



Newegg Investor Relations Presentation

March 2024

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Newegg Investor Relations Overview

- 1 Who we are
- 2 Our strategy and operations
- 3 2023 financial information



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



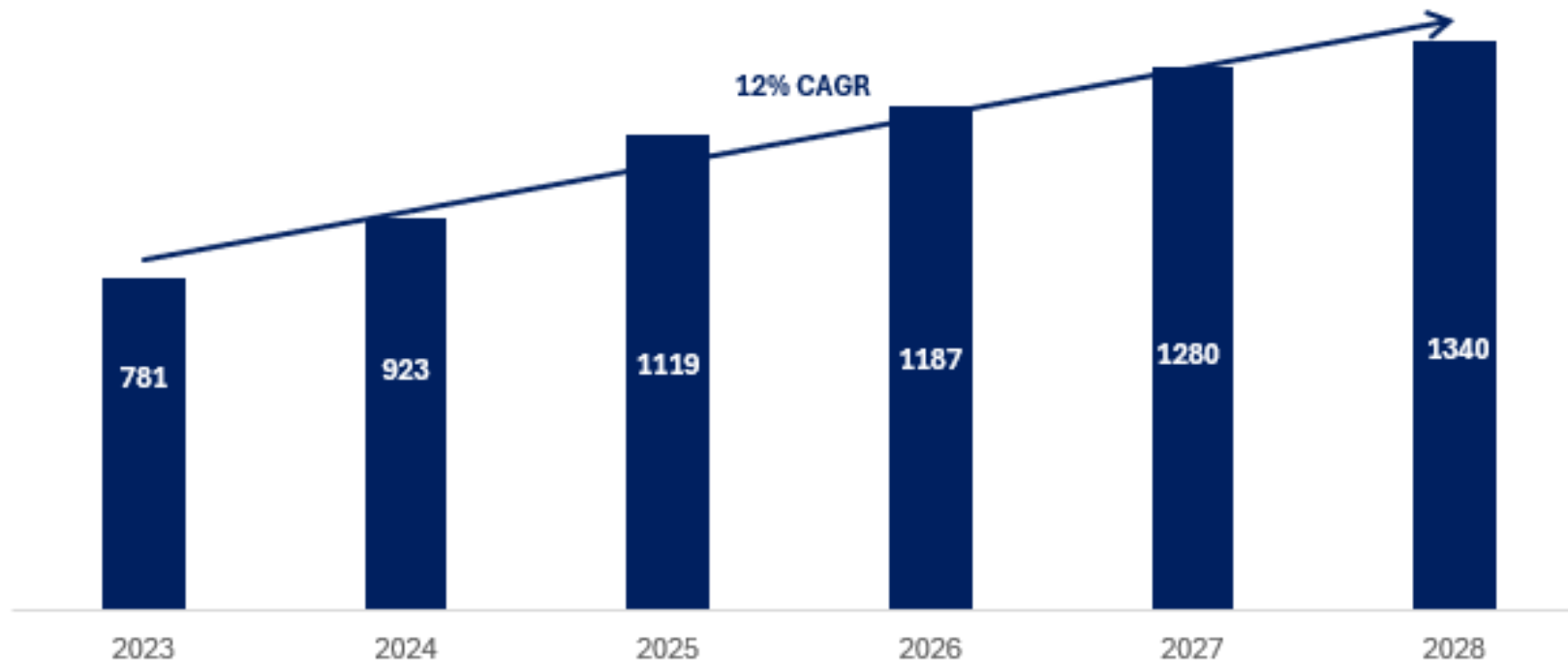
HOME



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

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

Global Electronics/eCommerce Market (\$Billion)



Source: Statista Market Insights as of 2023/10

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 Web-only Consumer Electronics e-Commerce company in North America According to Digital Commerce 360

❖ Best Online Stores to Buy PCs and Electronics in 2023, Readers' Choice, by PC Magazine

