
overstock™
Q1 2023
Earnings Call

Forward-Looking Statements

The information presented herein may contain forward-looking statements within the meaning of the federal securities laws. Such forward-looking statements include all statements other than statements of historical fact, including forecasts of trends, market conditions, and other factors that will impact our results of operations. You should not place undue reliance on any forward-looking statements, which speak only as of the date they were made. We undertake no obligation to update any forward-looking statements as a result of any new information, future developments, or otherwise. Forward-looking statements are inherently difficult to predict. Accordingly, actual results could differ materially for a variety of reasons, including but not limited to, macroeconomic changes, including higher inflation and rising interest rates, and difficulties we may have with our fulfillment partners, supply chain, access to products, shipping costs, competition, attraction/retention of employees, search engine optimization results, and/or payment processors. Other risks and uncertainties include, among others, negative global economic consequences of global conflict, including the ongoing tensions between the United States and Russia, the United States and China, and other effects of the ongoing conflict in Ukraine, problems with our infrastructure, including cyber-attacks or data breaches affecting us, adverse tax, regulatory or legal developments, any further restrictions on the use of "cookies" or other tracking technologies, any negative business impacts associated with our evolving business practices including our exit from non-home categories, and whether our partnership with Pelion Venture Partners will be able to achieve its objectives. More information about factors that could potentially affect our financial results are included in our Form 10-K for the year ended December 31, 2022, which was filed with the SEC on February 24, 2023, and in our subsequent filings with the SEC. The Form 10-K and our subsequent filings with the SEC identify important factors that could cause our actual results to differ materially from those contained in or contemplated by our projections, estimates, and other forward-looking statements.

Agenda

1. CEO Remarks
2. Financial Results
3. Business Outlook
4. Q&A

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CEO Remarks



2023: A Tale of Two Halves for Overstock

Industry specific drivers

- Inflation, interest rates, housing market
- Inventory rationalization
- Discounting and promotional environment
- Consumer demand
- Domestic supply chain costs

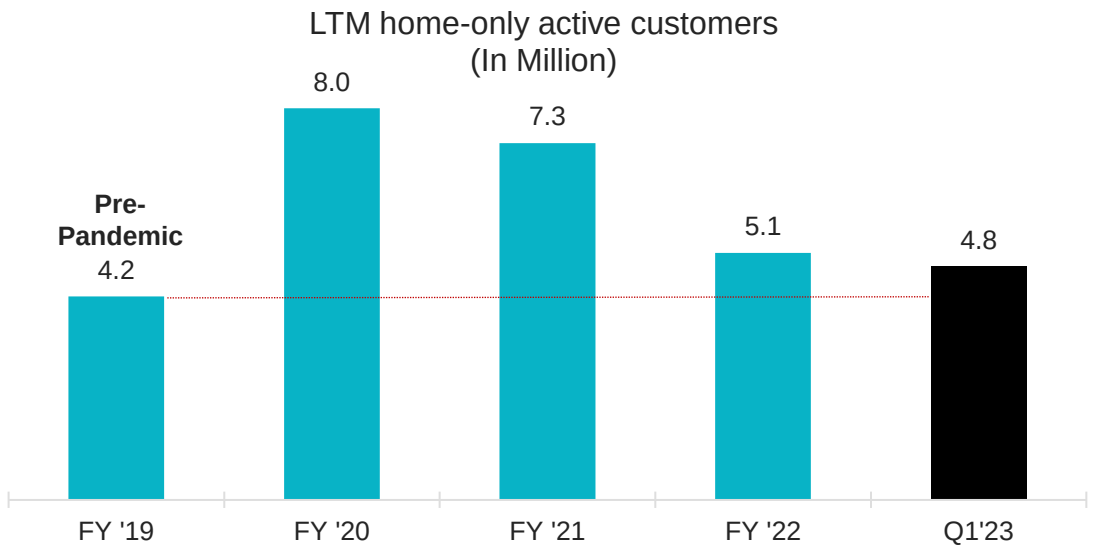
Overstock specific drivers

- Non-home revenue comparison ends Q2 2023
- Newness in assortment
- Expansion of loyalty efforts
- Strengthened operational leadership and teams
- Capitalize on build out of branded giftable assortment

Home-only Active Customers Above 2019 Levels

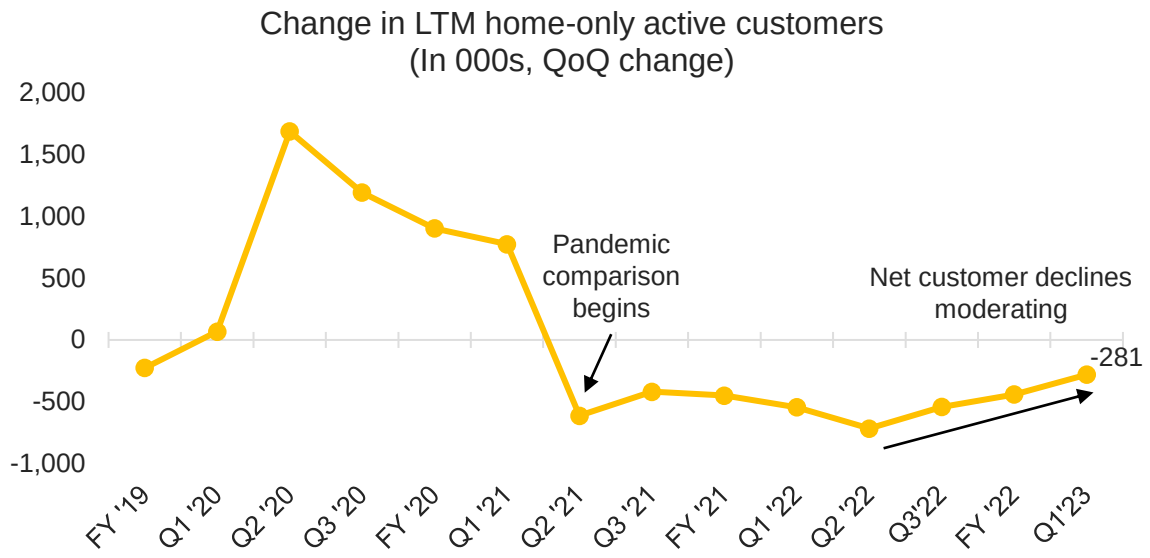
LTM home-only[1] active customers

Home-only active customers above 2019 pre-pandemic levels



LTM home-only[1] active customers – QoQ Change

Active customer declines moderating



1 Home-only customers represent customers who have shopped home categories over the last twelve months. Home customers that have also shopped non-home categories have not been excluded.

