business disruptions in these areas. Our insurance coverage may not compensate us for losses that may occur in the event of an earthquake or other significant natural disaster. For example, a recent earthquake damaged equipment in our Taiwan office, and the losses, while relatively minor, were not covered by our insurance.

In addition, our offices and facilities, and those of our contract manufacturers, suppliers, and licensed Roku TV partners, could be vulnerable to the effects of climate change (such as sea level rise, drought, flooding, wildfires, and increased storm severity) that could disrupt our business operations. For example, in California, increasing intensity of drought and annual periods of wildfire danger increase the probability of planned power outages. Further, acts of terrorism could cause disruptions to the internet or the economy as a whole.

If our streaming platform was to fail or be negatively impacted as a result of a natural disaster or other event, our ability to deliver streaming content, including advertising, to our users would be impaired. Disruptions in the operations of our contract manufacturers, suppliers, or licensed Roku TV partners as a result of a disaster or other catastrophic event could delay the manufacture and shipment of our products or the products of our licensed Roku TV partners, which could impact our business. If we are unable to develop adequate plans to ensure that our business functions continue to operate during and after a natural disaster or other catastrophic event and to execute successfully on those plans in the event of a disaster or catastrophic event, our business would be harmed.

Legal and Regulatory Risks

We have been, are currently, and may in the future be subject to various lawsuits and other legal proceedings, disputes, claims, and government inquiries and investigations, which could cause us to incur substantial costs or require us to change our business practices in a way that could seriously harm our business.*

We have been, are currently, and may in the future be subject to various lawsuits, stockholder derivative actions, class action lawsuits, individual or mass arbitration proceedings, and other types of legal proceedings, as well as other disputes, claims, and regulatory or governmental inquiries and investigations, including with regard to contract or commercial disputes, consumer protection, privacy, data protection, intellectual property, tax, employment, and corporate governance, among other matters. If we fail to meet our contractual commitments or otherwise fail to comply with our contractual obligations, then we could be subject to breach of contract or other claims. Any claims, proceedings, individual or mass arbitration demands, or inquiries or investigations initiated by or against us, whether successful or not, may be time-consuming, subject us to damage awards, regulatory orders, consent decrees, injunctive relief, fines, or other penalties or sanctions, require us to change our policies or practices, result in increased operating costs, divert management’s attention, harm our reputation, and require us to incur significant legal fees, other litigation costs and settlement costs, as well as other expenses. In addition, our insurance may not be adequate to protect us from all material expenses related to pending and future claims. Any of these factors could materially and adversely affect our business, financial condition, and results of operations.

If government regulations or laws relating to the internet, video, advertising, or other areas of our business change, we may need to alter the manner in which we conduct our business, or our business could be harmed.*

We are subject to or affected by general business regulations and laws, as well as regulations and laws specific to the internet and online services, including laws and regulations related to data privacy and security, consumer protection, data localization, law enforcement access to data, encryption, telecommunications, social media, payment processing, subscriptions, taxation, trade, intellectual property, competition, electronic contracts, internet access, net neutrality, advertising, calling and texting, content restrictions, protection of children, and accessibility, among others. We cannot guarantee that we have been or will be fully compliant in every jurisdiction. Litigation and regulatory proceedings are inherently uncertain, and the federal, state, and foreign laws and regulations governing issues such as data privacy and security, payment processing, taxation, net neutrality, liability of providers of online services, video, telecommunications, e-commerce tariffs, and consumer protection related to the internet continue to develop. Moreover, as internet commerce and advertising continue to evolve, increasing regulation by federal, state, and foreign regulatory authorities becomes more likely.

As we develop new services and devices and improve our streaming platform, we may also be subject to new laws and regulations specific to such technologies. For example, in developing the reference design of TVs powered by the Roku OS, we were required to understand, address, and comply with an evolving regulatory framework for developing, manufacturing, marketing, and selling TVs. If we fail to adequately address or comply with such regulations regarding the manufacture and sale of TVs, we may be subject to fines or sanctions, and we or our licensed Roku TV partners may be unable to sell TVs powered by the Roku OS at all, which could harm our business and our ability to grow our user base.