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

FINANCIAL



\$1,265 Million

2023 YTD Q3 GMV



\$1,041 Million

2023 YTD Q3 Net Sales



\$390

Average Order Value



-\$17 Million

2023 YTD Q3 Adjusted EBITDA

SCALE



29%

Repeat Purchase Rate



2.5 Million

Active Customers (FY 2023)



4.8 Million+

Reviews



6.2 Million+

SKUs



Sources: #1 Web-Only CE Category – Digital Commerce 360; Best Store to Buy PCs and Electronics in 2023 – PC Magazine; America's Best Online Shops - Newsweek
Note: Average Order Value, Repeat Purchase Rate, Active Customers, Reviews as of FY 2023. SKU count as of 12/31/23.

Investment Thesis



TECHNOLOGY CATEGORY LEADER

- Longstanding partnerships with top-tier industry brands in the IT vertical
- Personalized shopping tools designed exclusively for tech enthusiasts



HOLISTIC E-COMMERCE ECOSYSTEM

- Continuously evolving tech platform with cutting-edge AI technology
- Diverse and enriched service offerings create a value chain ecosystem connecting Asia and North America.



EVOLVING BUSINESS MODEL

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



LARGE MARKET WITH GROWTH DRIVERS

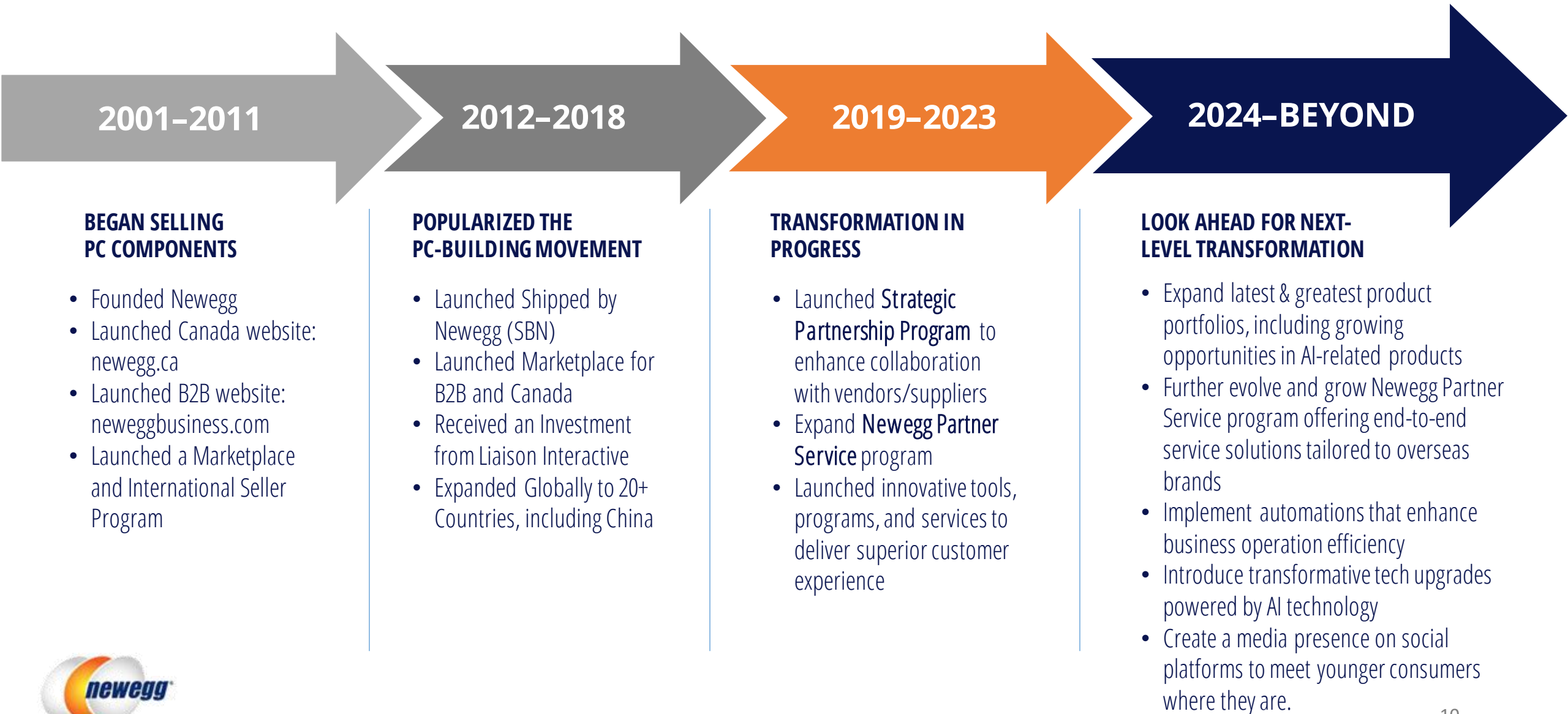
- Global electronics eCommerce market with a 12% CAGR
- Market demand driven by innovation, advancing technology, and AI-enabled products

