



Q2 2020 Earnings Call



Forward-Looking Statements

The information presented herein may contain forward-looking statements. Such forward-looking statements include all statements other than statements of historical fact, including forecasts of trends. 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, the effects of the novel coronavirus (COVID-19) on market volatility, the world economy, government regulation, and our supply chain, including supply and demand for the products and services we offer and the ability of our third-party partners and carriers to provide products and services without interruption. Actual results could also differ materially for reasons, including, but not limited to initiatives to improve or maintain the performance of our business, adverse tax, regulatory or legal developments, competition, and any inability to maintain profitability, continue to generate positive cash flow from operations, raise capital, or borrow funds on acceptable terms, difficulties we may have with our infrastructure, our fulfillment partners or our payment processors, including cyber-attacks or data breaches affecting us or any of them, and difficulties we may experience with increasing or maintaining our search engine optimization results or converting web traffic to sales. Other risks and uncertainties include, among others, the inherent risks associated with the businesses that Medici Ventures and tZERO are pursuing, including the effect of COVID-19 on capital markets, trading volatility, investor confidence and willingness to invest in blockchain technologies, whether tZERO's initiatives with Box Digital Markets, LLC and tZERO Markets, LLC will be able to achieve their objectives and the timing for doing such, and the regulatory, technical, operational and other obstacles tZERO faces in each of its initiatives. More information about factors that could potentially affect our financial results are included in our Form 10-K for the year ended December 31, 2019, which was filed with the Securities and Exchange Commission on March 13, 2020, in our Form 10-Q for the quarter ended March 31, 2020, which was filed with Securities and Exchange Commission on May 7, 2020, and in our subsequent filings with the Securities and Exchange Commission. The Form 10-K, Form 10-Q, and our subsequent filings with the Securities and Exchange Commission 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 Updates
 - a. Overstock Retail
 - b. tZERO
 - c. Medici Ventures
4. Summary and Q&A



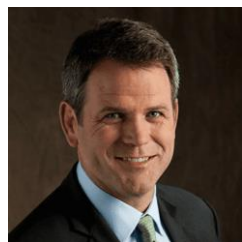
Addition to our Board of Directors



William Nettles
Independent Director

- Appointed June 2020
- Strong addition to our Board
 - Co-founder and managing partner of Invictus Growth Partners, a private equity firm based in San Francisco that invests in and advises automation-enabled tech companies
 - 25 years of experience in technology, strategy and corporate development, general management, and investor relations
 - Previously with Verifone, Lycos, Sungevity, and Credit Suisse

 overstock. Board of Directors



General Services Administration (GSA) Award

- Overstock Retail awarded GSA contract:
 - Commercial platform for five initial government agencies' micro purchases (<\$10K)
 - Overstock Retail was selected as one of three contracted vendors
 - Three-year, proof-of-concept pilot
 - Early August estimated go-live
- Overall opportunity:
 - Initial micro purchases TAM represents \$6B in annual spend
 - Leverages our partner model, supply chain, and technology infrastructure
 - Ability to expand B2B offerings

COVID-19 Update

- Overstock Retail model optimally positioned
 - Q2 retail sales +100% YoY
 - Our core home furnishings products are increasingly in demand
 - Online-only platform remains accessible
 - Our drop-ship model is well suited to current environment
- We continue to operate well
 - Efficiently working “remote-first”
 - Opportunity to attract technology and analytics talent in the market
- Challenges faced are showing marked improvement
 - Customer care, fulfillment, and inventory levels starting to recover

Corporate Update

- Filed S-3
 - Reflects regaining WKSI status and re-establishes shelf
- Filed ATM prospectus supplement
 - Have not used ATM in 2020
- Distribution of digital dividend – OSTKO
 - Worth open market price and pays annual cash dividend
- Won Delaware Supreme Court appeal
 - Reversal of \$8.6M judgment against Overstock
- No regulatory updates

Financial Results



Overstock Corporate Structure

Overstock.com, Inc.



tZERO



Q2 2020 Financial Results: Overstock.com, Inc.

Revenue

\$782.5 Million

+109% vs. Q2'19

Gross Profit

\$179.9 Million

+143% vs. Q2'19

G&A % of Revenue¹

4.4%

-413bps vs. Q2'19

Adjusted EBITDA²

\$41.8 Million

+\$54.9M / +418% vs. Q2'19

Diluted EPS

\$0.84

+\$1.53 vs. Q2'19

Ending Cash

\$318.6 Million

+\$177.3M vs. Q1'20

¹ Excludes \$7.3M in favorable special items in Q2 2020.

² Adjusted EBITDA is a non-GAAP financial measure.

See Reconciliation in Appendix

Q2 2020 Financial Results: Overstock Retail

Revenue
\$767.0 Million
 +109% vs. Q2'19

Gross Margin
23.2%
 +347bps vs. Q2'19

OpEx as % of Revenue¹
17.2%
 -496bps vs. Q2'19

Adjusted EBITDA²
\$53.0 Million
 +\$51.4M vs. Q2'19

Dynamics

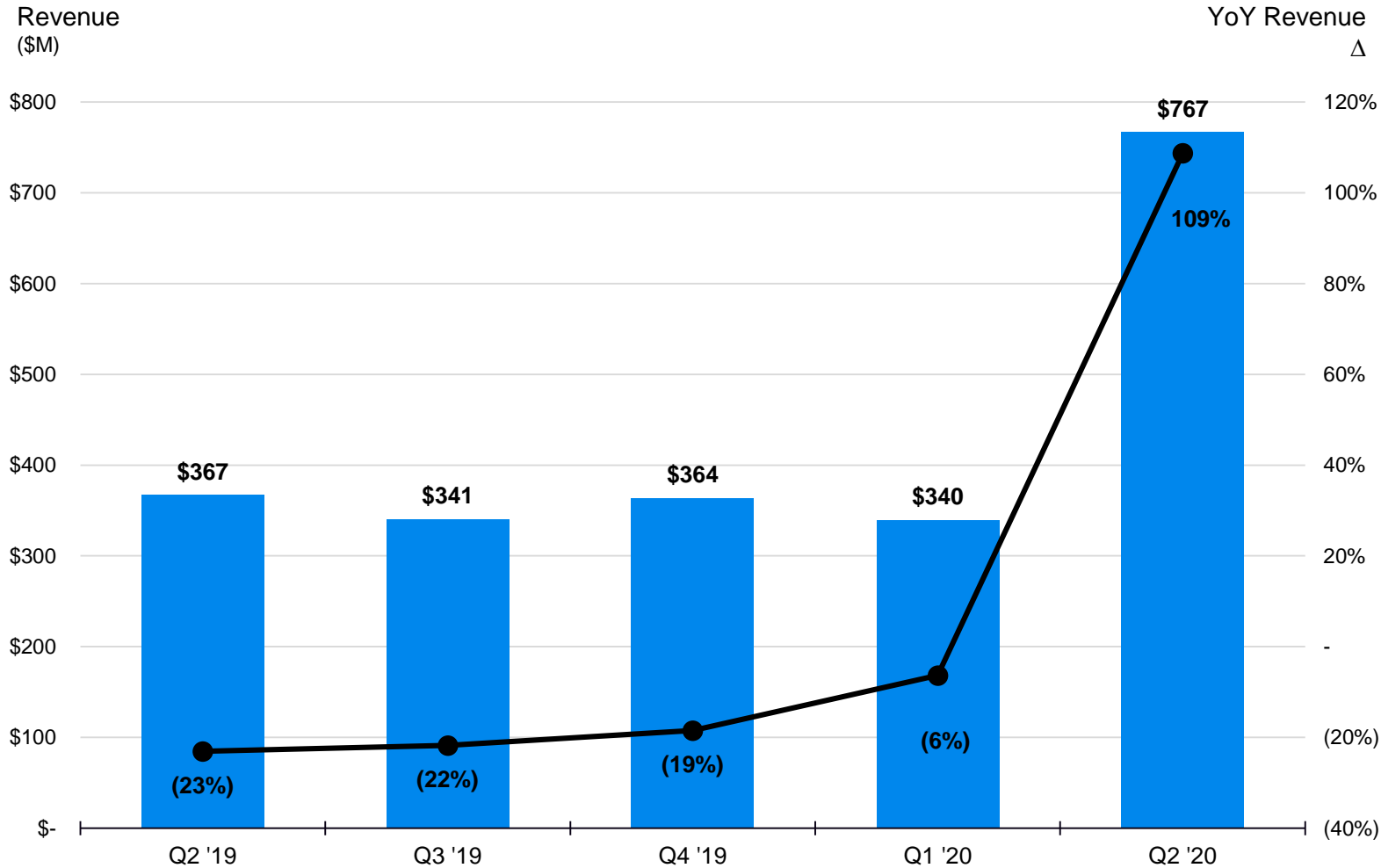
- Business model scaled
 - >200% new customer growth YoY
- Gross margin expanded
 - Structural improvements coupled with one-time favorability
- Created operating leverage
 - Scalability inherent in pure play e-commerce model
- Delivered profitability
 - Consistent margin profile with current sales trends

¹ Excludes \$7.3M in favorable special items in Q2 2020.