Medici Ventures Fund Update

Medici Ventures Day – May 31, 2023

tZERO

GRAIN CHAIN

SettleMint

PEERNOVA

Recent Updates

MEDICI LAND GOVERNANCE

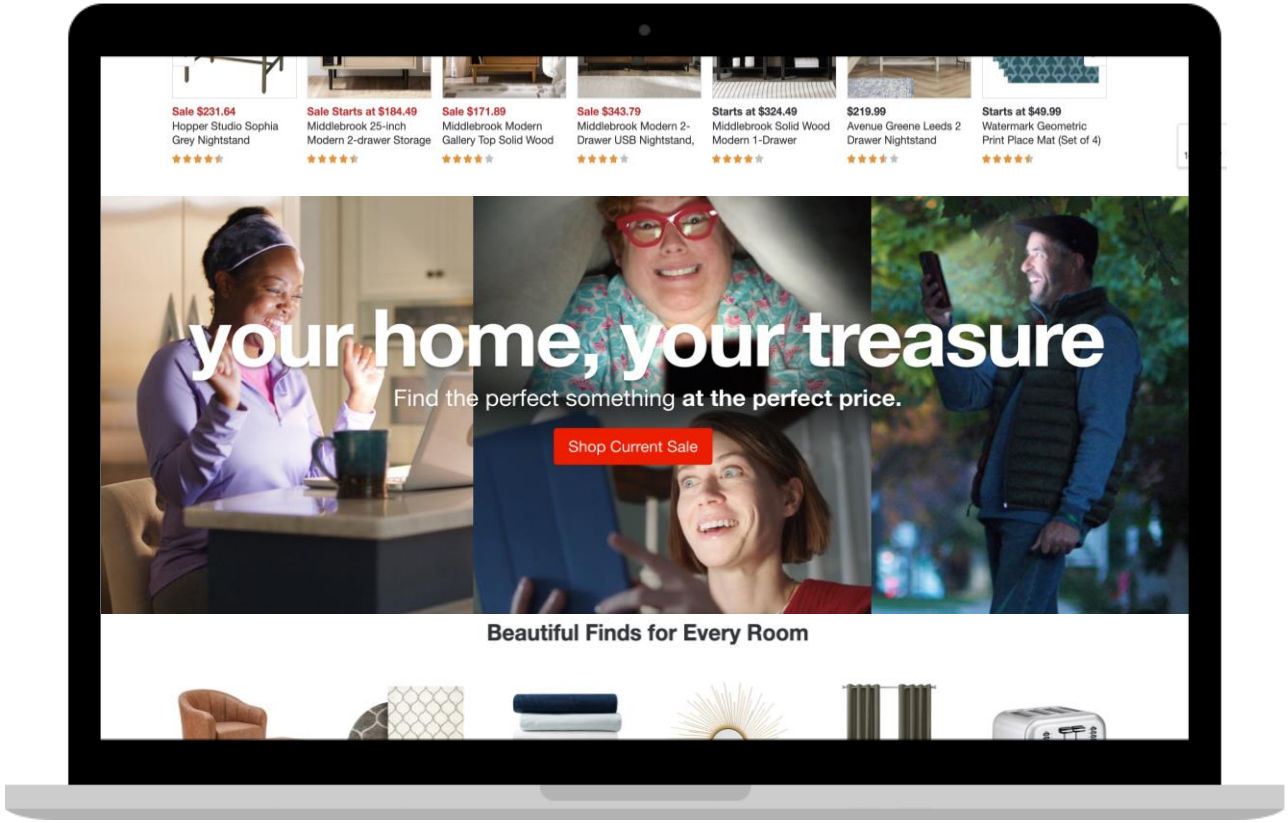
FinClusive

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GRAIN CHAIN

Corporate Update

- New Independent Board member
  - Joanna Burkey (CISO, HP Inc.)
- Annual Shareholder Meeting on May 18
- ‘Your Home, Your Treasure’