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Operational Evolution



Newegg Connects Electronics Vendors Directly to Consumers

- Robust network of platforms and services with a reach into 20+ countries, for two decades
- Longstanding relationship with Tier 1 vendors
 - Newegg's marketing team collaborates with partner (vendors) to target demographics, bridging customers and suppliers for enhanced engagement and product enhancement.
 - End to End integration through API, Automation

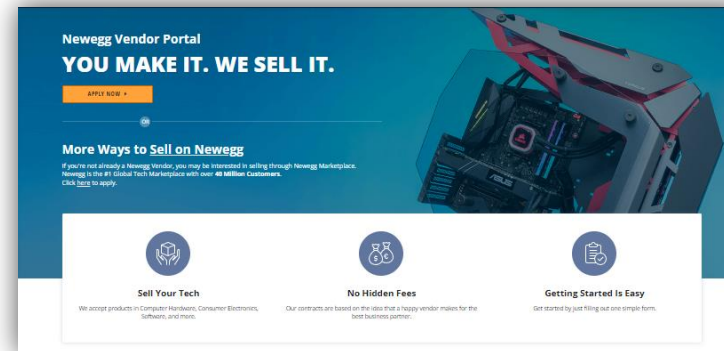
NEWEGG'S IT & DISTRIBUTION PARTNERS



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

- We leverage years of experience in eCommerce businesses to provide brand owners and resellers with diverse seller platform services spanning across borders and regions.
- Leveraging AI, our solutions extract key data points from cross-channel sources and deliver insights to help seller enhance sales performance and boost customer engagement.

MARKETPLACE BRAND SELLERS



NEWEGG SELLER PORTAL



- Newegg Seller Portal is an online portal that offers effective marketing and merchandising programs which help grow sales.
- Seller can use the Newegg Seller Portal to access easy deal submissions, automated item promotions, and customizable shipping options at the item level, all integrated into one platform.