² Adjusted EBITDA is a non-GAAP financial measure.

See Reconciliation in Appendix

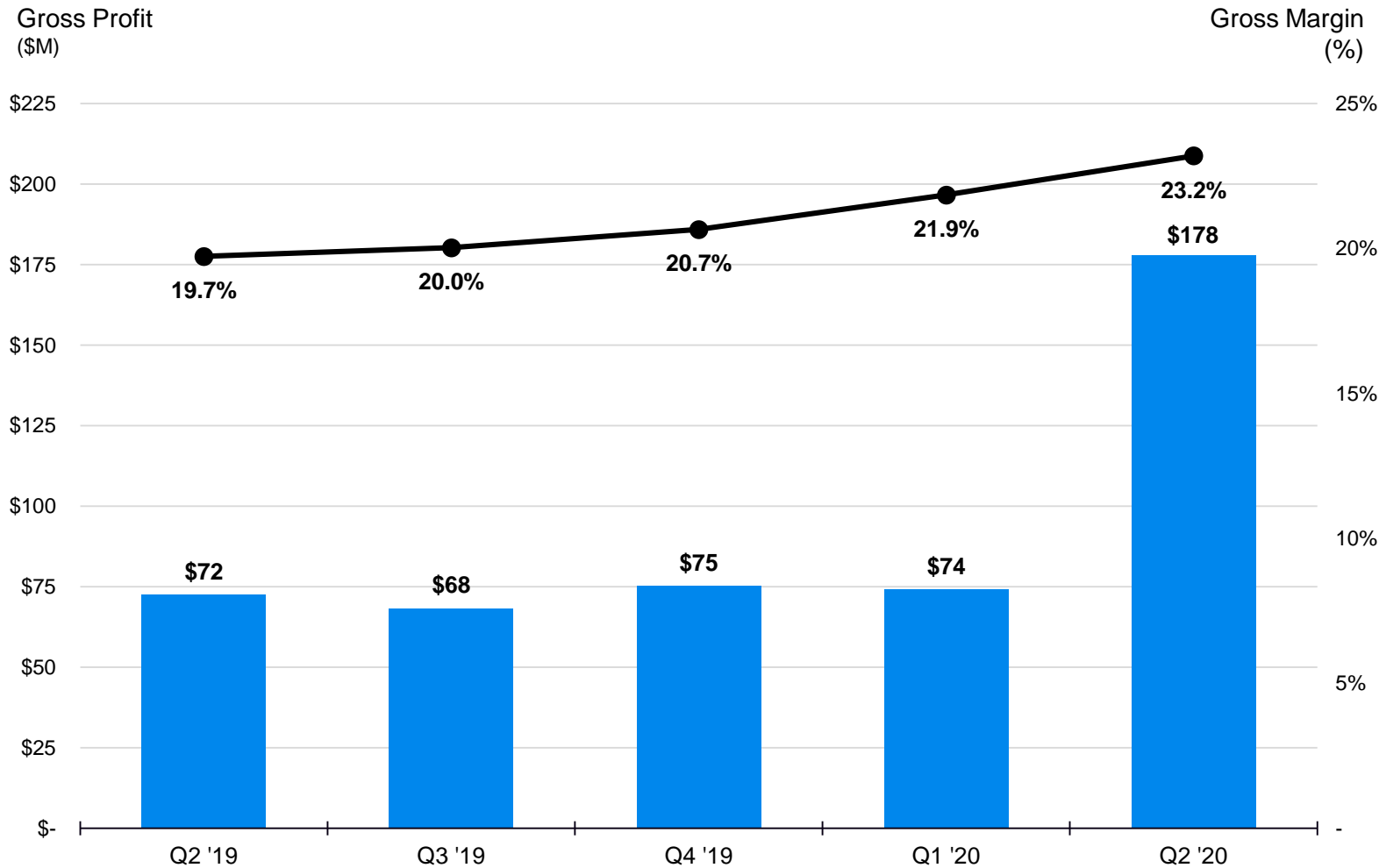
Retail Revenue: +109% YoY



Dynamics

- Revenue of \$767M
 - +\$400M YoY
 - +109% YoY
- New customer growth >200% YoY

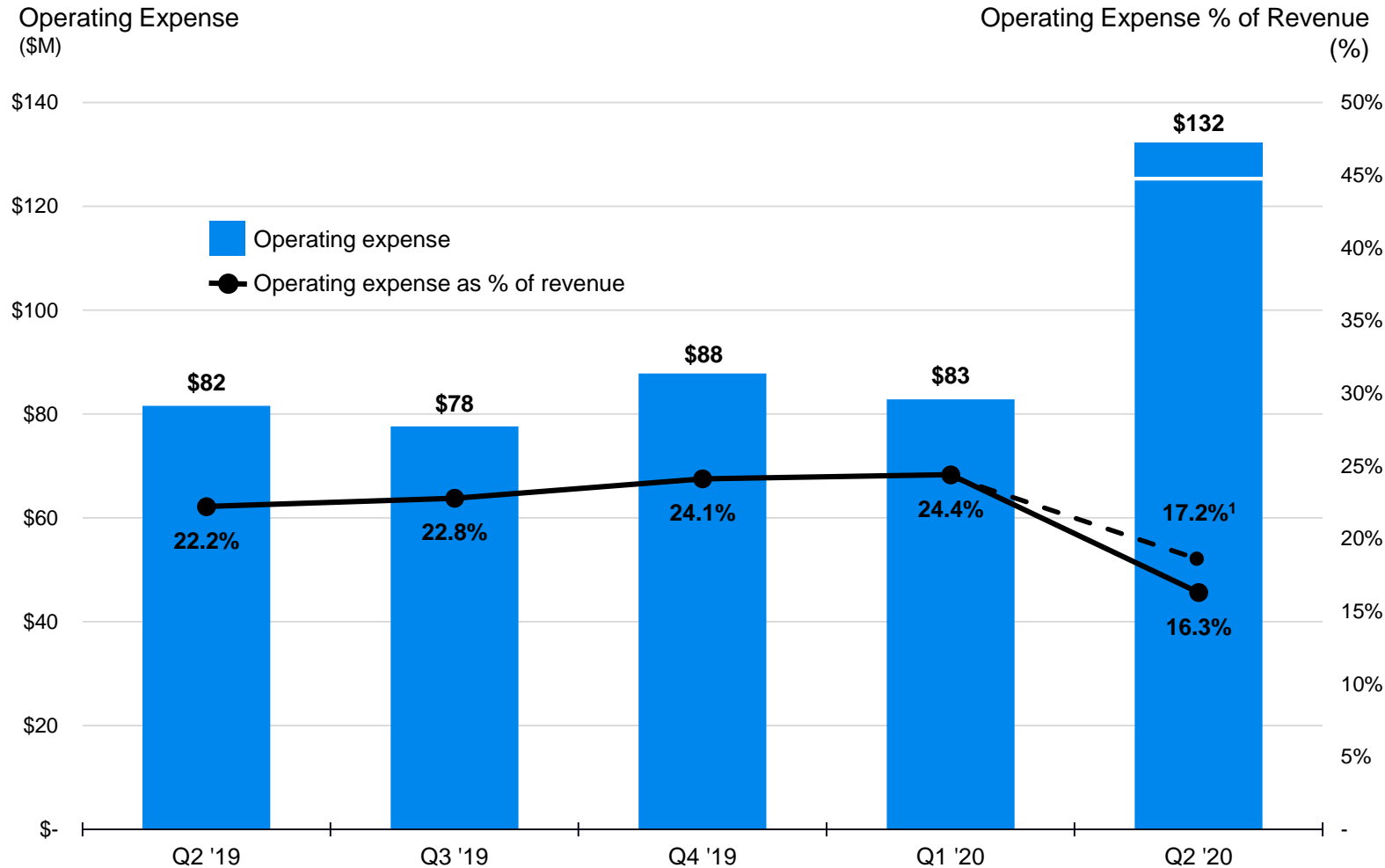
Retail Gross Margin: +347bps YoY



Dynamics

- Gross margin of 23.2%
 - +347bps YoY
- Gross margin impacted by operational efficiencies and one-time items
 - Customer care understaffed as organization adjusted to sales growth
 - SLA-related fulfillment charges to protect customer experience
 - Reduced discounting influenced by inventory levels