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Financial Results



Q1 2023 Financial Results

Revenue
$381.1 Million
-29% vs. Q1’22

Gross Margin
23.5%
+18 bps vs. Q1'22

G&A and Tech % of Revenue
13.4%
+327 bps vs. Q1'22
Expenses -6% / -$3M vs. Q1'22

Adjusted EBITDA Margin[1]
0.9%
-311 bps vs. Q1'22

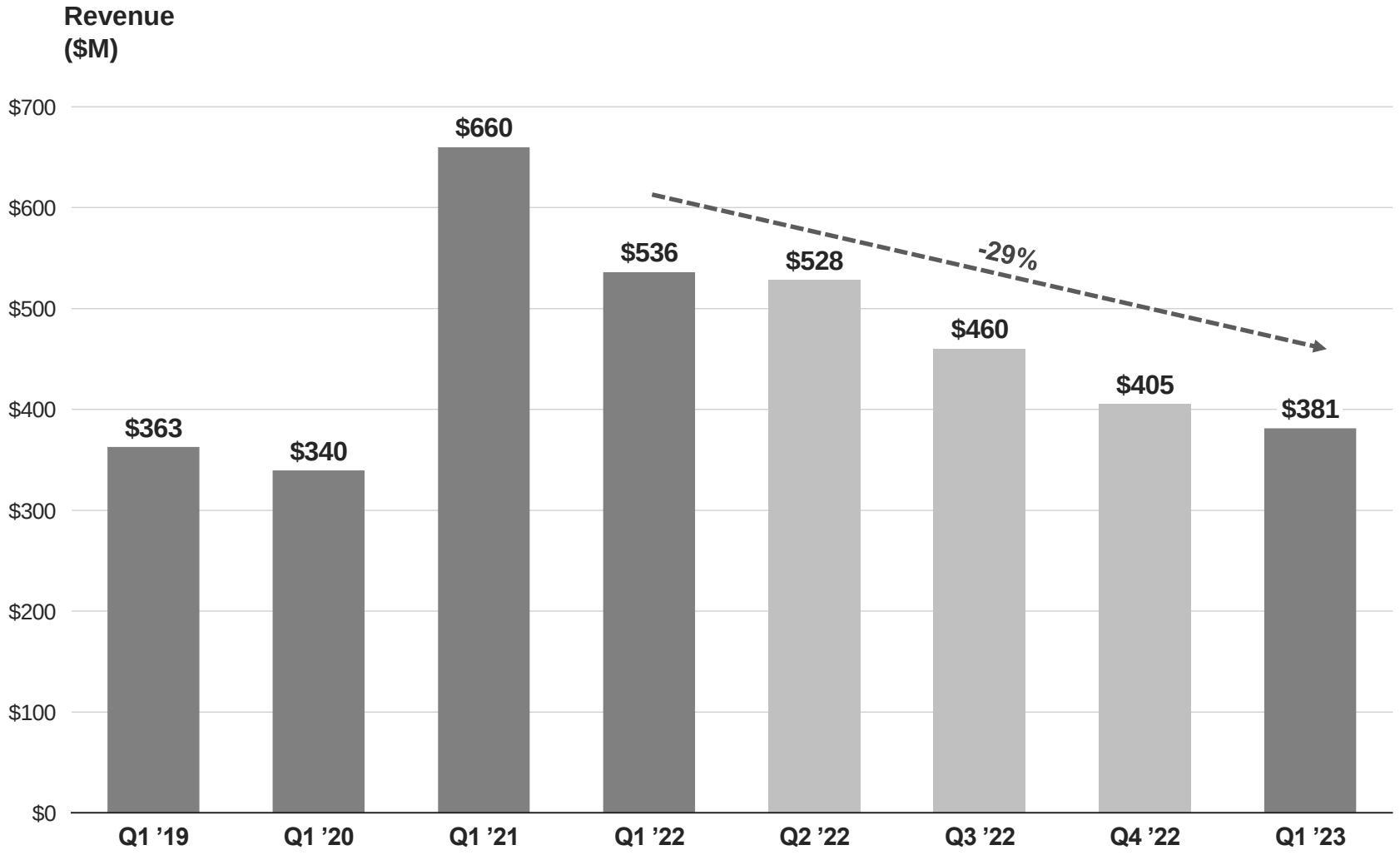
Diluted EPS
-$0.23

Adjusted Diluted EPS[2]
-$0.10
-$0.31 vs. Q1'22

Ending Cash
$374.7 Million
+1% / +$3.5M vs. Q4’22

Note: All figures represent results from continuing operations.
1 Adjusted EBITDA Margin is a non-GAAP financial measure. See reconciliation in appendix.
2 Includes adjustment related to estimated tax impact from equity method activity. See reconciliation in appendix.