Laws relating to data privacy and security, data localization, law enforcement access to data, encryption, consumer protection, children's online protection, and similar activities continue to proliferate, often with little harmonization between jurisdictions and limited guidance. A number of bills are pending in the U.S. Congress and other government bodies that contain provisions that would regulate, for example, how companies can use cookies and other tracking technologies to collect, use, and share user information. Certain state laws, such as the CCPA, also impose requirements on certain tracking activity. The EU has laws requiring advertisers or companies like ours to, for example, obtain unambiguous, affirmative consent from users for the placement of cookies or other tracking technologies and the delivery of relevant advertisements. In addition, the EU has adopted the Digital Services Act, which is legislation that updates the liability and safety rules for digital platforms, products, and services. The EU also has adopted the Data Act, which seeks to enhance interoperability and facilitate data sharing and reuse across products and services.

Regulatory inquiries, investigations, and enforcement actions could also impact our business operations. For example, we and other companies in the media, entertainment, and advertising technology industries have been subject to government inquiries and investigations by regulatory bodies with regard to our compliance with data privacy and security laws, the Federal Trade Commission Act, and other applicable laws and regulations. Advocacy organizations have also filed complaints with data protection authorities against businesses with streaming apps and advertising technology, arguing that certain of these companies' practices do not comply with the CCPA or other regulations. Such inquiries, investigations, or enforcement actions may require us to alter our practices. Further, if we or the third parties that we work with, such as contract payment processing services, content partners, vendors, or developers, violate or are alleged to violate applicable privacy or security laws, laws concerning access to data, industry standards, our contractual obligations, or our policies, such violations and alleged violations may also put our users' information at risk and could in turn harm our business and reputation and subject us to potential liability. Any of these consequences could cause our users, advertisers, or content partners to lose trust in us, which could harm our business. Furthermore, any failure on our part to comply with these laws may subject us to liability and reputational harm.

Our use of data to deliver relevant advertising and other services on our platform places us and our content partners at risk for claims under various unsettled laws, including the Video Privacy Protection Act ("VPPA"). Some of our content partners have been engaged in litigation over alleged violations of the VPPA relating to activities on our platform in connection with advertising provided by unrelated third parties.

In addition, in 2019, the FTC initiated a review of its rules implementing the Children's Online Privacy Protection Act ("COPPA"), which limits the collection by operators of online services of personal information from children under the age of 13. Following this review, in December 2023, the FTC issued a formal Notice of Proposed Rulemaking that proposes specific revisions to the COPPA rule and seeks additional public input. Among other topics, the FTC has proposed rule changes that would prohibit targeted advertising to children absent express opt-in consent from parents, strengthen data security requirements for children's personal information, and limit the period during which children's personal information can be retained. The review has not been concluded and could result in broadening the applicability of COPPA and other changes.

There have also been proposals in the U.S. Congress to amend and expand COPPA. Changes to the COPPA legislation or rules could limit the information that we or our content partners and advertisers may collect and use and the content of advertisements in relation to certain app partner content. The CCPA and certain other state privacy laws also impose certain opt in and opt out requirements before certain information about minors can be collected. Many states have incorporated children's privacy requirements into their laws, and in some cases those requirements impose additional obligations not found in COPPA.

Some states also have adopted Age Appropriate Design Codes. For example, in 2022, California adopted the Age-Appropriate Design Code Act ("AADCA"), which has a stated purpose of protecting "the well being, data, and privacy of children using online platforms." The AADCA was challenged in court, and a federal appellate court recently agreed that the AADCA's mandate that required covered businesses to prepare and implement a "Data Protection Impact Assessment" is unconstitutional. Other aspects of the AADCA, however, may be allowed to go into effect. Since adoption of the California law, similar legislation has been introduced in other U.S. states. For example, the Maryland Age-Appropriate Design Code Act, which went into effect on October 1, 2024, is similar in many respects to the California AADCA. The EU and many of its member states, among other jurisdictions, also have rules that limit processing of personal information, including children's data, and that impose specific requirements intended to protect children online. We and our content partners and advertisers could be at risk for violation or alleged violation of these and other privacy, advertising, children's online protection, or similar laws. This could subject us to potential legal actions, substantial monetary fines, and other penalties, which could negatively affect our business, financial condition, and results of operations.

