



Newegg Investor Relations Presentation
January 2023

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Newegg Investor Relations Overview

- 1 Who we are
- 2 Our strategy and operations
- 3 Our financial profile



Our Vision: Provide Leading E-Commerce Platform Dedicated to Technology

NEWEGG: WHERE TECH EXPERTS GO TO BUY TECHNOLOGY

We popularized the PC-building movement and developed a cult following among PC and DIY enthusiasts



We are the largest e-commerce company primarily focused on direct sales and marketplace platform for IT computer components

VERTICAL E-COMMERCE PEERS

AUTO



PET



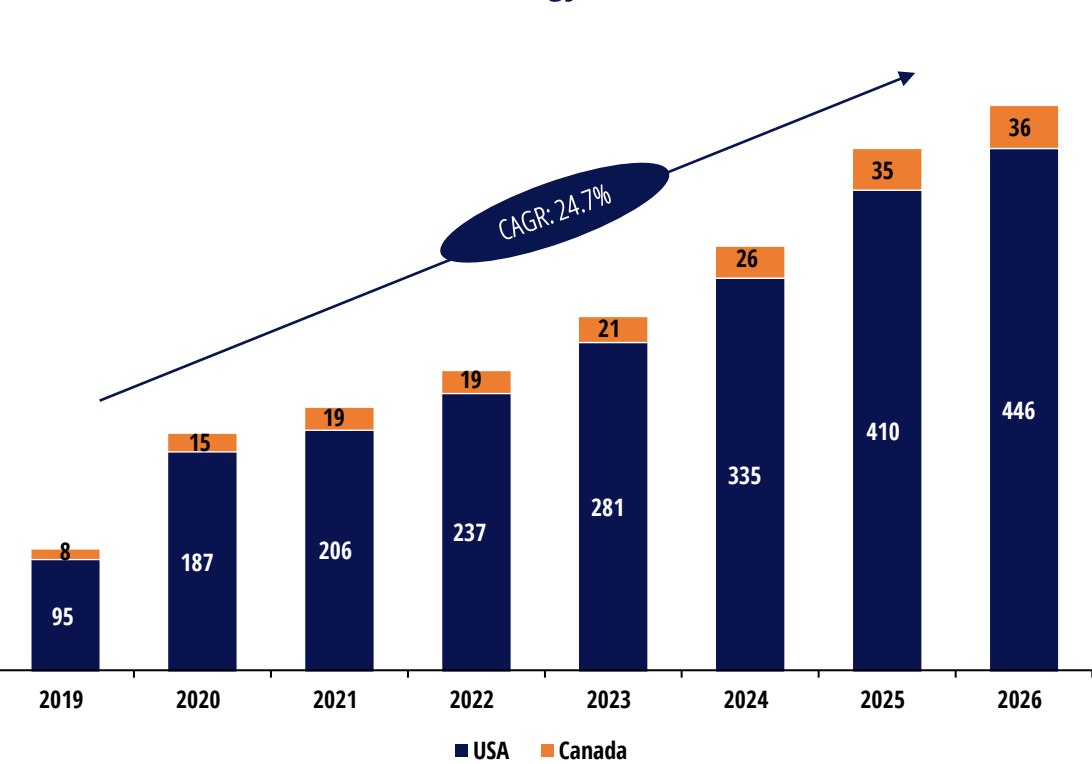
HOME



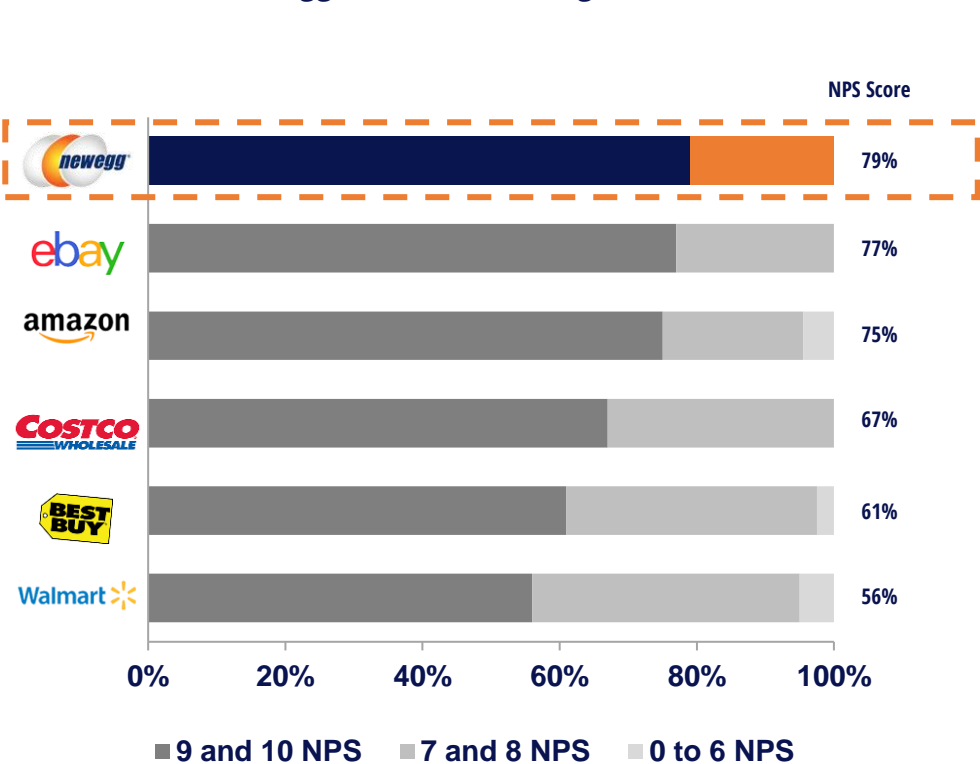
Vertical category leaders achieved scale by serving vendors, sellers and customers in their vertical markets

Newegg is a Trusted Retailer in a Large, Growing Technology Market

North America Market Size Technology Products Sold Online (\$BN)



Newegg's Market Leading NPS Score



Source: Company Filings and October 2021 Frost and Sullivan Report

Business Overview At a Glance

Business Model



Direct Sales

and



Online Marketplace Platform

Product Categories



Systems & Components



Electronics for Automotive



Gaming



Networking and Smart Home



Software