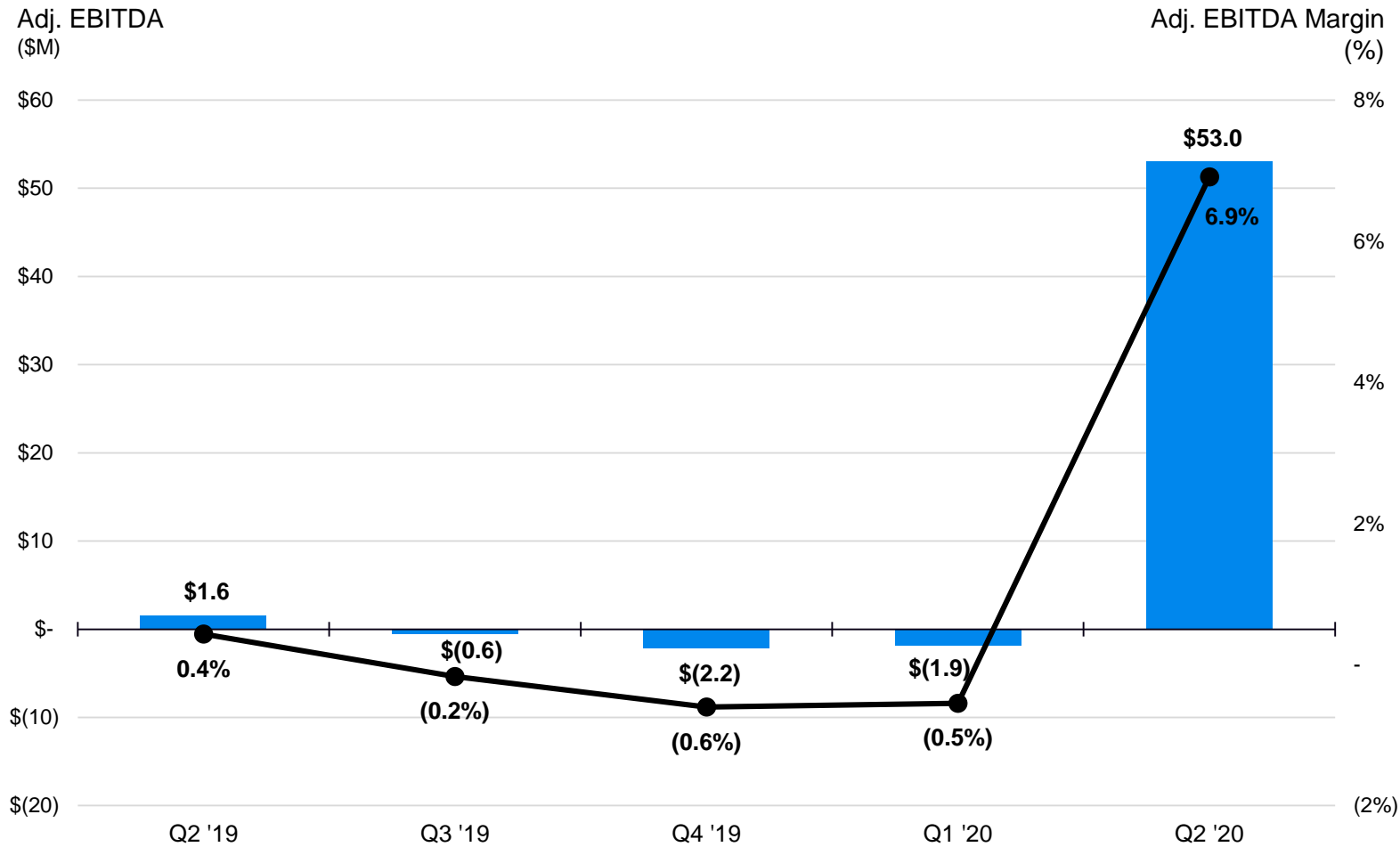
Retail OpEx as % of Revenue: -496bps YoY



Dynamics

- OpEx¹ +\$51M (or +62%) YoY vs. net revenue growth of 109%
- OpEx as % of revenue¹ declined 496bps YoY

Retail Adjusted EBITDA: +\$51M YoY



Dynamics

- Retail Adj EBITDA of \$53M
 - +\$51M YoY
- Adj EBITDA margin of 6.9%
 - +650bps YoY
- Record revenue
- Gross profit impacted by one-time items

Business Updates





Retail

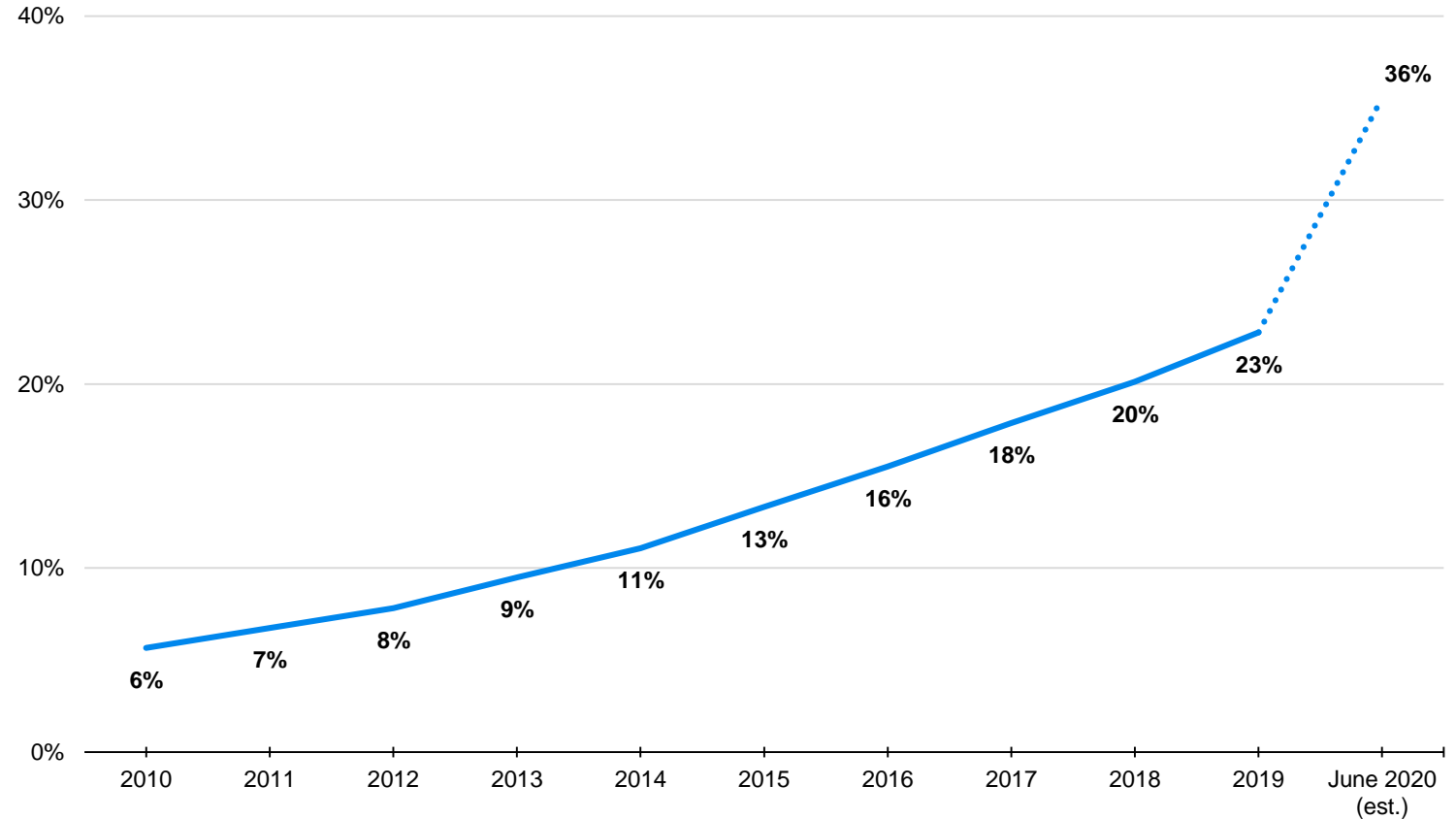


Top 5 Brand in a Growing Market

Top U.S. Home Furnishings Online Brands^{1,2}
(ranked by online revenue)

1. Amazon
2. Wayfair
3. Walmart
4. Target
5.  overstock™

Furniture & Home Furnishings U.S. Online Penetration^{3,4}



¹ Source: Statista 2019 publication of Jumpshot 2018 online furniture sales.

² Source: Overstock market sizing of public and third-party data with category definition including mattresses, outdoor furniture & décor, small appliances & electronics, furniture storage & organization products, kitchen & bath products, decorative lighting & lamps, and home accessories & décor items.

³ Source: Combined data from eMarketer, NRF, and NPD.

⁴ Estimate based on combined data from NPD US eCommerce estimates and Signifyd Weekly Global Home Goods eCommerce estimates; and Overstock internal sales data.