Changes in U.S. or foreign trade policies, geopolitical conditions, general economic conditions, and other factors beyond our control may adversely impact our business and operating results.

Our business is subject to risks generally associated with doing business abroad, such as U.S. and foreign governmental regulation in the countries in which we operate and the countries in which our contract manufacturers, component suppliers, and other business partners are located. Our operations and performance depend significantly on global, regional, and U.S. economic and geopolitical conditions.

For example, tensions between the United States and China have led to the United States' imposition of a series of tariffs, sanctions, and other restrictions on imports from China and sourcing from certain Chinese persons or entities, as well as other business restrictions. Following Russia's invasion of Ukraine, the United States and other countries imposed economic sanctions and severe export control restrictions against Russia and Belarus, and the United States and other countries could impose wider sanctions and export restrictions and take other actions should the conflict further escalate. In addition, the effects of Brexit on EU-UK political, trade, economic, and diplomatic relations continue to be uncertain and such impact may not be fully realized for several years or more. Continued uncertainty and friction may result in regulatory, operational, and cost challenges to our international operations.

These and other trade disputes, geopolitical tensions, or political uncertainty can disrupt supply chains and increase the cost of our and our partners' products, and have a negative impact on consumer confidence, which could impair our future growth and adversely affect our international operations, business, financial condition, and results of operations.

Also, various countries, in addition to the United States, regulate the import and export of certain products, commodities, software, and technology, including through import and export licensing requirements, and have enacted laws that could limit our ability to distribute our products or collaborate on technology with our commercial or strategic partners, or could limit the ability of our commercial or strategic partners to implement our products in those countries. Changes in our products or future changes in export and import regulations may create delays in the introduction of our products in international markets, disrupt supply chains, prevent our commercial or strategic partners with international operations from deploying our products globally, or, in some cases, prevent the export or import of our products to certain countries, governments, or persons altogether. Any changes in U.S. or foreign export or import regulations, customs duties, or other restrictions on intangible goods (such as cross-border data flows) could result in decreased use of our products by, or in our decreased ability to export or sell our products and services to, existing or new customers in U.S. or international markets or hamper our ability to source products, components, and parts from certain suppliers or lead to potential supply chain disruptions and business or reputational harms. Any decreased use of our products or limitation on our ability to export, import, or sell our products or services, or source parts or components, could harm our business.

Although we attempt to ensure that we, our retailers, and partners comply with the applicable import, export, and sanctions laws, we cannot guarantee full compliance by all. Actions of our retailers and partners are not within our complete control, and our products could be re-exported to sanctioned persons or countries or provided by our retailers to third persons in contravention of our requirements or instructions or the laws. In addition, there are inherent limitations to the effectiveness of any policies, procedures, and internal controls relating to such compliance, and there can be no assurance that such procedures or internal controls will work effectively at all times or protect us against liability under anti-corruption, sanctions or other laws for actions taken by us, our retailers or partners. Any such potential violation by us, our retailers, or our partners could have negative consequences, including government inquiries, investigations, enforcement actions, monetary fines, or civil and/or criminal penalties, and our reputation, brand, and revenue may be harmed.