Business Properties



Newegg's Reputation & Scale



ACCOLADES

❖ #1 Global top electronics online marketplace according to Web Retailer

❖ Named an MCM Top 3PL provider for 2022

❖ Newsweek's America's Best Online Shops 2023 (Consumer Electronics)

FINANCIAL



\$3.0 Billion

2021 GMV



\$2.4 Billion

2021 Net Sales



\$442

Average Order Value



\$52.4 Million

2021 Adjusted EBITDA

SCALE



32%

Repeat Purchasers



3.5 Million

Unique Active Customers



38.7 Million+

SKUs



4.5 Million+

Reviews



Source: #1 Global top electronics online marketplace - Web Retailer; Top 3PL Provider – MCM; America's Best Online Shops - Newsweek
Note: Repeat Purchasers as of December 31, 2021; Marketplace statistics as of December 31, 2021, Unique Active Customers as of December 31, 2021

Investment Thesis



TECHNOLOGY CATEGORY LEADER

- Leading e-commerce player with global footprint
- Platform of direct and marketplace e-commerce
- Partner services to aid buyers, sellers and enthusiast



LARGE MARKET WITH GROWTH DRIVERS

- Global tech e-commerce market with a 15% CAGR
- Market driven by innovation, remote work and gaming



EVOLVING BUSINESS MODEL

- Started as a direct online retailer and reached scale
- Expanding into marketplace & partner services