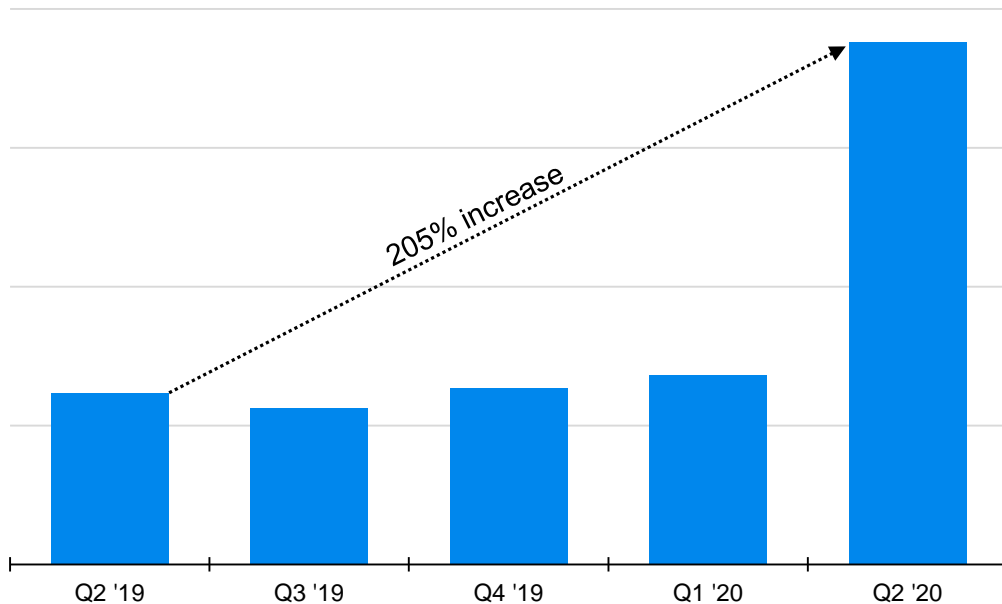
Our Unique Market Position



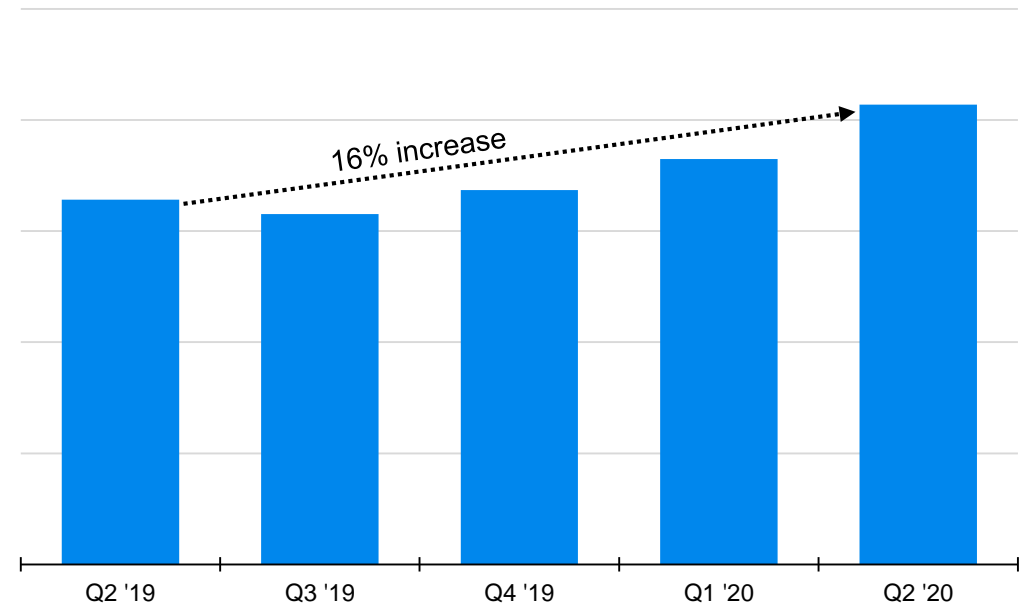
Gaining New, Loyal Customers

- +205% YoY new customers growth; mirroring our target customer segments
- +16% YoY in new customer repeat purchase rate

New Customers



28-day New Customer Repeat Purchase Rate



Strong Foundation of Core Competencies

49M
monthly visits¹

We know our **customers**, what they want, and how to reach them

- Improved Customer Self Service
- Personalized Email Program
- Unique Club O Loyalty Program

20 years of
technology

We have built efficient and innovative **technology**

- Growing Machine Learning
- Achieving SEO Gains
- Dynamic Technology Stack

scalable
model

Our business model is highly **scalable**


- Distinct Drop-Ship Model
- Efficient Distribution Network
- Meaningful Assortment of ~8M Products
- Recent GSA Award

Focused Retail Strategy


aspiration & positioning **dream homes for all** making beautiful & comfortable homes accessible by helping customers easily & confidently find just what they want for less

financial goals **sustainable, profitable growth** as an indicator that our innovation is meeting target customers' needs

target customers



primary segment
savvy shopper
values Overstock for helping them feel smart about finding a great deal from a compelling selection of stylish & quality home products



secondary segment
reluctant refresher
values Overstock for helping them easily & confidently find just what they want

brand pillars

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

constitutional principles

world-class SEO

engaging email program

rewarding Club O Loyalty program

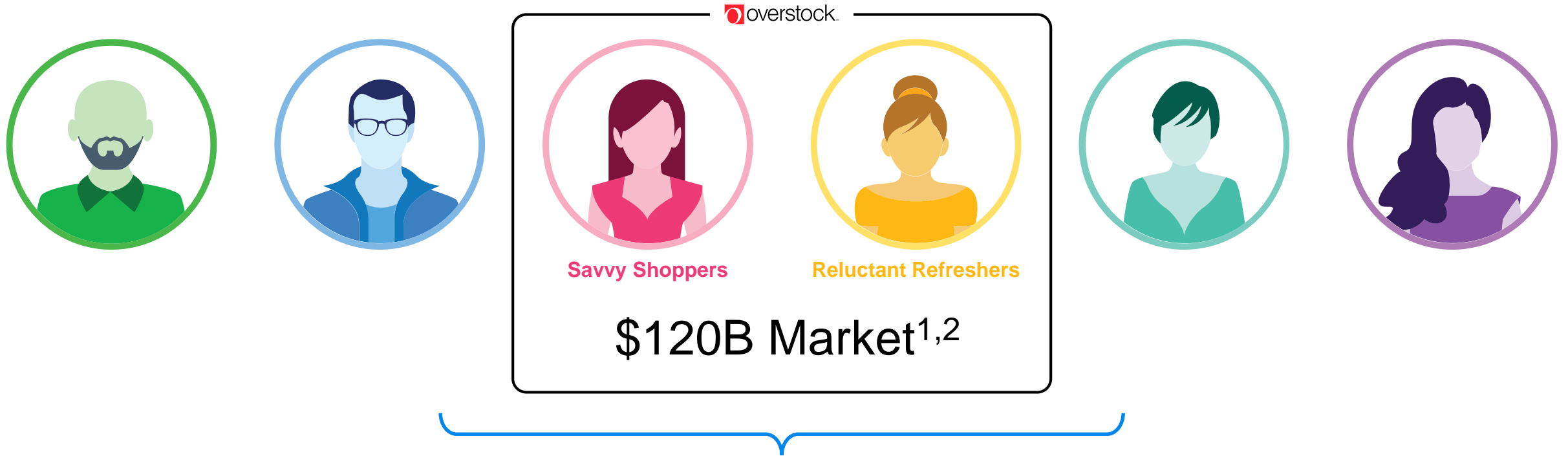
enablers

- OKR-driven focus & collaboration
- world-class ML & algorithm innovation

initiatives

- intuitive mobile experience
- partner-sponsored marketing
- discounting & pricing experience
- increase real-time data

Playing to Our Strengths



- Higher propensity to shop at Overstock
- Deal driven and low hassle
- Combined market spend is 40% of total market²

¹ Source: eMarketer—Total US Retail Sales estimates, 2019.

² Source: Overstock customer segmentation research, 2019.

Note: \$300B Total Market Size x 40% Customer Segments Market Size = \$120B Market.