Revenue

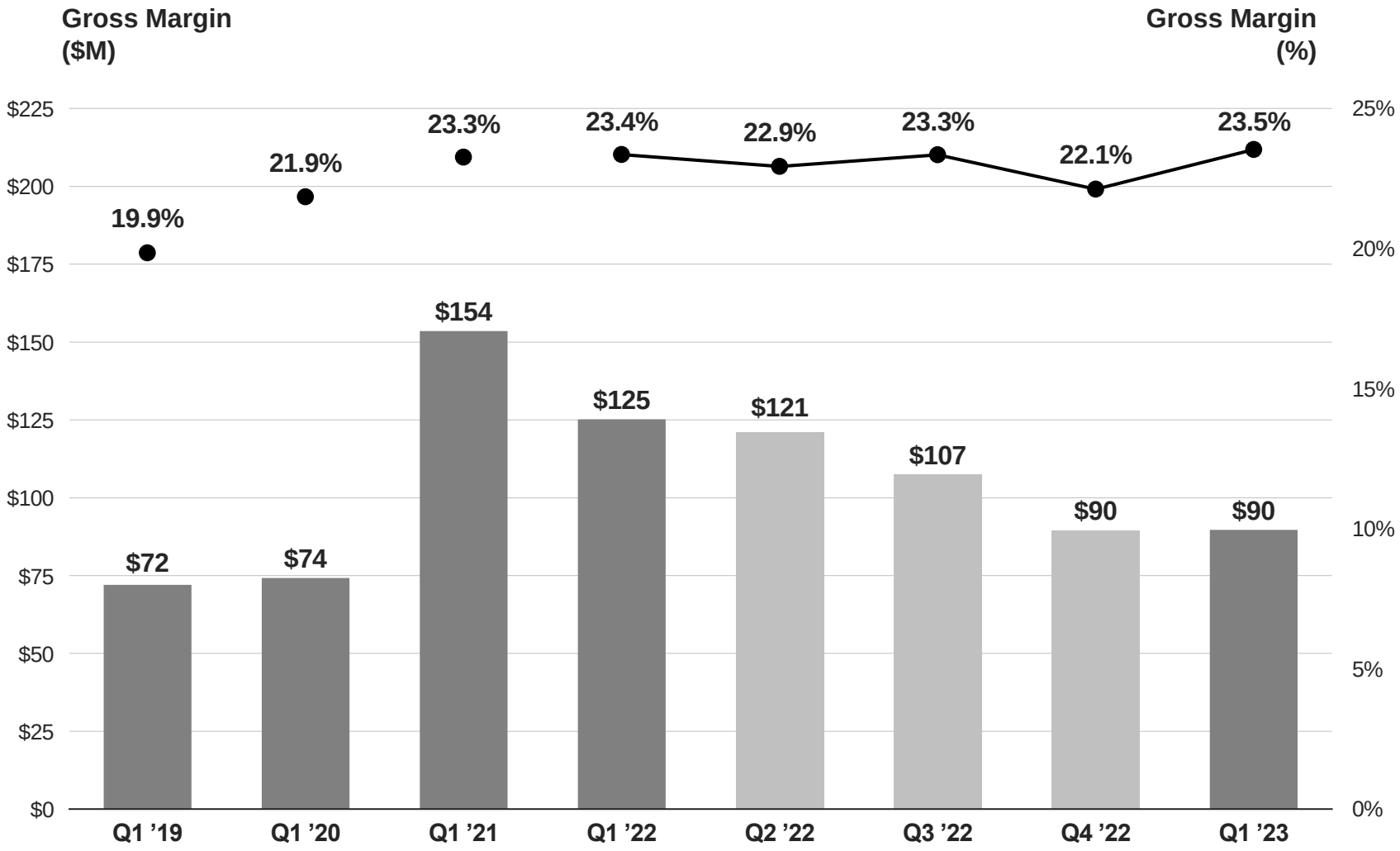


Q1 Dynamics

- Revenue of $381.1M
  - -29% / -$155M vs. Q1’22
  - -27% home-only vs. Q1’22
- Revenue influenced by:
  - Macro / consumer sentiment
  - Non-home category exit

Note: All figures represent results from continuing operations.

Gross Margin

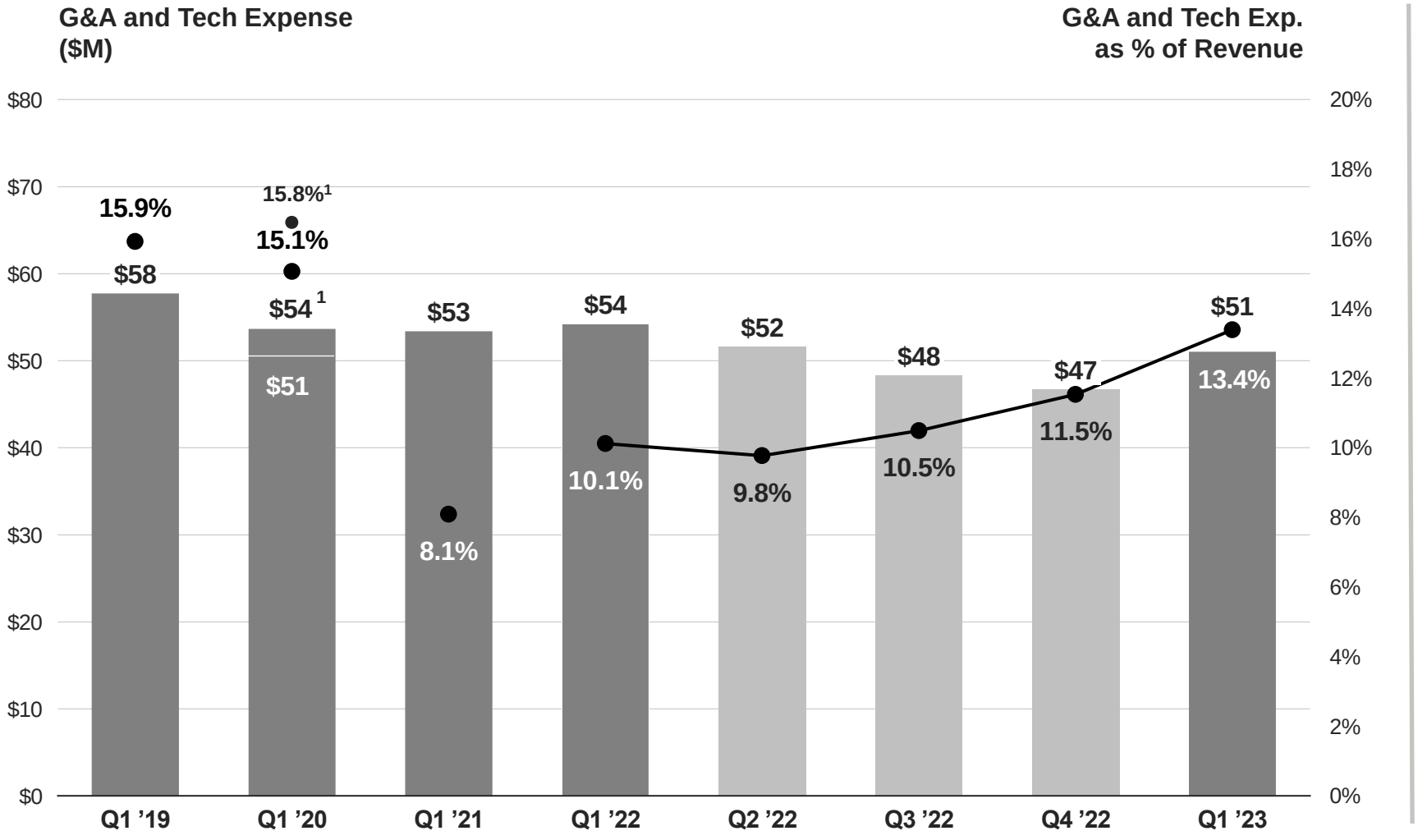


Q1 Dynamics

- Gross margin of 23.5%
  - +18 bps vs. Q1’22
- Gross margin influenced by:
  - Merchandising actions
  - Operational efficiencies
  - Higher discounting

Note: All figures represent results from continuing operations.