ATTRACTIVE FINANCIAL MODEL

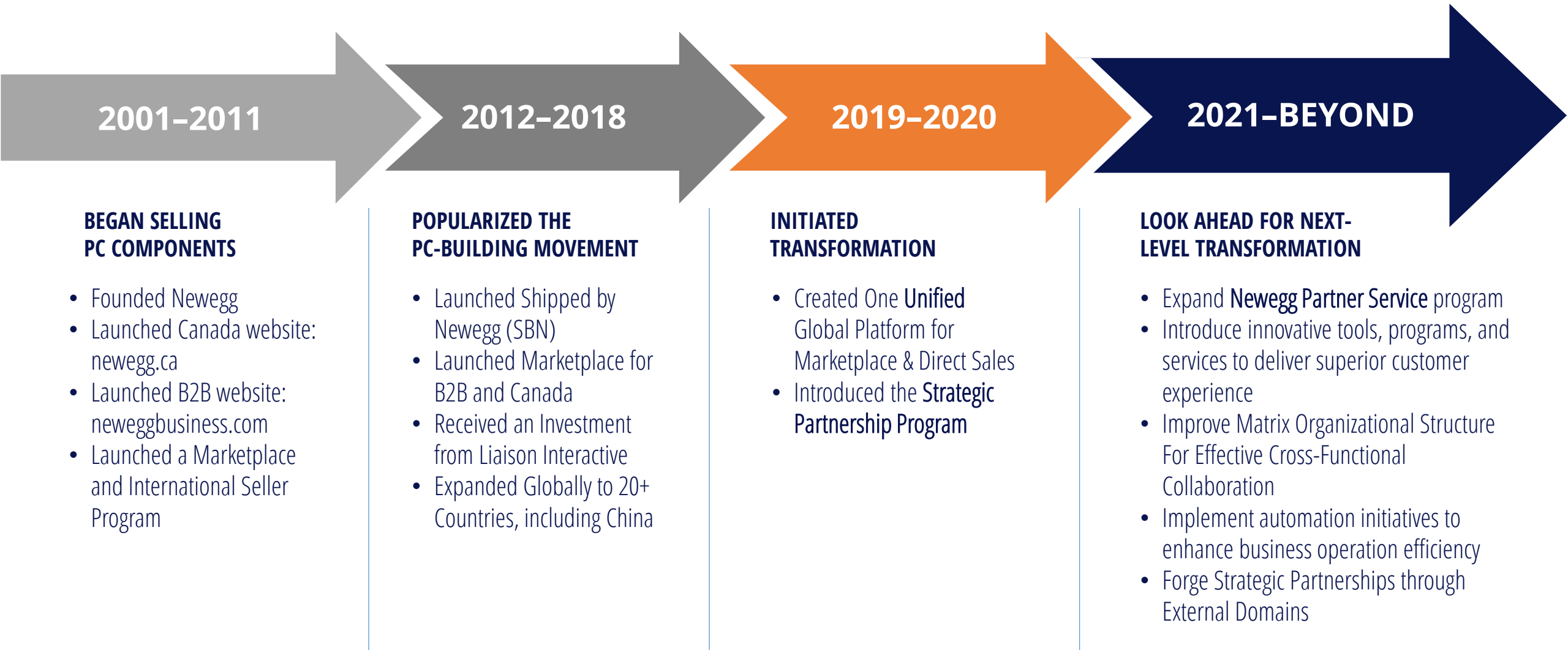
- Positive Adj EBITDA and Net Income in 2020 & 2021
- Growing mix of higher margin marketplace & partner services plus scale to drive continued margin expansion

Newegg Investor Relations Overview

- 1 Who we are
- 2 **Our operation and strategy**
- 3 Our financial profile



Operational Evolution



Newegg Connects Electronics Vendors Directly to Consumers

- Robust network of platforms and services with a reach into 20+ countries, for two decades
- In May 2020, launched a direct-to-consumer (D2C) initiative to help vendor partners maximize their reach on the Newegg platform
 - Newegg's marketing team works with each D2C partner (vendors) to reach specific demographics via a suite of lead-generation tools