2020 Initiatives

product findability

- Enhance mobile web experience
- Refine machine learning model for better site search relevancy
- Improve new product content

smart value

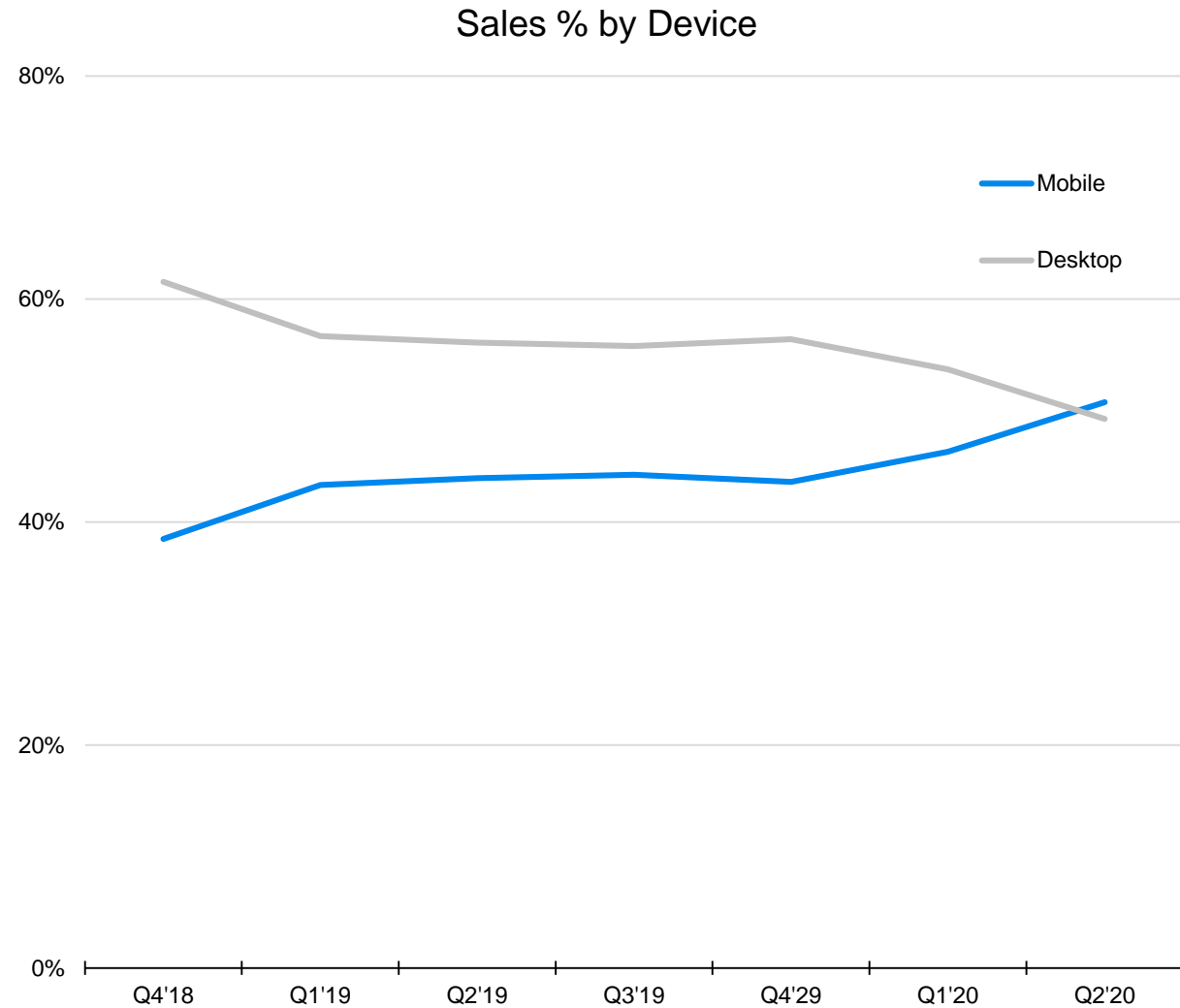
- Clarify promotional price messaging
- Expand marketing allowance
- Transform promotional model
- Further reduce logistics costs

easy delivery + support

- Optimize machine learning delivery models
- Position inventory for fastest delivery
- Improve customer support self-service experience
- Launch “free shipping on everything” initiative in response to COVID-19

product findability

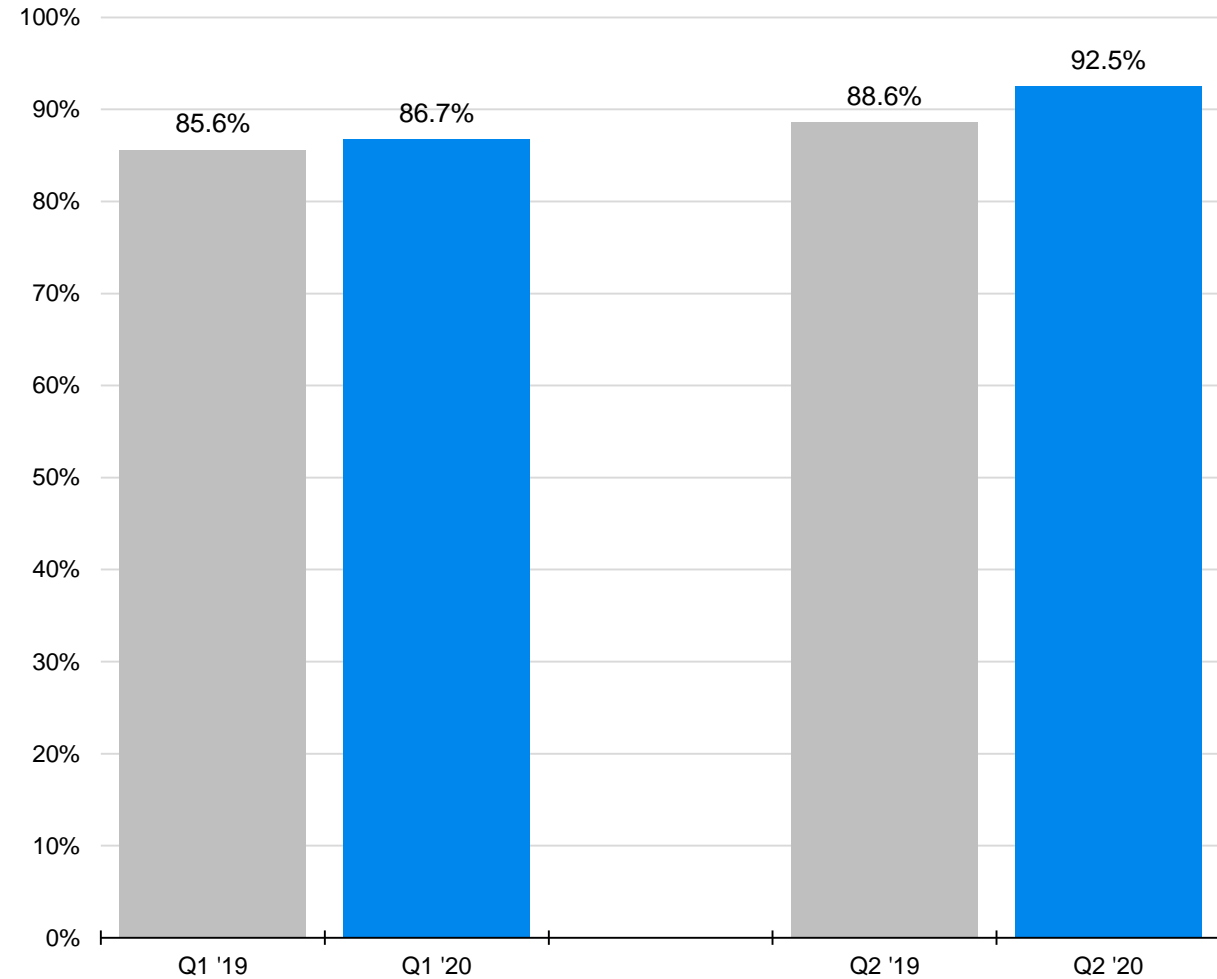
- Customers shifting to mobile:
 - Mobile purchases 51% of total sales
 - +149% YoY in unique visits in Q2
 - +148% YoY in sales in Q2



product findability

- Home furnishings demand increasing
- Customers are finding what they need
- Home furnishings were 92.5% of Q2 sales