The ability of internet access network operators in some jurisdictions to degrade users' internet speeds or limit internet data consumption by users, including unreasonable discrimination in the provision of broadband internet access services, could harm our business.*

Our products and services depend on the ability of our users to access the internet. We believe that the continued growth of streaming as an entertainment alternative will depend on the availability and growth of cost-effective broadband internet access (including mobile broadband internet access), the quality and reliability of broadband content delivery, and broadband service providers' ability to control the delivery speed of different content traveling on their networks. Laws, regulations, or court rulings that adversely affect the popularity or growth in use of the internet, including decisions that undermine open and neutrally administered internet access, or that disincentivize internet access network operators' willingness to invest in upgrades and maintenance of their equipment, could decrease customer demand for our service offerings, may impose additional burdens on us, or could cause us to incur additional expenses or alter our business model. Some jurisdictions have adopted regulations governing the provision of internet access service. Substantial uncertainty exists in the United States and elsewhere regarding such provisions. For example, in the United States, a federal appellate court recently prevented new FCC "net neutrality" rules and an associated broadband oversight framework from going into effect, finding that the FCC likely does not have statutory authority to adopt such requirements. As a result, there are no FCC rules currently in effect that prohibit internet service providers from unreasonably restricting, blocking, degrading, or charging for access to certain products and services offered by us and our content partners.

If network operators were to engage in restricting, blocking, degrading, or charging for access, it could impede our growth, result in a decline in our quality of service, cause us to incur additional expense, or otherwise impair our ability to attract and retain users, any of which could harm our business. Several states and foreign countries in which we operate also have adopted or are considering rules governing the provision of internet access. In addition, in some jurisdictions (including the United States), network operators are pursuing proposals that would require or enable them to impose fees on content providers related to delivery of network traffic.

As we expand internationally, government regulation protecting the non-discriminatory provision of internet access may be nascent or non-existent. In those markets where regulatory safeguards against unreasonable discrimination are nascent or non-existent and where local network operators possess substantial market power, we could experience anti-competitive practices that could impede our growth, cause us to incur additional expenses, or otherwise harm our business. Future regulations or changes in laws and regulations (or their existing interpretations or applications) could also hinder our operational flexibility, raise compliance costs, and result in additional liabilities for us, which may harm our business.

If we are found liable for content that is distributed through or advertising that is served through our platform, our business could 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. We rely on the statutory safe harbors, as set forth in the Digital Millennium Copyright Act (the "DMCA"), Section 230 of the Communications Decency Act ("Section 230") in the United States, and the E-Commerce Directive in Europe, for protection against liability for various caching, hosting, and linking activities. The DMCA, Section 230, and similar statutes and doctrines on which we rely or may rely in the future are subject to uncertain judicial interpretation and regulatory and legislative amendments. Any legislation or court rulings that limit the applicability of these safe harbors could require us to take a different approach toward content moderation on our platform, which could diminish the depth, breadth, and variety of content that we offer, inhibit our ability to generate advertising, or otherwise adversely affect our business.

Moreover, if the rules around these statutes and doctrines change, if international jurisdictions refuse to apply similar protections, or if a court were to disagree with our application of those rules to our business, we could incur liabilities and our business could be harmed. If we become liable for these types of claims as a result of the content that is streamed over or the advertisements that are served through our platform, 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. Our insurance may not be adequate to cover these types of claims or any liability that may be imposed on us.

In addition, regardless of any legal protections that may limit our liability for the actions of third parties, we may be adversely impacted if copyright holders assert claims, or commence litigation, alleging copyright infringement against the developers of apps that are distributed on our platform.

While our platform policies prohibit streaming content on our platform without distribution rights from the copyright holder, and we maintain processes and systems for the reporting and removal of infringing content, in certain instances our platform has been misused by unaffiliated third parties to unlawfully distribute copyrighted content. If content owners or distributors are deterred from working with us as a consequence, it could impair our ability to maintain or expand our business, including through international expansion plans.

If we fail to maintain effective internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and our stock price may be adversely affected.*

We are required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404") requires that we furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. This assessment must include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. Our independent registered public accounting firm also attests to the effectiveness of our internal control over financial reporting. If we have a material weakness in our internal control over financial reporting in the future, we may not detect errors on a timely basis, and our financial statements may be materially misstated.