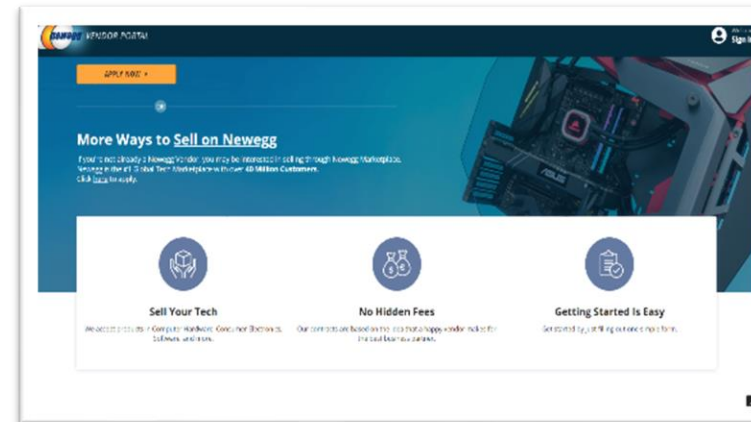
NEWEGG'S IT & DISTRIBUTION PARTNERS



NEWEGG VENDOR PORTAL



- Newegg Vendor Portal is an online product and order management entry for various industry manufacturers, distributors, and dropship vendors who have or are willing to have partnerships with Newegg.com and its affiliates
- Vendors have access to the portal 24 x 7 via a secure login



Customer Reviews



Self Service



Batch Process



Order Management



Contract Management



Report Center



Newegg Provides a Host of Service Solutions For Marketplace Sellers

■ Marketing Service

- [Promoted Listing](#)
 - ✓ Increases seller product/brand exposure for targeted users on Newegg and external sites
- Self-service Email service
 - ✓ Provides a self-service tool to enable sellers to reach customers directly

MARKETPLACE BRAND SELLERS



NEWEGG SELLER PORTAL



- Newegg Seller Portal is an online portal that offers effective marketing and merchandising programs which help grow sales.
- Sellers have access to the portal 24 x 7 via a secure login.