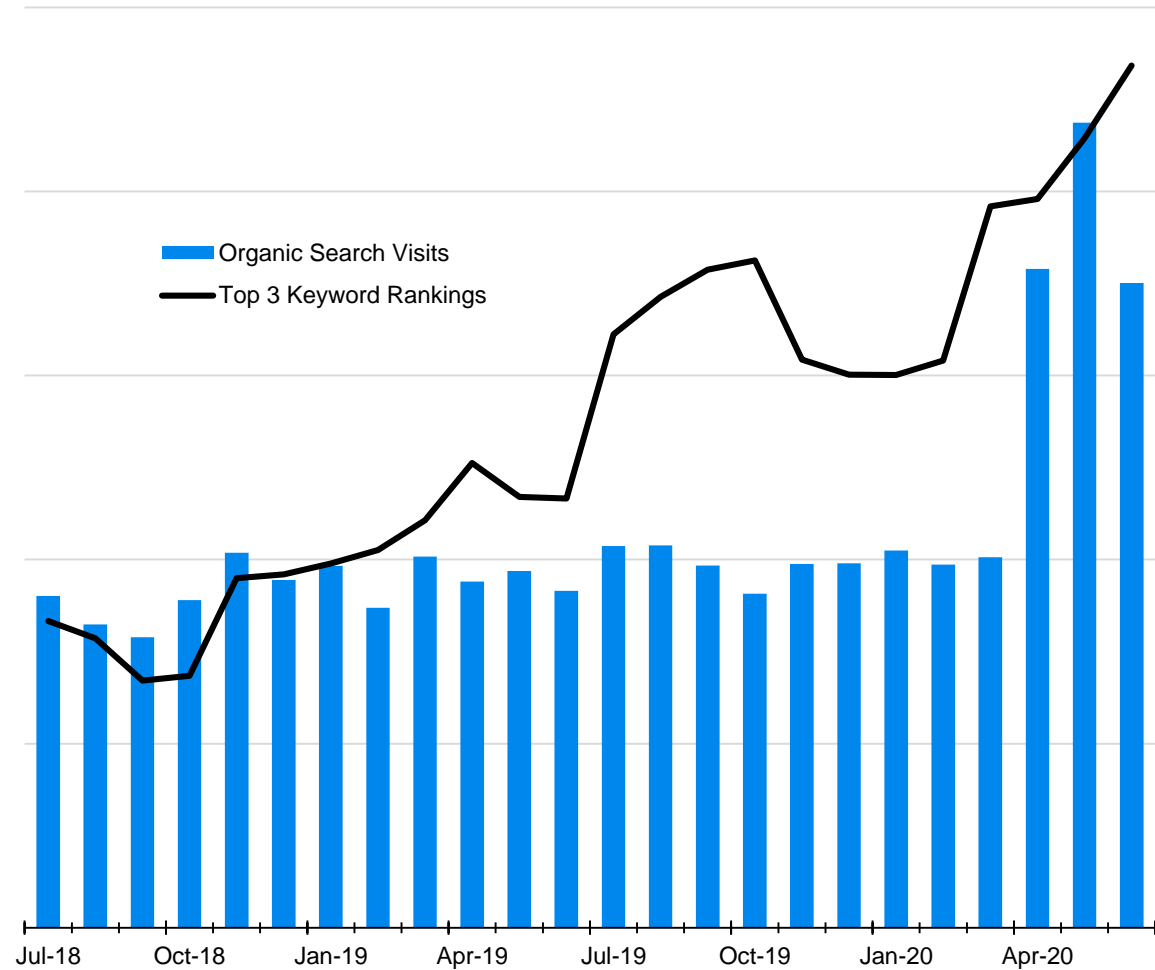
Sales Mix of Home Furnishings



product findability

- 18 months of continued keyword ranking
 - Focusing on relevant, high-volume keywords
- Organic search visits at historical high
- More customers are finding and buying from us than ever before

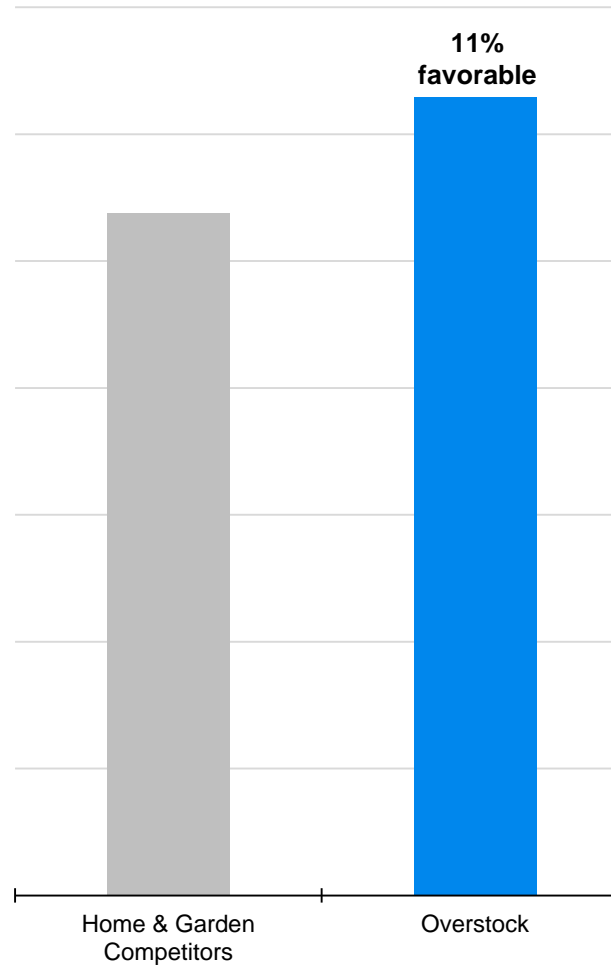
Organic Search Visits / Top 3 Keyword Rankings¹



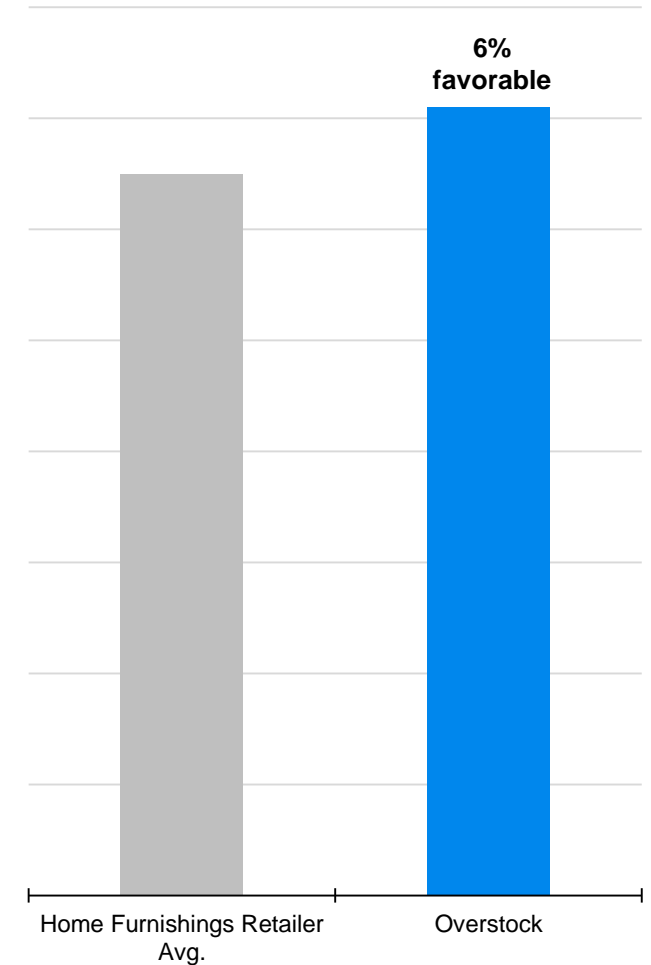
smart value

- Free shipping is a top purchase driver; launched it on all items in response to COVID-19
- Savvy shoppers drawn to low prices
- Our customers are recognizing us for both smart value differentiators