G&A and Tech Expense

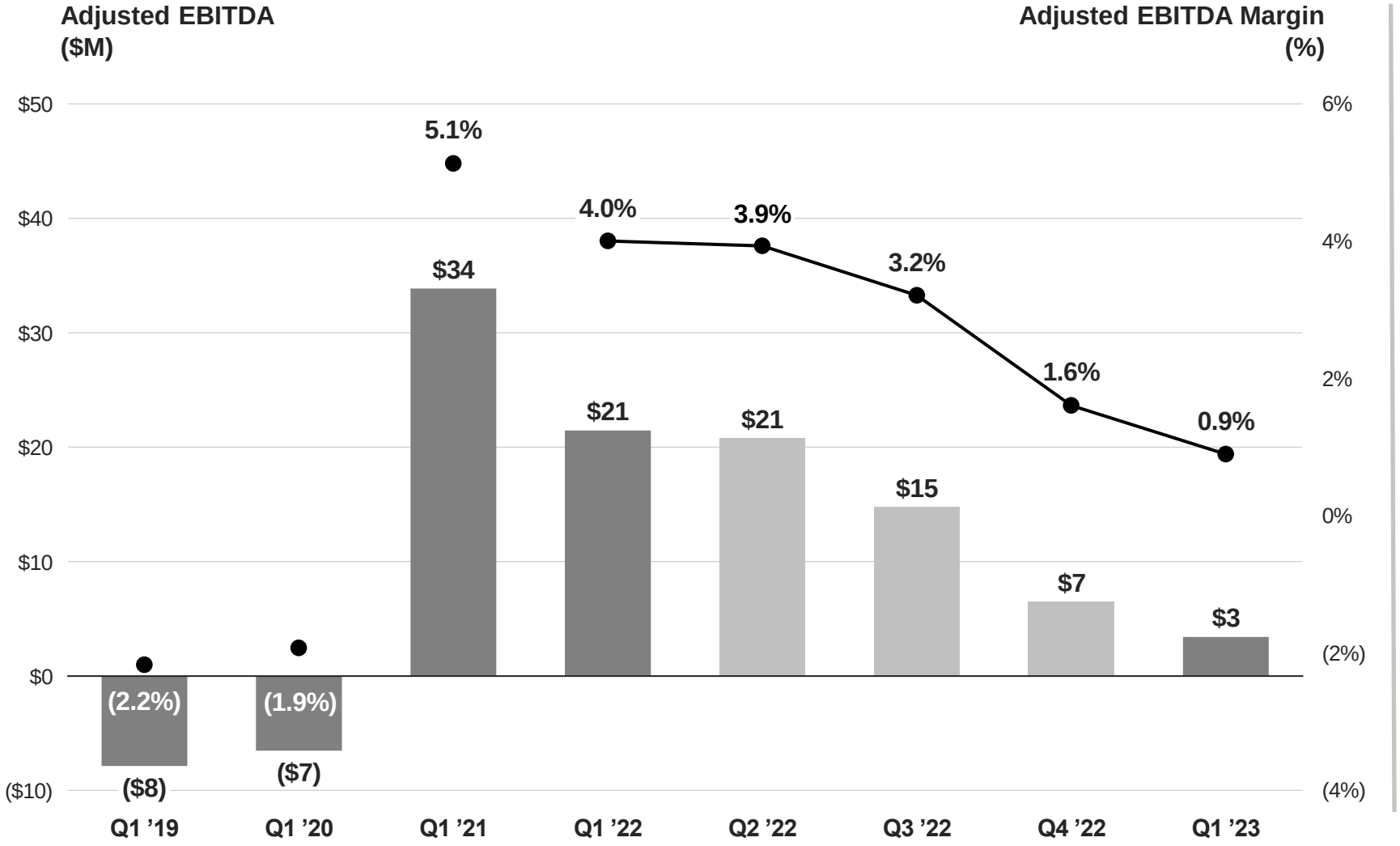


Q1 Dynamics

- G&A and Tech Expense of $51M
  - -6% vs. Q1'22
- G&A and Tech Expense % of revenue of 13.4%
  - 327 bps de-leverage vs. Q1'22

Note: All figures represent results from continuing operations.
1 In Q1'20 we recorded $2.5M in special items that benefited G&A expense. Reported G&A and tech expense in Q1'20 was $51.2M or 15.1% of revenue.