Revenue-Driving
Marketing Services



Unique Brand-Building
Support



Cost-Saving Logistics
Programs



Early-Adopter
Customers



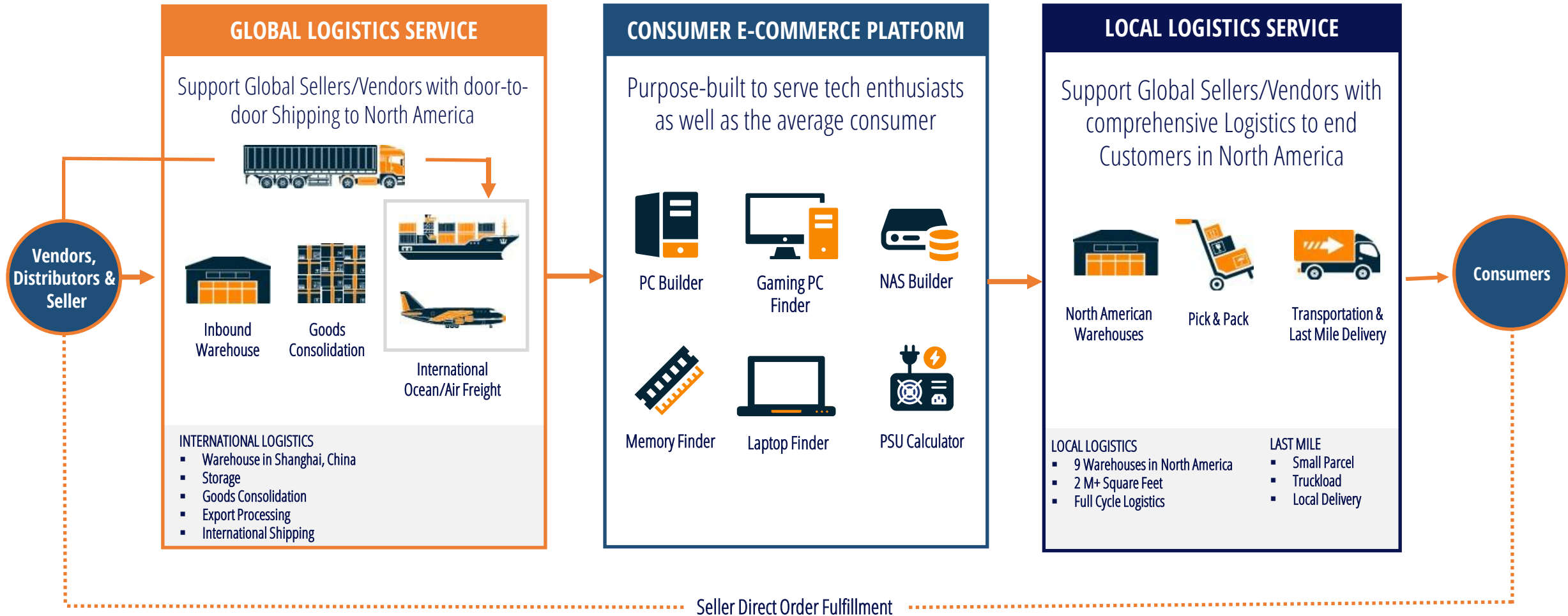
Customer Service -
For Any Issue



Reduced-Commission
Opportunities



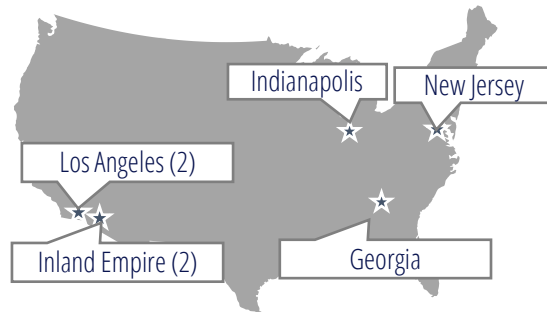
Newegg Ecosystem to Serve Tech Vendors, Sellers & Consumers



Scaled Logistics Infrastructure To Support Continued Growth

GEOGRAPHIC PRESENCE

United States



★ Locations

Canada



China



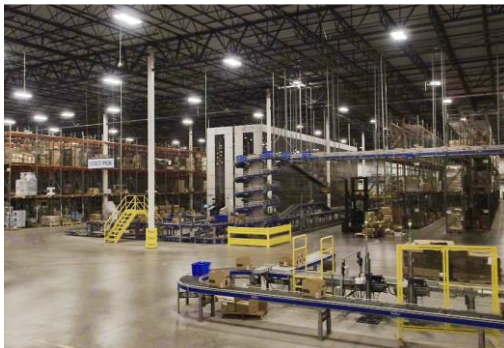
FULL-SERVICE FULFILLMENT AND OTHER KEY SOLUTIONS:

- **Fulfillment Solutions:** Offers proprietary warehouse management software for a cohesive customer experience across the entire fulfillment network of its users, to provide flexibility and visibility tailored to their businesses
- **Value-Added Services:** Provides users recommendations based on their supply chain strategy and roadmap
- **Reverse Logistics:** Helps users manage their customers' return items by customizing a cost-effective reverse logistics solution tailored to their businesses

KEY FEATURES:

- Allows cost-effective delivery of small parcels
- Also offers solutions for a variety of heavy freight shipping options, including LTL shipping, truckload shipping, intermodal shipping, rail freight, expedited, and international shipping
- Offers storing, packaging, and delivery services with easy access to road, rail, water, and air transport