Customer Rating of Shipping Charges¹



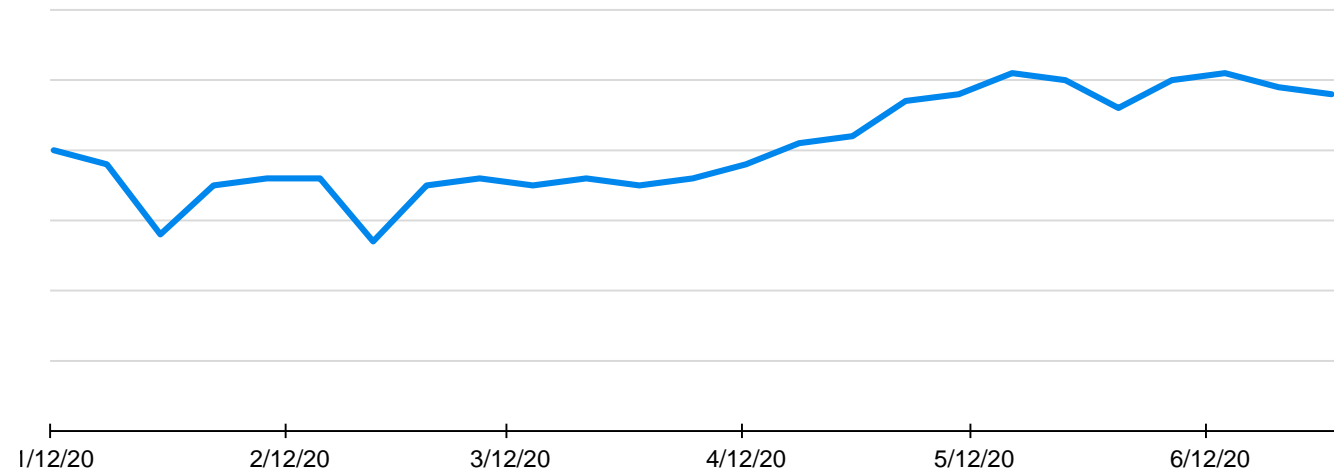
Promotional Competitiveness²



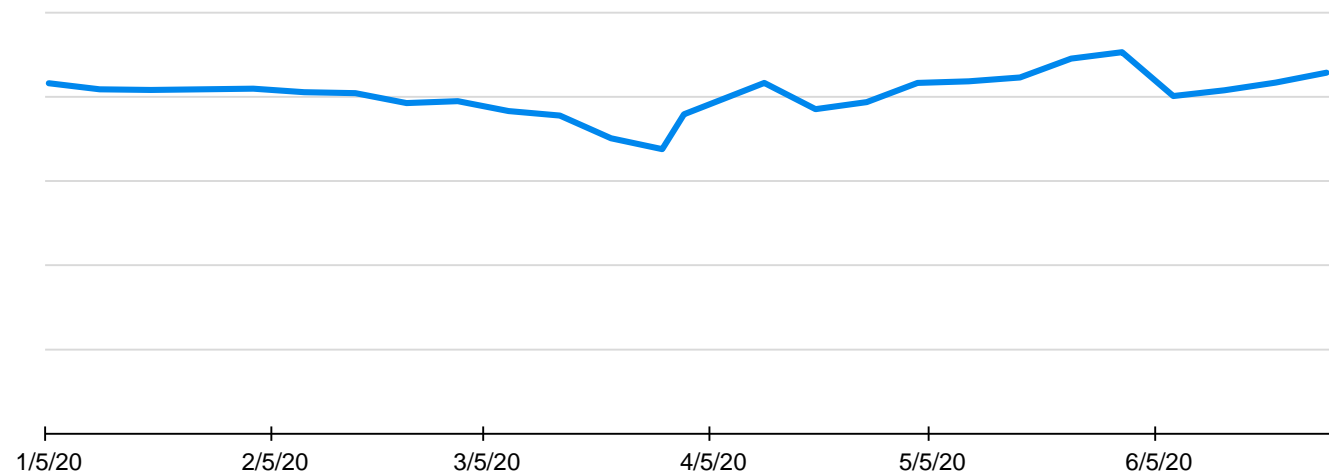
easy delivery + support

- Delivery speed and on-time accuracy key driver of customer satisfaction
- Capacity constraints caused a slowdown in shipping
- Concerted effort to adjust stated delivery times to meet customer expectations

Click to Delivery (business days)



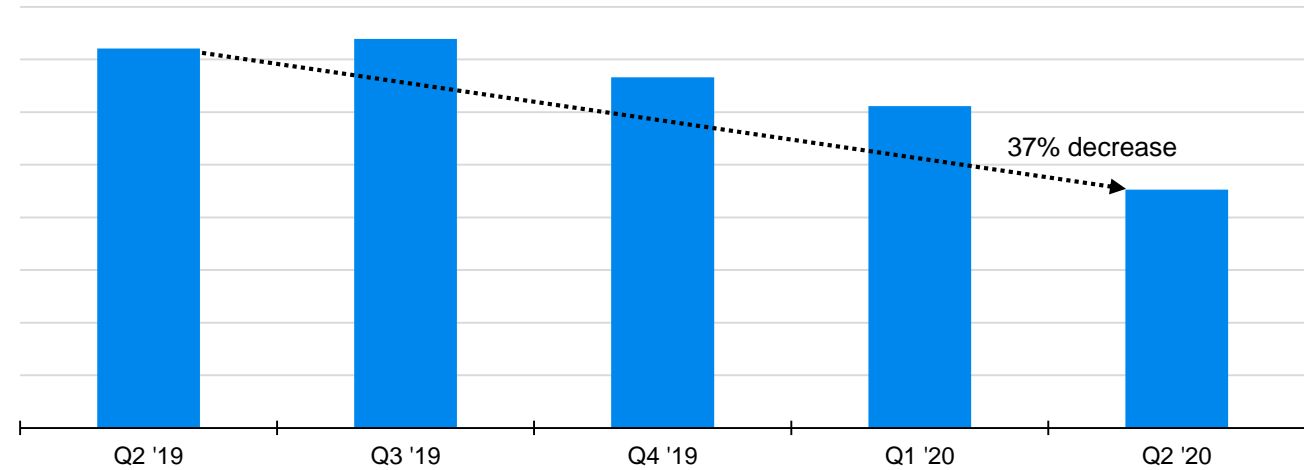
% Orders Delivered On-Time or Early



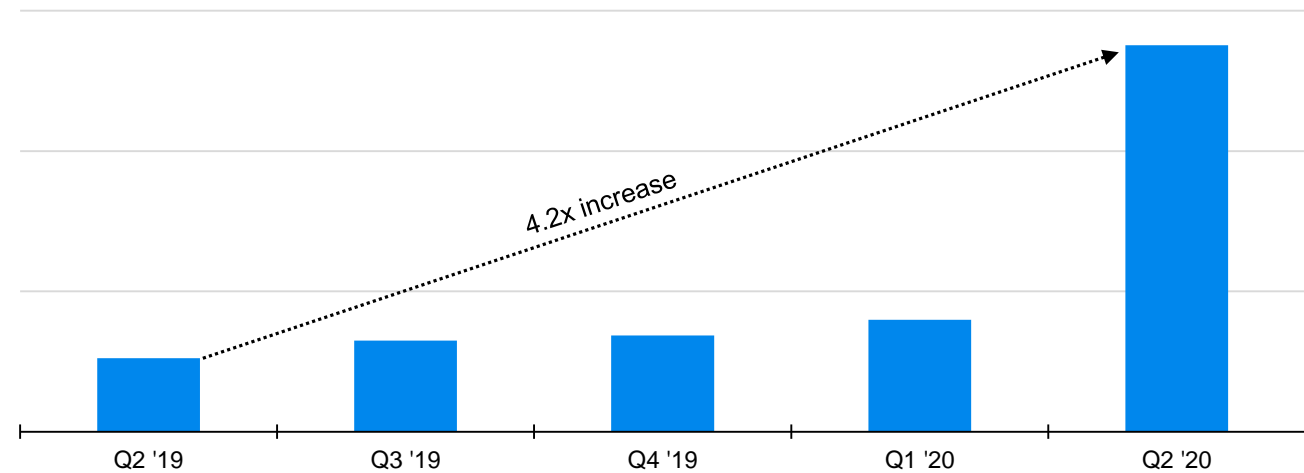
easy delivery + support

- Contact volume as a percentage of orders decreased 37% YoY
- Continued tech automation and self-service enhancements improve customer satisfaction and reduce costs

CS Contacts as % of Orders



Self Service Cases as % of Total



Well Positioned for Growth – in 2020 and Beyond

- Revenue growth outpacing industry
 - Driven by technology, customer focus, and business model
- Maintain normalized gross profit margins
- Expenses growing slower than revenue, driving operating leverage
- Adjusted EBITDA margins in the mid-single digits
- Free cash flow positive