Any failure to maintain internal controls over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations. If we identify material weaknesses in our internal control over financial reporting, are unable to continue to comply with the requirements of Section 404 in a timely manner, are unable to 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 adversely affected. In addition, we could become subject to investigations by the SEC, The Nasdaq Global Select Market, or other regulatory authorities, which could require additional financial and management resources.

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

The generally accepted accounting principles in the United States are subject to interpretation by the Financial Accounting Standards Board, the SEC, and other bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported results of operations and may even affect the reporting of transactions completed before the announcement or effectiveness of a change. It is difficult to predict the impact of future changes to accounting principles or our accounting policies, any of which could harm our business.

If we fail to comply with the laws and regulations relating to the payment of income taxes and the collection of indirect taxes, we could be exposed to unexpected costs, expenses, penalties, and fees as a result of our noncompliance, which could harm our business.

We are subject to requirements to deduct or withhold income taxes on revenue sourced in various jurisdictions, pay income taxes on profits earned by any permanent establishment (or similar enterprise) of ours that carries on business in various jurisdictions, and collect indirect taxes from our sales in various jurisdictions. The laws and regulations governing the withholding and payment of income taxes and the collection of indirect taxes are numerous, complex, and vary by jurisdiction. A successful assertion by one or more jurisdictions that we were required to withhold or pay income taxes or collect indirect taxes where we did not could result in substantial tax liabilities, fees, and expenses, including substantial interest and penalty charges, which could harm our business.

New legislation that would change U.S. or foreign taxation of international business activities or other tax-reform policies could harm our business.

We earn a portion of our income in foreign countries and, as such, we are subject to tax laws in the United States and numerous foreign jurisdictions. Current economic and political conditions make tax laws and regulations, or their interpretation and application, in any jurisdiction subject to significant change.

Proposals to reform U.S. and foreign tax laws could significantly impact how U.S. multinational corporations are taxed on foreign earnings and could increase the U.S. corporate tax rate. Although we cannot predict whether or in what form these proposals will pass, several of the proposals under consideration, if enacted into law, could have an adverse impact on our effective tax rate, income tax expense, and cash flows.

In addition, both tax policy and tax administration are becoming multilateral. This multilateralism and collaboration among taxing authorities (including the U.S. and many foreign jurisdictions in which we operate) has resulted in proposed new tax measures specifically targeting online commerce, digital services, streaming services, and the remote sale of goods and services. Some of these measures (such as a global corporate minimum tax) require adoption of local legislation consistent with the agreed to multilateral framework. Other measures (such as digital services taxes) have already been implemented but may terminate upon the adoption of multilateral tax rules.

The rapid growth of multilateralism in tax administration means greater sharing of tax information among taxing authorities as well as the likelihood of joint and simultaneous tax audits of companies such as ours who have cross-border business activities in which the tax administrations may have a common or complementary interest. The results of any such audits or related disputes could have an adverse effect on our financial results for the period or periods for which the applicable final determinations are made. For example, we and our subsidiaries are engaged in intercompany transactions across multiple tax jurisdictions. Although we believe we have clearly reflected the economics of these transactions and that the proper local transfer pricing is in place, tax authorities may propose and sustain adjustments that could result in changes that may impact our mix of earnings in countries with differing statutory tax rates.

Risks Related to Ownership of Our Class A Common Stock

The dual class structure of our common stock concentrates voting control with those stockholders who held our stock prior to our initial public offering, including our executive officers, employees, and directors and their affiliates, and limits the ability of holders of our Class A common stock to influence corporate matters.*

Our Class B common stock has 10 votes per share, and our Class A common stock has one vote per share. Our President and Chief Executive Officer, Anthony Wood, holds and controls the vote of a significant number of shares of our outstanding common stock, and therefore Mr. Wood will have significant influence over our management and affairs and over all matters requiring stockholder approval, including election of directors and significant corporate transactions, such as a merger or other sale of Roku or our assets, for the foreseeable future. If Mr. Wood's employment with us is terminated, he will continue to have the same influence over matters requiring stockholder approval.