INTEGRATION PARTNERS⁽¹⁾:



KEY METRICS

Same-Day Fulfillment Rate	99%+
Average Parcels Daily	27,962
2-Day Ground Coverage	99%
Inventory Accuracy	99%+



¹ Note: Newegg partners with dependable national and global carriers to cater to all service levels and packaging sizes

Newegg Media Service Builds Brands



Vendors and Sellers Use Newegg Media to Produce Engaging Content that Tech Enthusiasts Love

- Video content educates, entertains, and engages a younger audience
- Programming is funded by tier-one vendor sponsorships
- Resource offering for Asia-based sellers wanting to build trust with US consumers with content marketing



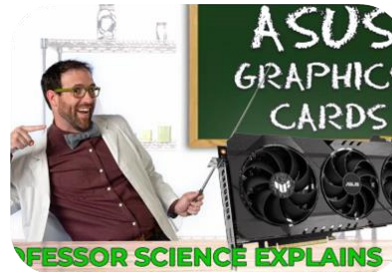
Shoppable livestreams



Product unboxings



Reality competition shows



Technical deep dives



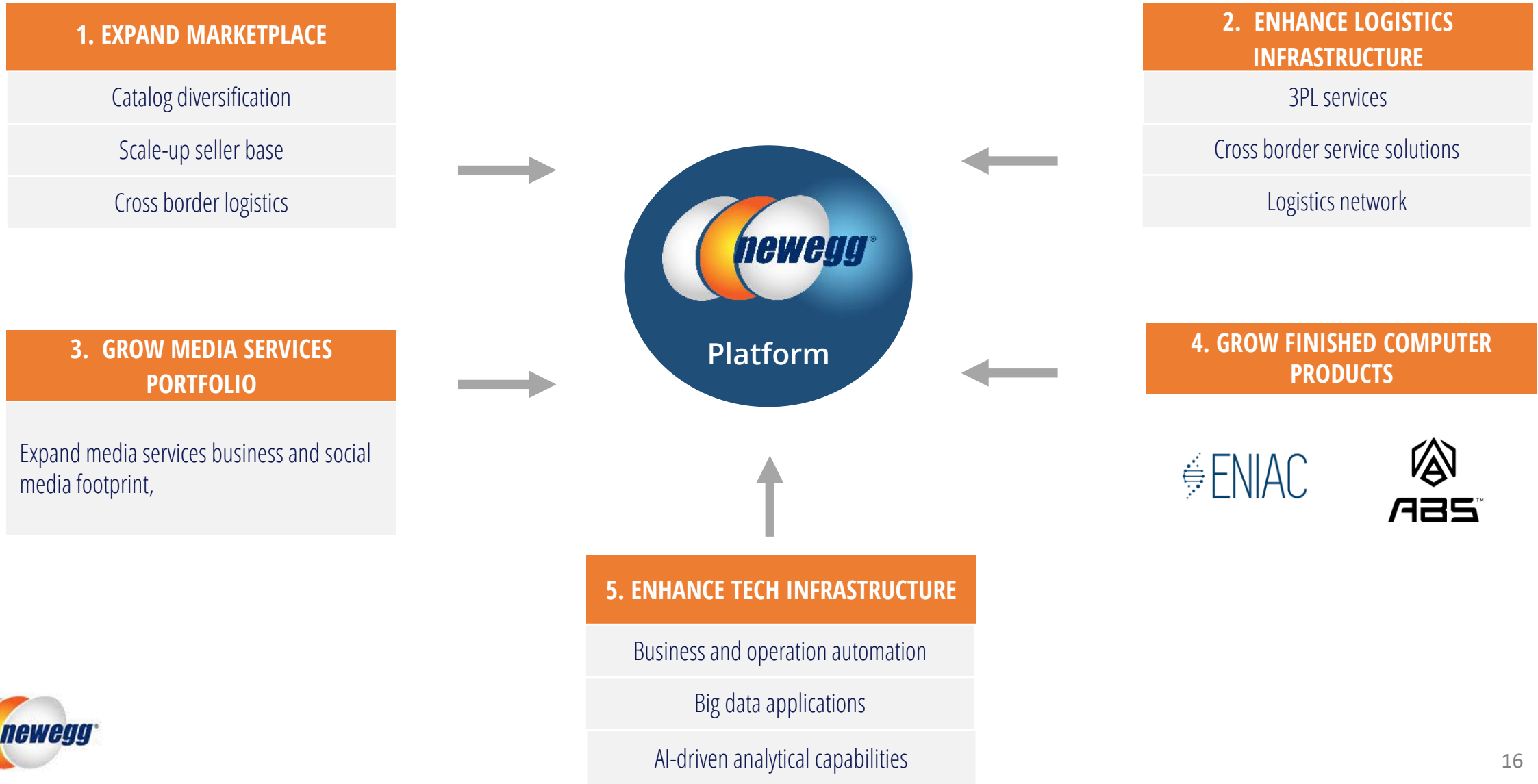
Product demonstrations



Instructional videos



Growth Drivers With Respective Initiatives



Newegg Investor Relations Overview

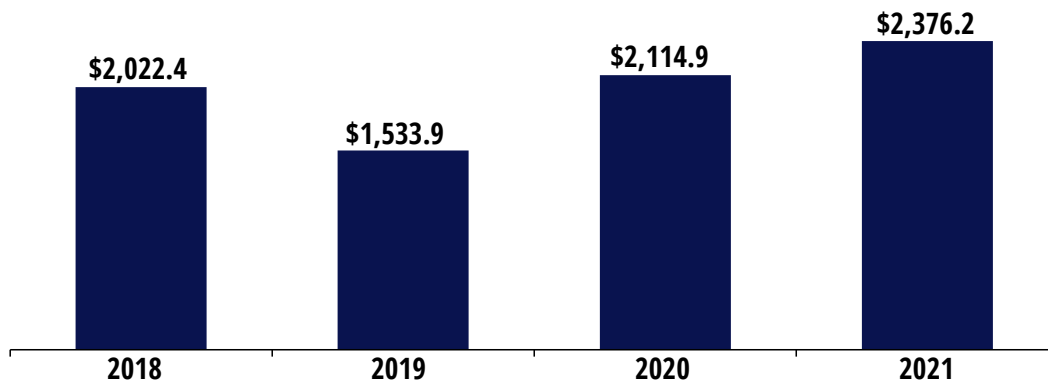
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2018 – 2021 Financial Highlights

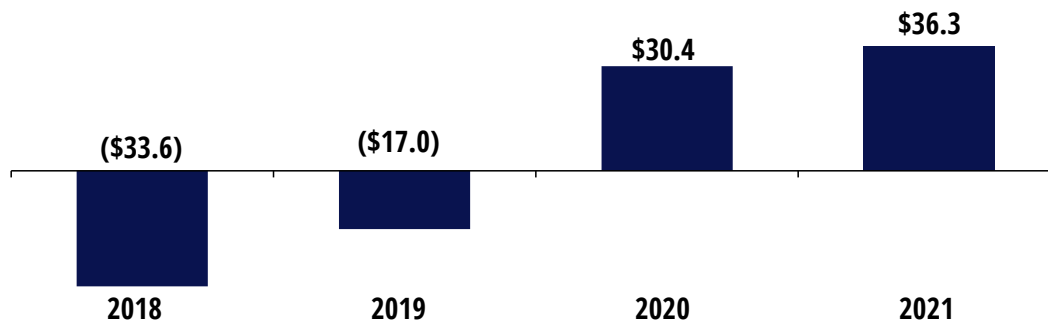
INCREASING NET SALES

(\$ in millions)