Adjusted EBITDA

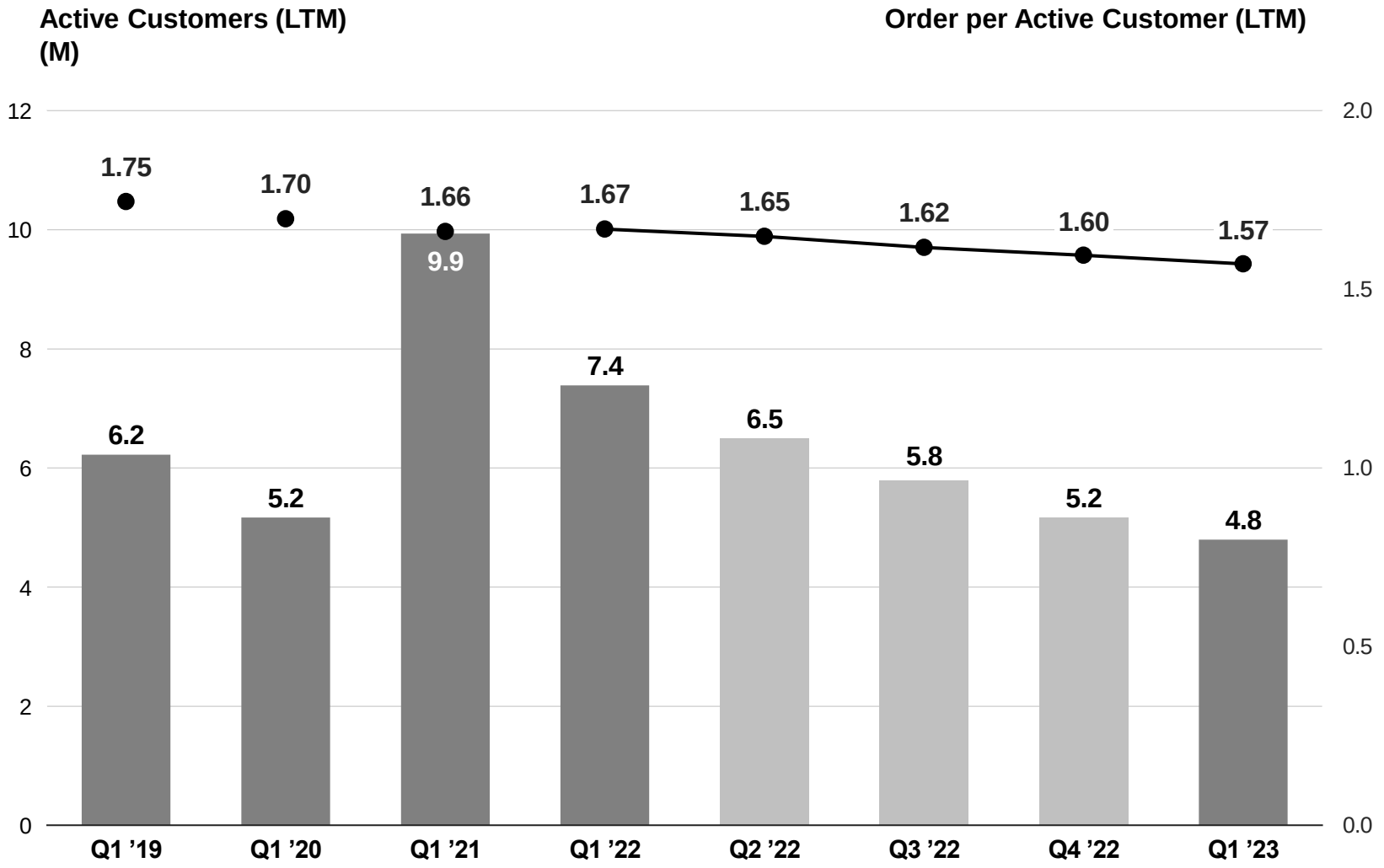


Q1 Dynamics

- Adj. EBITDA of $3M
  - -$18M vs. Q1'22
- Adj. EBITDA margin of 0.9%
  - -311 bps vs. Q1'22

Note: All figures represent results from continuing operations.

Active Customers and Order Frequency

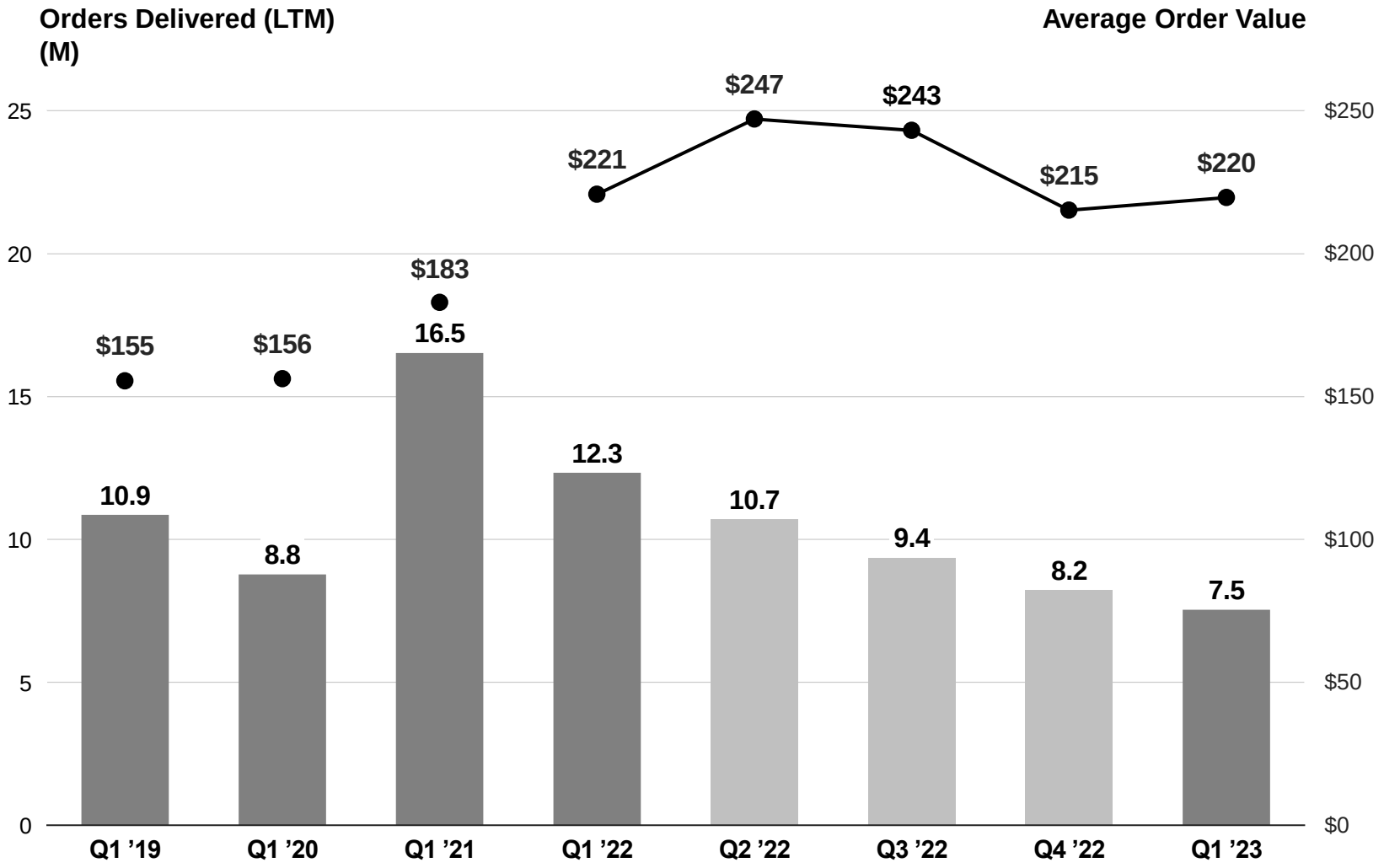


Q1 Dynamics

- Active customers of 4.8M
  - -35% / -2.6M vs. Q1’22
  - -29% Home-only vs. Q1’22
  - Macro / consumer sentiment
  - Non-home category exit
- Order frequency of 1.57
  - -6% vs. Q1’22
  - Home-only strategy

Note: Orders per active customer represents the number of orders delivered over a twelve-month period divided by the number of active customers for that same period.