In addition, the holders of Class B common stock collectively will continue to be able to control all matters submitted to our stockholders for approval even if their stock holdings represent less than a majority of the outstanding shares of our common stock. This concentrated control will limit the ability of holders of our Class A common stock to influence corporate matters for the foreseeable future, and, as a result, the market price of our Class A common stock could be adversely affected.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, which has the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. As a result of such transfers, as of September 30, 2024, Mr. Wood controls a majority of the combined voting power of our Class A and Class B common stock even though he only owns 12.1% of the outstanding Class A and Class B common stock. As a member of our Board of Directors (our "Board"), Mr. Wood owes a fiduciary duty to our stockholders and must act in good faith in a manner he reasonably believes to be in the best interests of our stockholders.

As a stockholder, even a controlling stockholder, Mr. Wood is entitled to vote his shares in his own interests, which may not always be in the interests of our stockholders generally. This concentrated control could delay, defer, or prevent a change of control, merger, consolidation, or sale of all or substantially all of our assets that our other stockholders support, or conversely this concentrated control could result in the consummation of such a transaction that our other stockholders do not support. This concentrated control could also discourage a potential investor from acquiring our Class A common stock, which has limited voting power relative to the Class B common stock and might harm the market price of our Class A common stock.

We have not elected to take advantage of the "controlled company" exemption to the corporate governance rules for companies listed on The Nasdaq Global Select Market.

The market price of our Class A common stock has been, and may continue to be, volatile, and the value of our Class A common stock may decline.*

The market price of our Class A common stock has been and may continue to be subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in our financial condition, operating results, and key performance metrics;
- changes in projected operational and financial results;
- our loss of key content partners;
- changes in laws or regulations applicable to our products or platform;
- the commencement or conclusion of legal proceedings that involve us;
- actual or anticipated changes in our growth rate relative to our competitors;
- announcements of new products or services by us or our competitors;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, or joint ventures;
- capital-raising activities or commitments;
- additions or departures of key personnel;
- issuance of new or updated research or reports by securities analysts;
- the use by investors or analysts of third-party data regarding our business that may not reflect our financial performance;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- the perception that our environmental, social, and corporate governance performance is inadequate compared to that of our competitors;
- sales of our Class A common stock, including short selling of our Class A common stock;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- general economic and market conditions; and

- other events or factors, including those resulting from civil unrest, war, foreign invasions, terrorism, or public health crises, or responses to such events.

Furthermore, the stock markets frequently experience extreme price and volume fluctuations that affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political, and market conditions such as recessions, elections, interest rate changes, or international currency fluctuations, may negatively impact the market price of our Class A common stock. As a result of such fluctuations, you may not realize any return on your investment in us and may lose some or all of your investment. In addition, we and other companies that have experienced volatility in the market price of their stock have been, and may in the future be, subject to securities class action litigation or derivative litigation. Such litigation could result in substantial costs and divert our management's attention from other business concerns.

Future sales and issuances of our capital stock or rights to purchase capital stock could result in additional dilution of the percentage ownership of our stockholders and could cause our stock price to decline.

We may issue additional securities in the future and from time to time. Future sales and issuances of our capital stock or rights to purchase our capital stock could result in substantial dilution to our existing stockholders. We may sell or issue Class A common stock, convertible securities, and other equity securities in one or more transactions at prices and in a manner as we may determine from time to time. If we sell any such securities in subsequent transactions, investors may be materially diluted. New investors in such subsequent transactions could gain rights, preferences, and privileges senior to those of holders of our Class A common stock.

Future sales of shares by existing stockholders could cause our stock price to decline.