CONTINUED NET INCOME GROWTH

(\$ in millions)



KEY HIGHLIGHTS



10% GMV Growth



32% in Repeat Purchases



Continued Gross Margin Expansion



Net Income Positive for the last two years¹



Source: Company Website and Company Filings

Note: ¹ Represents last two years as of December 31, 2021; Repeat Purchasers and GMV growth as of December 31, 2021

2020 – 2022 YTD Q3 Financial Overview: Profit and Loss Statement

	Nine Months Ended September 30		
(In Million)	2022 (unaudited)	2021 (unaudited)	2020 (unaudited)
GMV	\$1,575.1	\$2,193.7	\$1,803.7
GMV Growth	(28%)	22%	22%
Net Sales	\$1,239.7	\$1,747.8	\$1,416.7
Net Sales Growth	(29%)	23%	22%
Gross Profit	\$156.9	\$246.6	\$193.7
% of Net Sales	13%	14%	14%
SG&A & Other Expenses	\$184.3	\$216.6	\$169.2
% of Net Sales	15%	12%	12%
Net Income (Loss)	(\$27.4)	\$30.0	\$24.5
% of Net Sales	(2%)	2%	2%
Adjusted EBITDA	(\$4.5)	\$41.6	\$33.0
% of Net Sales	0%	2%	2%

2022 YTD Q3 GMV

- Oversupply of IT components flooded the market
- Overall, PCs and PC components market was soft due to macro environment
- Increase in competition
- Low customer demand as consumers were shifting their spending to travel, dining and outdoor activities. No stimulus checks were given in 2022

2022 YTD Q3 SG&A & Other Expenses

- Took actions to align costs with revenue and macro conditions
 - Marketing spend focused toward owned and earned channels
 - Optimized workforce
- Increase in stock compensation in 2022 due to issuance of RSUs and stock options in Nov 2021

2022 YTD Q3 Net Loss

- Net loss was mostly caused by stock compensation expense



Appendix

- 1 GMV reconciliation
- 2 EBITDA reconciliation

GMV Reconciliation

The following table reflects the reconciliation of net sales to GMV for each of the periods indicated

	For the Nine Months Ended September 30,		
(In Million)	2022 (unaudited)	2021 (unaudited)	2020* (unaudited)
Net Sales	\$1,239.7	\$1,747.8	\$1,416.7
Adjustments:			
GMV - Marketplace	409.4	521.0	496.2
Marketplace Commission	(36.4)	(44.6)	(43.7)
Deferred Revenue	(12.1)	(15.2)	1.6
Other	(25.5)	(15.3)	(67.1)
GMV	\$1,575.1	\$2,193.7	\$1,803.7

*GMV does not include Nutrend automotive products or Rosewill private label products sales through third-party marketplace platforms, service or other revenues through NPS, such as 3PL, SBN, staffing, and media ad services, as well as sales made by Asia subsidiaries.

Adjusted EBITDA Reconciliation

The following table reflects the reconciliation of net income (loss) to Adjusted EBITDA for each of the periods indicated

	For the Nine Months Ended September 30,		
<i>(In Million)</i>	2022 (unaudited)	2021 (unaudited)	2020 (unaudited)
Net Income (Loss)	(\$27.4)	\$30.0	\$24.5
Adjustments:			
Stock-based compensation expenses	24.4	2.4	0.5
Interest income, net	(0.1)	(0.3)	(0.4)
Income tax (benefit) provision	(6.6)	2.6	1.6
Depreciation and amortization	7.9	8.3	6.8
Gain from sale of investment	(1.7)	-	-
Gain from disposal of subsidiary	-	(2.0)	-
Gain from change in fair value of warrants liabilities	(1.0)	0.6	-
Adjusted EBITDA	(\$4.5)	\$41.6	\$33.0