Revenue-Driving
Marketing Services



Cost-Saving Logistics
Programs



Customer Service -
For Any Issue



Unique Brand-Building
Support



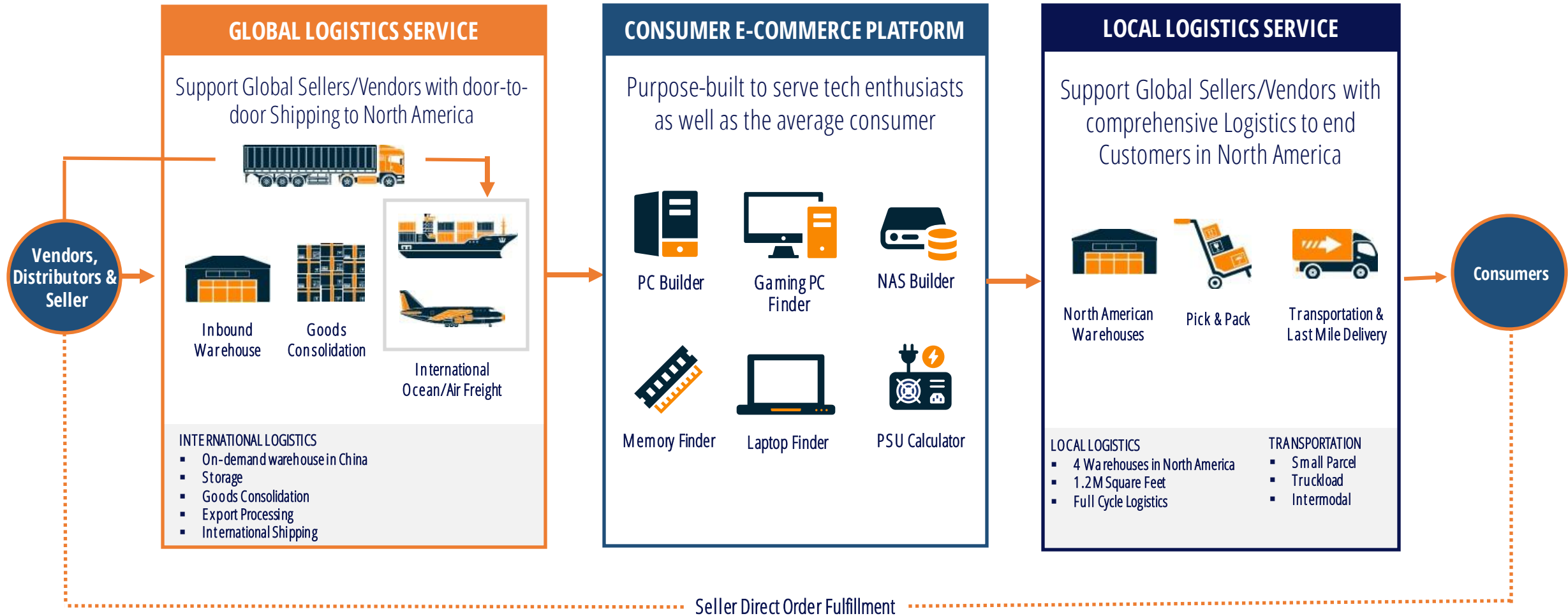
Early-Adopter
Customers



Dedicated Seller
Managers



Newegg Ecosystem to Serve Tech Vendors, Sellers & Consumers



Scaled Logistics Infrastructure With Automation To Support Continued Growth

KEY FEATURES

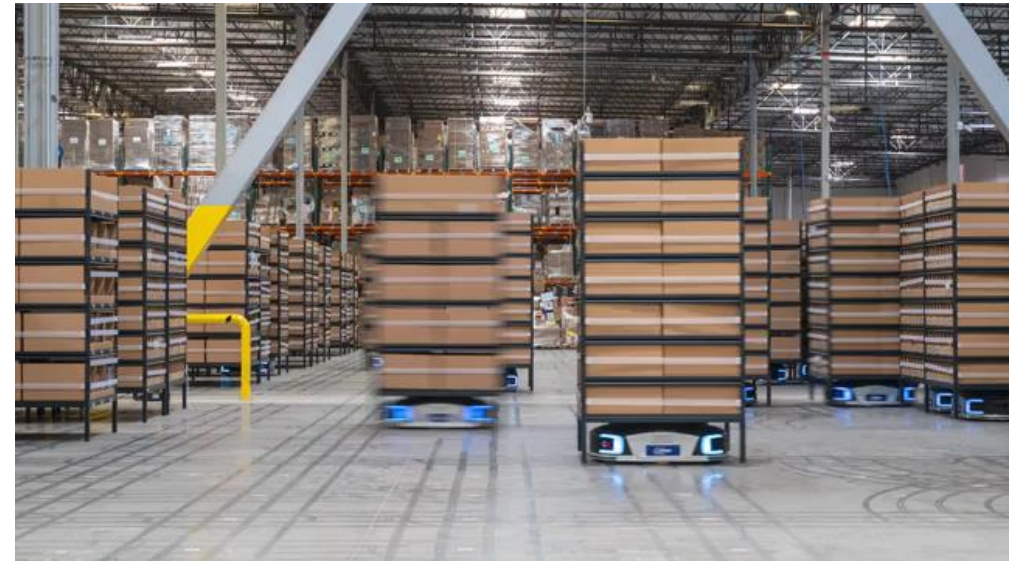
- Reliable and efficient B2C and B2B order fulfillment with proprietary warehouse management software and automated order picking system. New advanced robotic order picking systems (AMR) has been fully implemented in Newegg's Ontario, CA warehouse
- Optimized inventory locations for cohesive customer experience with strategic warehouse locations and proprietary inventory balancing software
- Flexible and cost-effective shipping options through both small parcel and heavy freight, including LTL shipping, truckload shipping, intermodal shipping, rail freight, expedited, and international shipping ¹
- Customized value-added services offering storage, packaging, customer return, and light repair
- Integrated with most major e-commerce platforms and service providers for fast client integration