If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our Class A common stock in the public market, the market price of our Class A common stock could decline. All of our outstanding Class A shares are eligible for sale in the public market, other than shares and stock options exercisable held by directors, executive officers, and other affiliates that are subject to volume limitations under Rule 144 of the Securities Act. In addition, we have reserved shares for future issuance under our equity incentive plan. Our directors, employees, and certain contingent workers are subject to our quarterly trading window, which generally opens at the start of the second full trading day after the public dissemination of our annual or quarterly financial results and closes (i) with respect to the first, second, and third quarter of each year, at the end of the fifteenth day of the last month of such quarter and (ii) with respect to the fourth quarter of each year, at the end of the trading day on the Wednesday before Thanksgiving. These directors, employees, and contingent workers may also sell shares during a closed window period pursuant to trading plans that comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act. When these shares are issued and subsequently sold, it is dilutive to existing stockholders and the market price of our Class A common stock could decline.

If securities or industry analysts do not publish research or publish unfavorable research about our business or if they downgrade our stock, our stock price and trading volume could decline.

A limited number of equity research analysts provide research coverage of our Class A common stock, and we cannot assure you that such equity research analysts will adequately provide research coverage of our Class A common stock. A lack of adequate research coverage may adversely affect the liquidity and market price of our Class A common stock.

If securities or industry analysts cover our company and one or more of these analysts downgrades our stock or issues other unfavorable commentary or research, the price of our Class A common stock could decline. If one or more equity research analysts cease coverage of our company, or fail to publish reports on us regularly, demand for our stock could decrease, which in turn could cause our stock price or trading volume to decline.

We incur costs and demands upon management as a result of complying with the laws and regulations affecting public companies in the United States, which may harm our business.

As a public company listed in the United States, we incur significant legal, accounting, and other expenses. In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure, including SEC and The Nasdaq Global Select Market regulations, may increase legal and financial compliance costs and make some activities more time-consuming. These laws, regulations, and standards are subject to varying interpretations and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. We invest resources to comply with evolving laws, regulations, and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If, notwithstanding our efforts, we fail to comply with new laws, regulations, and standards, regulatory authorities may initiate legal proceedings against us, and our business may be harmed.

Failure to comply with these rules might also make it more difficult for us to obtain certain types of insurance, including director and officer liability insurance, and we might be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for us to attract and retain qualified persons to serve on our Board, on committees of our Board, or as members of senior management.

We do not intend to pay dividends in the foreseeable future.*

We have never declared or paid any cash dividends on our Class A or Class B common stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings to grow our business and for general corporate purposes. Moreover, our Credit Agreement contains prohibitions on the payment of cash dividends on our capital stock. Accordingly, investors must rely on sales of their Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Provisions of our charter documents and Delaware law may prevent or frustrate attempts by our stockholders to change our management or hinder efforts to acquire a controlling interest in us, and the market price of our Class A common stock may be lower as a result.

There are provisions in our certificate of incorporation and bylaws that may make it difficult for a third party to acquire, or attempt to acquire, control of our company, even if a change in control was considered favorable by our stockholders. Our charter documents also contain other provisions that could have an anti-takeover effect, such as:

- establishing a classified Board so that not all directors are elected at one time;
- permitting our Board to establish the number of directors and fill any vacancies and newly created directorships;
- providing that directors may only be removed for cause;
- prohibiting cumulative voting for directors;
- requiring super-majority voting to amend some provisions in our certificate of incorporation and bylaws;
- authorizing the issuance of “blank check” preferred stock that our Board could use to implement a stockholder rights plan;
- eliminating the ability of stockholders to call special meetings of stockholders;
- prohibiting stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders; and
- reflecting our two classes of common stock as described above.

Moreover, because we are incorporated in Delaware, we are governed by Section 203 of the Delaware General Corporation Law, which prohibits a person who owns 15% or more of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. Any provision in our certificate of incorporation or our bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our Class A common stock and could affect the price that some investors are willing to pay for our Class A common stock.