Orders and Average Order Value



Q1 Dynamics

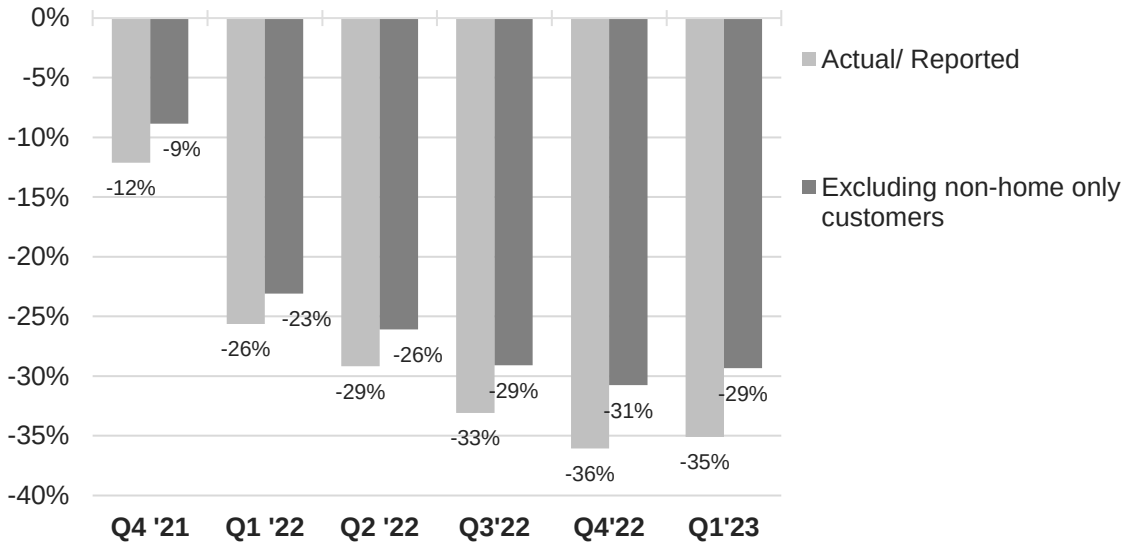
- Orders delivered (LTM) of 7.5M
  - -39% / -4.8M vs. Q1’22
- Average order value of $220
  - Relatively flat vs. Q1’22

Note: LTM orders delivered represents the total number of orders delivered during the prior twelve-month period.
Note: Average order value represents net revenue divided by orders delivered, measured on a quarterly basis.

Home-only Active Customers and Revenue

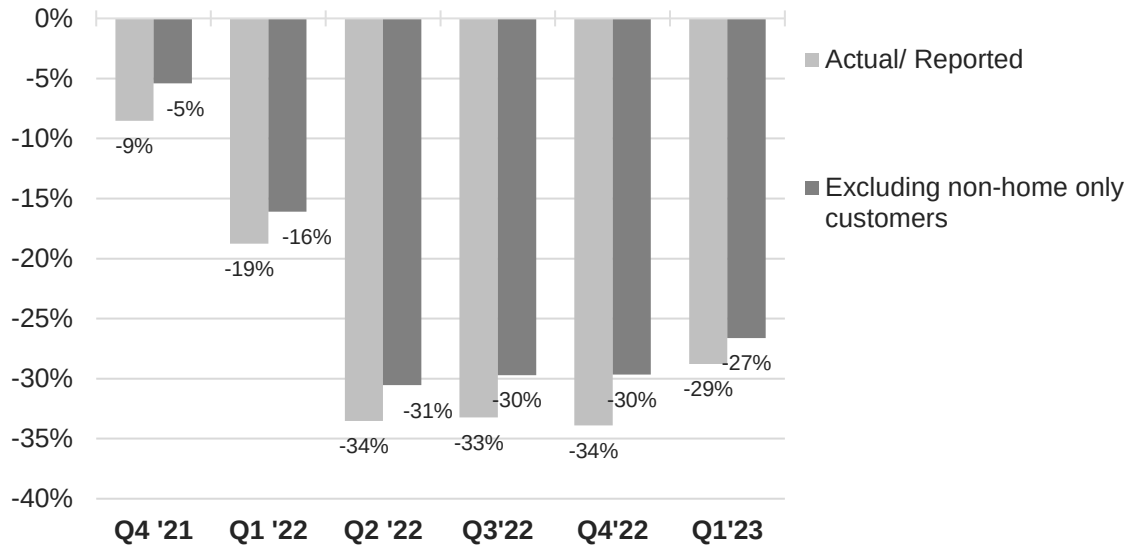
Q1 LTM Active Customers Change

- Reported -35% YoY
- Excluding non-home only[1] customers -29% YoY



Q1 Revenue Change

- Reported -29% YoY
- Excluding non-home only[1] customers -27% YoY



1 Non-home only customers represent customers who have only shopped non-home categories over the last twelve months. Home customers who also shopped non-home categories have not been excluded.

Q1 2023 Balance Sheet Highlights

Cash

$375 Million

+1% / +$3M vs. Q4’22

Long-term Debt

$34 Million

-1% / -$0.3M vs. Q4’22

No significant debt maturity until March 2030

Net Cash Position[1]