FULL-SERVICE LOGISTICS SOLUTIONS

- **Warehousing and Fulfillment Solutions**
- **Transportation Services**
- **Reverse Logistics**
- **Value-Added Services**

KEY METRICS

Same-Day Fulfillment Rate	99%+
2-Day Ground Coverage	96%+
Inventory Accuracy	99%+



Geek+ AMR Picking System Features

Investment	\$1.6MM
Inventory Location Capacity	24,000+
Fulfillment Throughput Capacity	10,000+ packages per shift
Warehouse Footprint Requirement	60%+ reduction
Operations Efficiency	30%+ improvement
System Scalability	Plug n play

INTEGRATION PARTNERS:



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



Social Content



Influencer / KOL Campaigns



YouTube & Video Content



Product Demonstrations



Commercials



Transform Customer Experience with AI Innovation



Powered By AI



PC Builder AI Shopping Experience

Integrated with ChatGPT/NPL AI technology, Newegg PC Builder allows customers to interact in a more natural way and generate two million build lists from customer queries as of Feb 2024

PC BUILDER

BUILD WITH AI



Review Bytes

Using ChatGPT, Newegg integrated AI-review summaries of customer reviews, beating Amazon to it by 1 week. The PR was the largest in Newegg history by UVM.

Review Bytes Summary AI



Email Promotion

Using ChatGPT to auto-generate email subject lines tied to daily promotions, increasing website traffic and email GMV significantly.

newegg Email Marketing



SEM Content Generation

Leveraged OpenAI to boost SEM content, keywords, ad optimization & data analysis. Achieved improved campaign performance and better business results.

newegg Digital Marketing



AI-Powered Image Providers

Applied AI to automate image processing, including background generation, content recognition, and creation of promotional visuals.

newegg Generate Image



Newegg AI Shopping Assistant

AI-powered shopping assistant providing end-to-end ecommerce capabilities including optimized product search & comparisons, personalized recommendations, real-time order and delivery tracking, warranty/discount sourcing, and competitive price matching.