Our certificate of incorporation provides that the Delaware Court of Chancery and the U.S. federal district courts will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our certificate of incorporation provides that the Delaware Court of Chancery is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative action or proceeding brought on our behalf;
- any action asserting a breach of fiduciary duty;
- any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our certificate of incorporation, or our bylaws; and
- any action asserting a claim against us that is governed by the internal affairs doctrine.

This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all 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 certificate of incorporation provides that the U.S. federal district courts will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

These exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for certain disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. If a court were to find either exclusive forum provision in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving such action in other jurisdictions, all of which could harm our business.

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

Insider Trading Arrangements

During the three months ended September 30, 2024, the following officers (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

			Trading Arrangement		Total Shares of	
Name	Action	Adoption/Termination Date	Rule 10b5-1*	Non-Rule 10b5-1**	Class A Common Stock to be Sold	Expiration Date
Anthony Wood*** (Chief Executive Officer, President, and Chairman)	Adoption	September 11, 2024	X		300,000	June 9, 2025

* Contract, instruction or written plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act.

** "Non-Rule 10b5-1 trading arrangement" as defined in Item 408(c) of Regulation S-K under the Exchange Act.

*** Trading arrangement adopted by The Wood Revocable Trust, of which Mr. Wood and his spouse are co-trustees.

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Item 6. Exhibits

		Incorporation by reference				
Exhibit Number	Description	Form	SEC File No.	Exhibit	Filing Date	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation of Roku, Inc.	8-K	001-38211	3.1	10/3/2017	
3.2	Amended and Restated Bylaws of Roku, Inc.	S-1/A	333-220318	3.4	9/18/2017	
4.1	Reference is made to Exhibits 3.1 through 3.2.					
4.2	Form of Class A common stock certificate	S-1/A	333-220318	4.1	9/18/2017	
10.1	Credit Agreement, dated as of September 16, 2024, among Roku, Inc., as borrower, Citibank N.A., as administrative agent, and the other credit parties and lenders party thereto	8-K	001-38211	10.1	9/17/2024	
10.2	Executive Supplemental Stock Option Program Enrollment Form	8-K	001-38211	10.1	9/26/2024	
31.1	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					X
31.2	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					X
32.1*	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					X
32.2*	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					X
101	The following information from Roku, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 formatted in Inline XBRL (Extensible Business Reporting Language) includes (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Comprehensive Income (Loss), (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements.					X
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)					X

* These exhibits are furnished with this Quarterly Report and are not deemed filed with the Securities and Exchange Commission and are not incorporated by reference in any filing of Roku, Inc. under the Securities Act of 1933, as amended, or the Securities and Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filings.

SIGNATURES

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

		Roku, Inc.
Date: October 31, 2024	By:	/s/ Anthony Wood
		Anthony Wood
		President, Chief Executive Officer and Chairman (Principal Executive Officer)
Date: October 31, 2024	By:	/s/ Dan Jedda
		Dan Jedda
		Chief Financial Officer (Principal Financial Officer)
Date: October 31, 2024	By:	/s/ Matthew Banks
		Matthew Banks
		Vice President, Corporate Controller and Chief Accounting Officer (Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Anthony Wood, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of Roku, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2024

By: /s/ Anthony Wood

Anthony Wood
Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Dan Jedda, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of Roku, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2024

By: /s/ Dan Jedda
Dan Jedda
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Anthony Wood, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

The Quarterly Report on Form 10-Q of Roku, Inc. for the quarter ended September 30, 2024, as filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

The information contained in such Report fairly presents, in all material respects, the financial condition and results of operations of Roku, Inc.

Date: October 31, 2024	By: /s/ Anthony Wood
	Anthony Wood
	Chief Executive Officer and President
	(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Dan Jedda, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

The Quarterly Report on Form 10-Q of Roku, Inc. for the quarter ended September 30, 2024, as filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

The information contained in such Report fairly presents, in all material respects, the financial condition and results of operations of Roku, Inc.

Date: October 31, 2024	By: /s/ Dan Jedda
	Dan Jedda
	Chief Financial Officer
	(Principal Financial Officer)