$341 Million

+1% / +$4M vs. Q4’22

Strategic Use of Cash

$10 Million

Q1 2023 GrainChain funding round

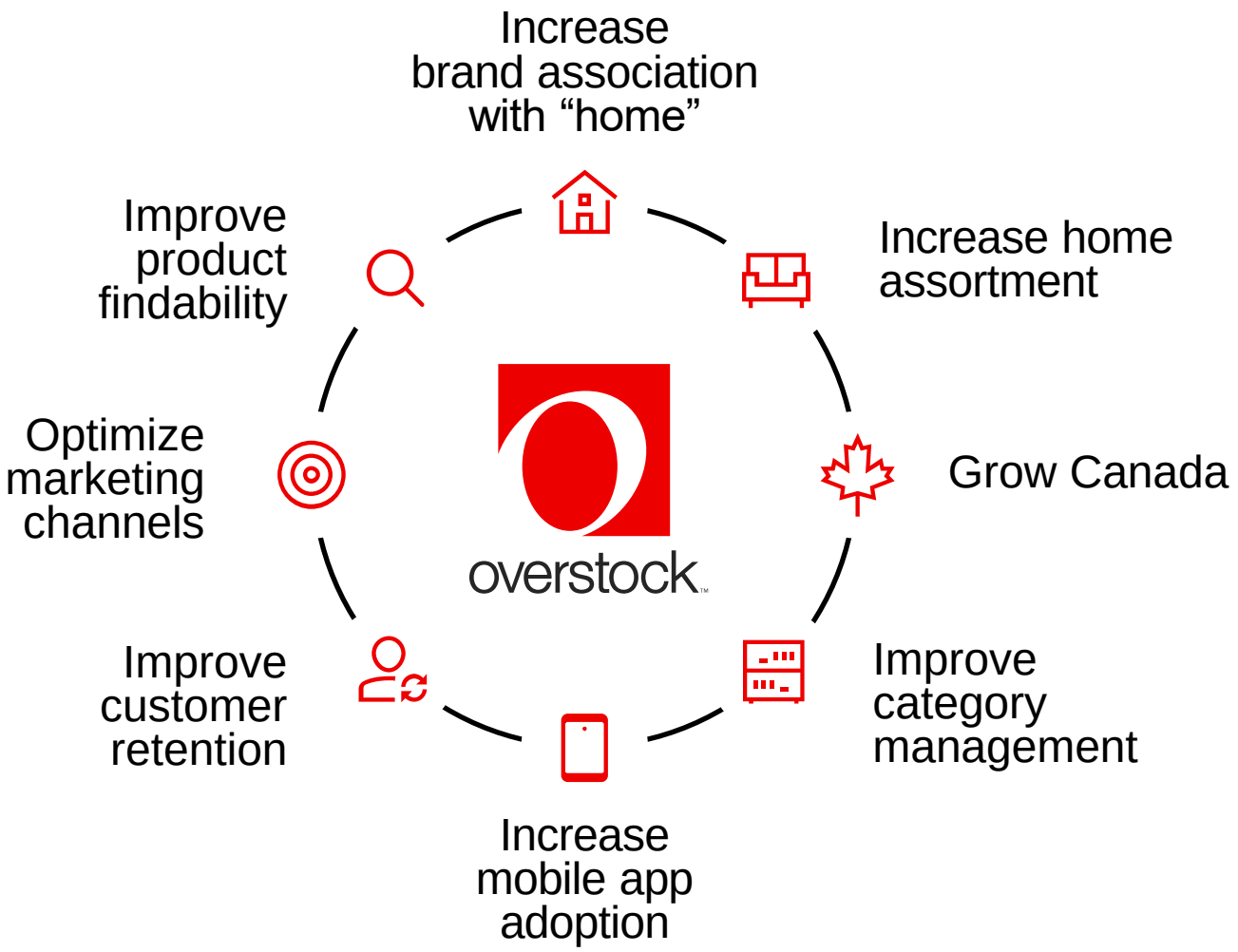
1 Cash less long-term debt.

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Business Updates



Key Growth Drivers – Focus for 2023 & Beyond



Expected Outcomes

- Increase in order frequency
- Retain existing customers
- Acquire new customers
- Gain market share
- Deliver on profitability targets

Business Updates



- **Strengthened loyalty offerings with co-brand credit card launch**
- **Expanded home product assortment, exceeding internal expectations**
- **Improved delivery messaging accuracy and delivery times**

product findability

get inspired anywhere,
but easily find it at Overstock

smart value

quality & style for less

easy delivery + support

fast, free, & predictable delivery,
plus low-hassle returns & support

Targeted Financial Operating Model

- Annual revenue outpacing industry
- Gross profit margin in the 22% range
- Operating expenses growing at a slower rate than revenue, driving operating leverage
- Adjusted EBITDA margins in the mid-single digits
- Positive free cash flow



Driving sustainable, profitable market share growth

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Q&A



Questions?

To ask questions:

- Access registration link on IR website
- Email: ir@overstock.com


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Appendix

Adjusted EBITDA Reconciliation

	Three months ended								
	Mar-2021	Jun-2021	Sep-2021	Dec-2021	Mar-2022	Jun-2022	Sep-2022	Dec-2022	Mar-2023
Net income (loss)	**$ 26,018**	**$ 82,405**	**$ 30,426**	**$ 32,942**	**$ 10,123**	**$ 7,147**	**$ (36,995)**	**$ (15,511)**	**$ (10,307)**
Depreciation and amortization	5,146	4,803	4,383	4,232	4,307	4,043	4,130	4,226	5,985
Stock-based compensation	2,305	2,802	2,542	3,484	4,639	4,695	4,056	4,928	5,795
Interest (income) expense, net	155	130	139	132	125	(115)	(976)	(1,999)	(2,559)
Other (income) expense, net	226	(298)	79	(12,507)	114	1,981	46,283	15,447	7,389
Provision (benefit) for income taxes	193	(45,726)	(1,795)	(1,447)	2,092	2,529	(2,653)	(584)	(2,887)
Special items (see table below)	(187)	243	305	511	53	475	923	-	-
Adjusted EBITDA	**$ 33,856**	**$ 44,359**	**$ 36,079**	**$ 27,347**	**$ 21,453**	**$ 20,755**	**$ 14,768**	**$ 6,507**	**$ 3,416**
Special items:									
Special legal charges and other	$ (187)	$ -	$ 1	$ -	$ -	$ 471	$ 27	$ -	$ -
Severance	-	-	253	502	-	-	878	-	-
Transaction costs	-	243	51	9	53	4	18	-	-
Total Special items	**$ (187)**	**$ 243**	**$ 305**	**$ 511**	**$ 53**	**$ 475**	**$ 923**	**$ -**	**$ -**

Note: All figures represent results from continuing operations, in thousands.

Adjusted EBITDA is a non-GAAP financial measure used in addition to and in conjunction with results presented in accordance with GAAP and should not be relied upon to the exclusion of GAAP financial measures. Review our financial statements and publicly-filed reports in their entirety and do not rely on any single financial measure.

Adjusted Diluted EPS Reconciliation

in thousands, except per share data	Diluted EPS	Three months ended March 31, 2023 Less: equity method income/(loss)[1]	Adjusted Diluted EPS
Numerator:			
Net loss attributable to common stockholders	$ (10,307)	$ (5,609)	$ (4,698)
Denominator:			
Weighted average shares of common stock outstanding-diluted	45,067	45,067	45,067
Net loss per share of common stock:			
Diluted	$ (0.23)	$ (0.13)	$ (0.10)

Note: All figures represent results from continuing operations, in thousands, except per share data.

1 Inclusive of estimated tax impact from equity method activity.