newegg AI Assistant

Growth Drivers With Respective Initiatives

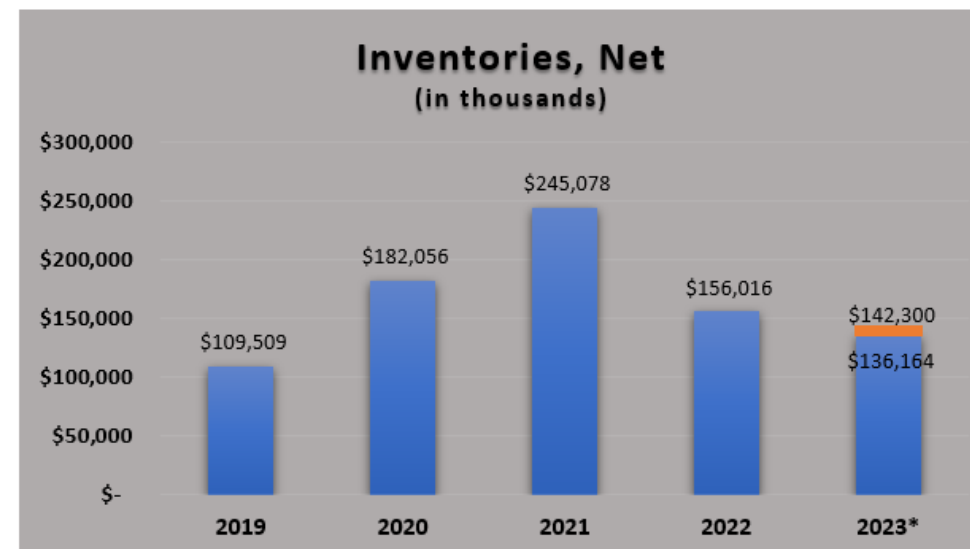
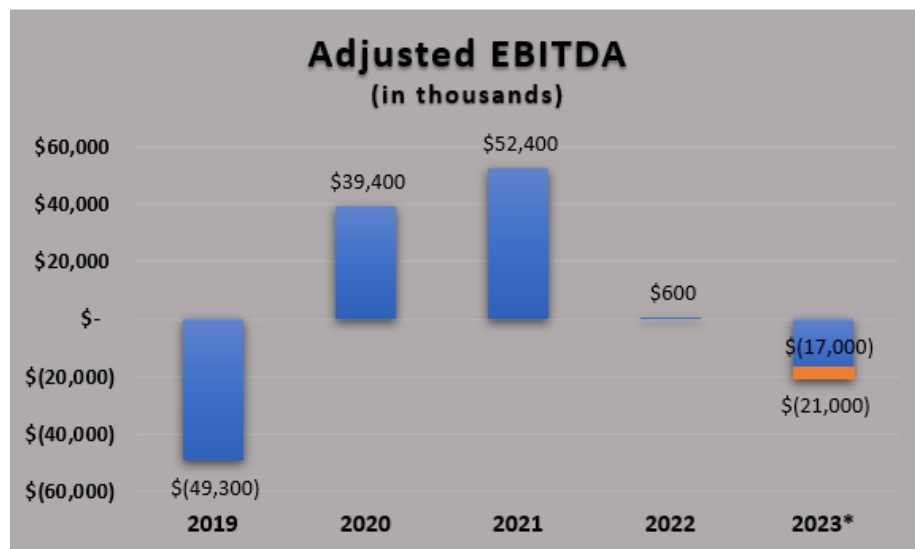
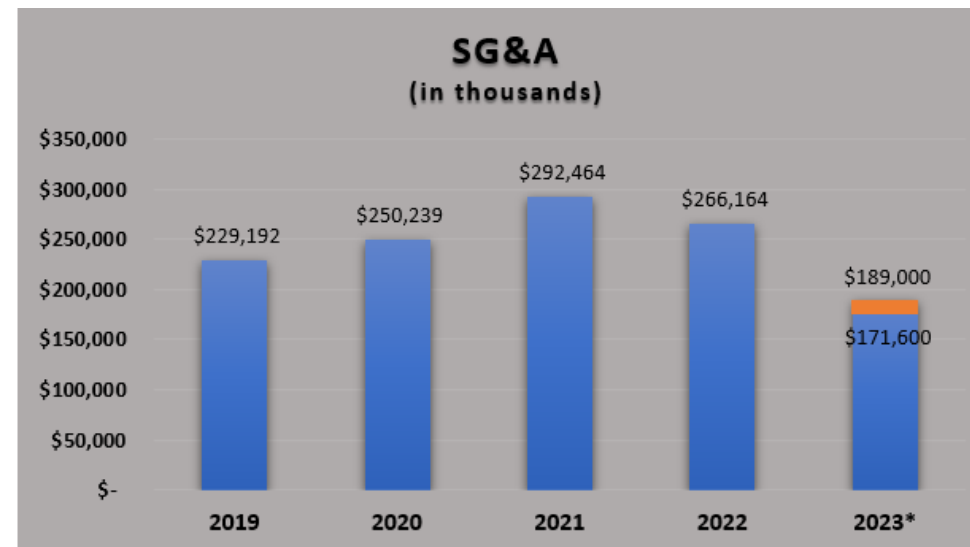
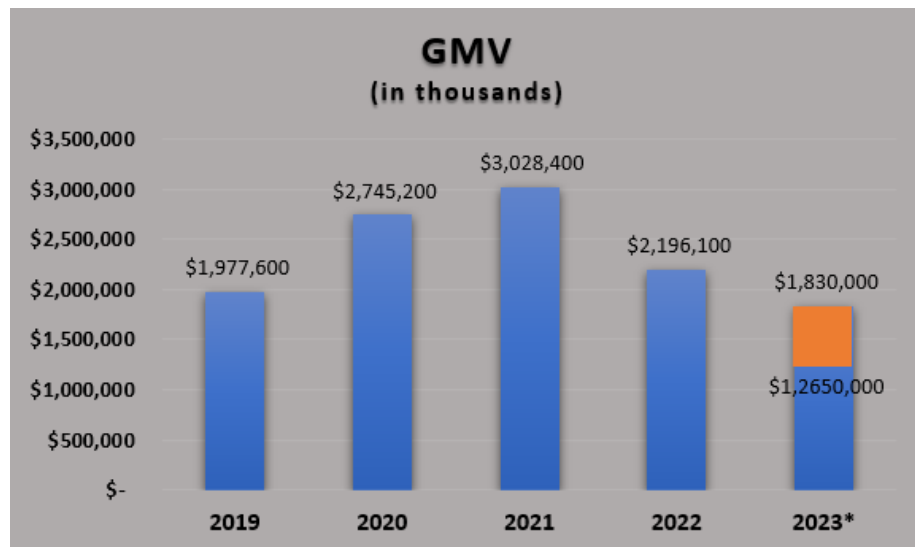


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2019 – 2023 Financial Overview



* Actuals as of September 30, 2023 (unaudited) plus 2023 Full Year Guidance (High End)

As of September 30, 2023

2023 Full Year Guidance (High End)

2019-2023 Summary

Newegg has experienced significant volatility in consumer demand during the pandemic and post-pandemic period.

During the pandemic, Newegg experienced a sudden surge of demand for IT/CE products, leading to an all-time high of \$3.0 billion GMV for fiscal year 2021.

Post-pandemic, Newegg faced a slowdown in demand due to shifts in consumer behavior, return to office mandates, and delayed upgrade cycles as a result of pandemic-driven purchasing. We temporarily experienced excess inventory levels, but were able to quickly correct the issues and maintain healthy inventory levels to achieve break-even Adjusted EBITDA in 2022.

2023 inflation, demand remained slow due to overall economy, inflation, and high interest rates. Management team took swift actions to right-size the company through cost reductions.

- Comparing full-year 2019 to 2023:
 - GMV is expected decline 8.8%, mostly driven by declines in our marketplace business.
 - Gross margin % is projected to increase by 1.0%; gross margin dollars projected to increase by \$2.7M
 - Additionally, we streamlined business processes and optimized headcount to create a projected reduction of \$18.4M in comp and benefit expense.
 - We reduced external marketing expenses by 50% and brought marketing efforts in-house by establishing Newegg Media.
 - We focused on higher margin service revenue in fourth quarter of 2023, which we expect will continue into 2024.
 - At the same time, we consolidated warehouse locations and implemented robotic picking process with Geek+. This resulted in approximately \$600K of savings per month and is expected to result in a projected annual savings of approximately \$7.2M in 2024.



2023 Full Year Guidance

The Company previously issued the following guidance on December 22, 2023:

- GMV to be between \$1.78 billion to \$1.83 billion
- Net Sales to be between \$1.42 billion to \$1.47 billion
- Gross Profit to be between \$160.0 million to \$165.0 million
- Net loss to be between \$56.0 million and \$60.0 million
- Adjusted EBITDA to be between \$(21.0) million and \$(25.0) million