Driving sustainable, profitable growth



MEDICI VENTURES

Identity



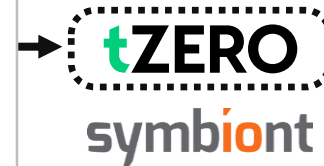
Land Titling



Banking & Currency



Capital Markets



Supply Chain



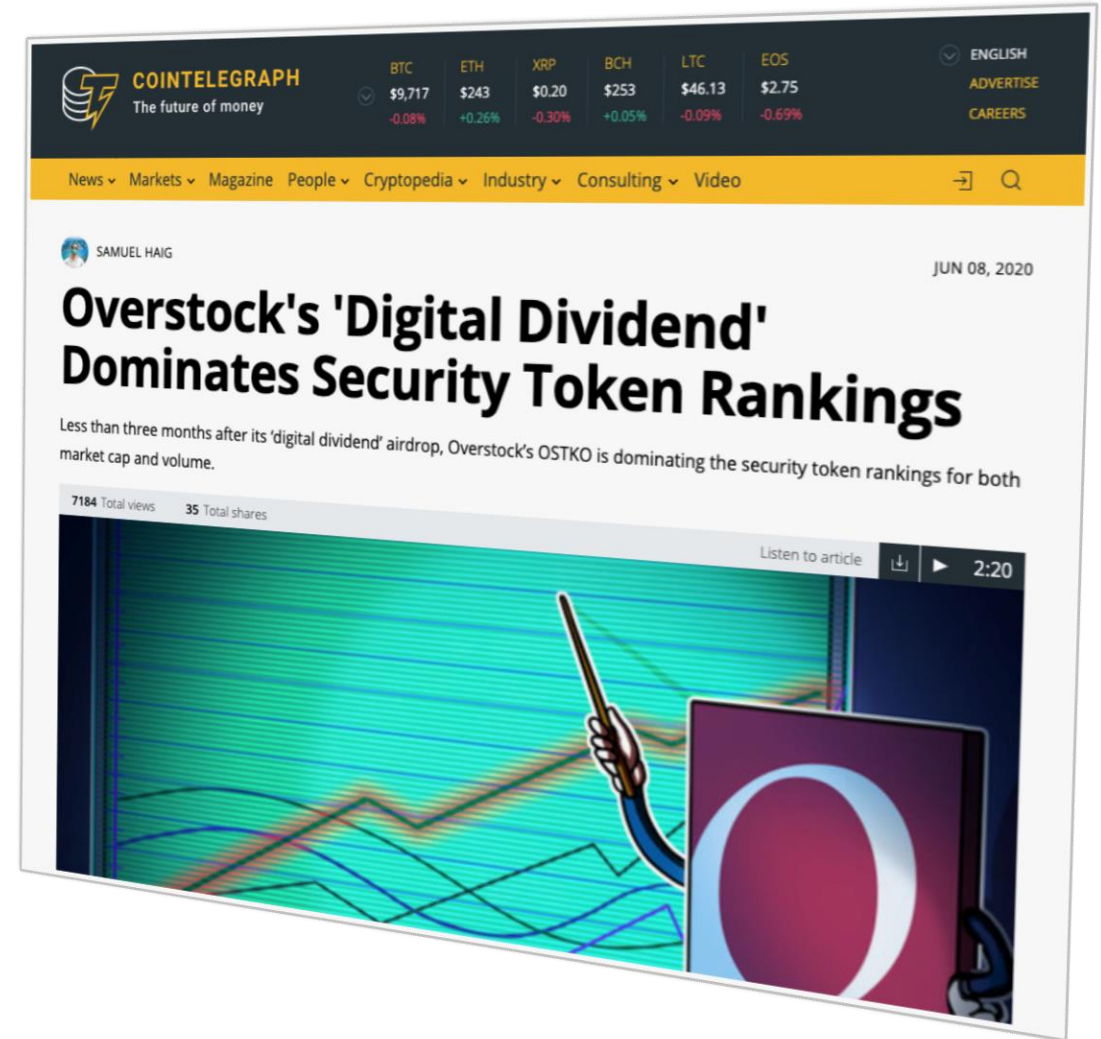
Voting



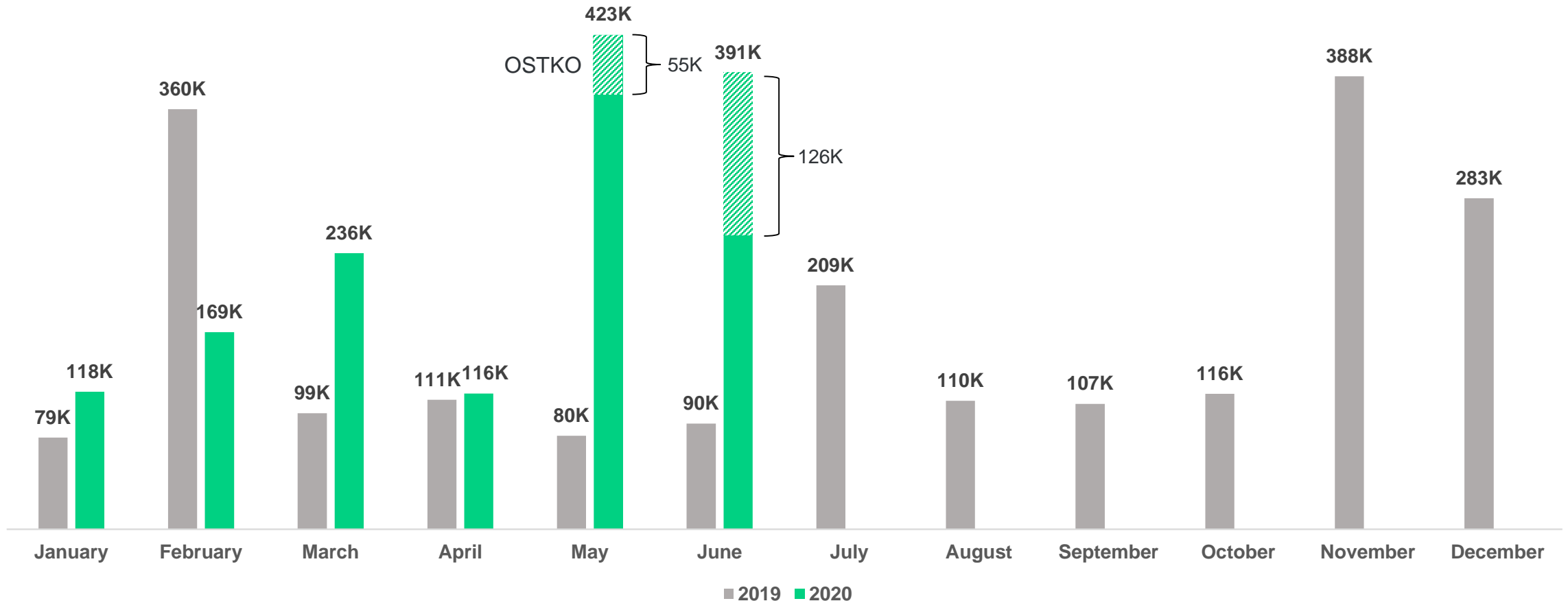
tZERO

Leading the Digital Security Space

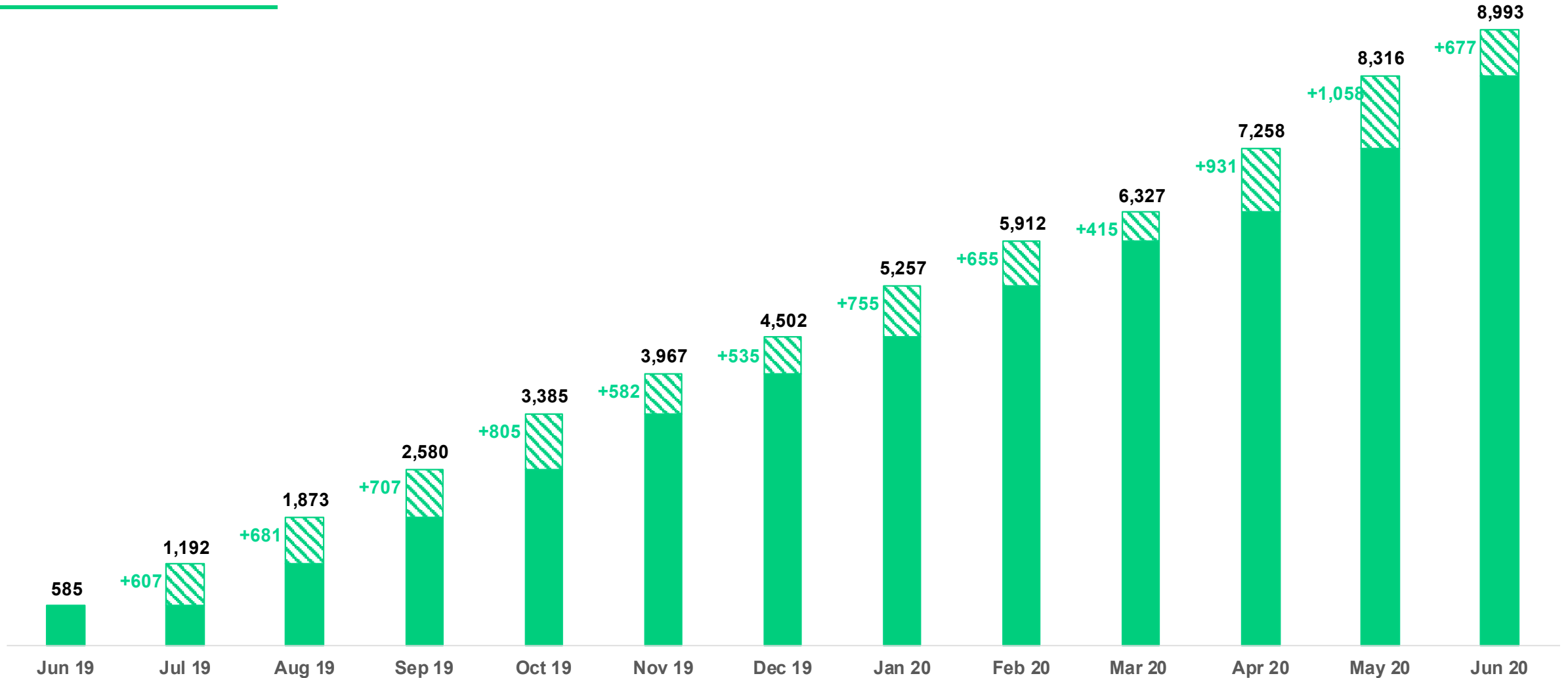
- We accounted for **95%** of all security token volume¹
- Our digital securities represent **81%** of all security token value²
- Named 'Best Blockchain Solution of the Year' by FTF News



Record tZERO ATS Token Volume, +77% YTD



Record Crypto App User Growth, +100% YTD



Recent Wins

1. Signed agreement with Aspen Digital to trade the St. Regis Aspen token
2. Subscribed two new broker-dealers
3. Total revenue of \$23M in the first-half of 2020 already exceeded total 2019 revenue
4. Successful distribution of OSTKO
5. Record volume and user growth on the tZERO ATS and Crypto App
6. Named 'Best Blockchain Solution of the Year' by FTF News

Product Roadmap

Assets

1. Trade the St. Regis Aspen Token
2. Tokenize Existing Cap Tables
3. Tokenize New Offerings

Liquidity

1. tZERO Markets
2. Integrate More Broker-Dealers
3. 24/7 Order Entry
4. Develop a Multi-Clearing Solution

Experience

1. Streamline Markets Onboarding
2. UX for Trading All Digital Assets

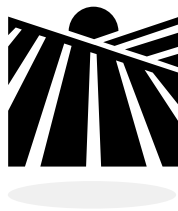


MEDICI VENTURES

Identity



Land Titling



Banking & Currency



Capital Markets

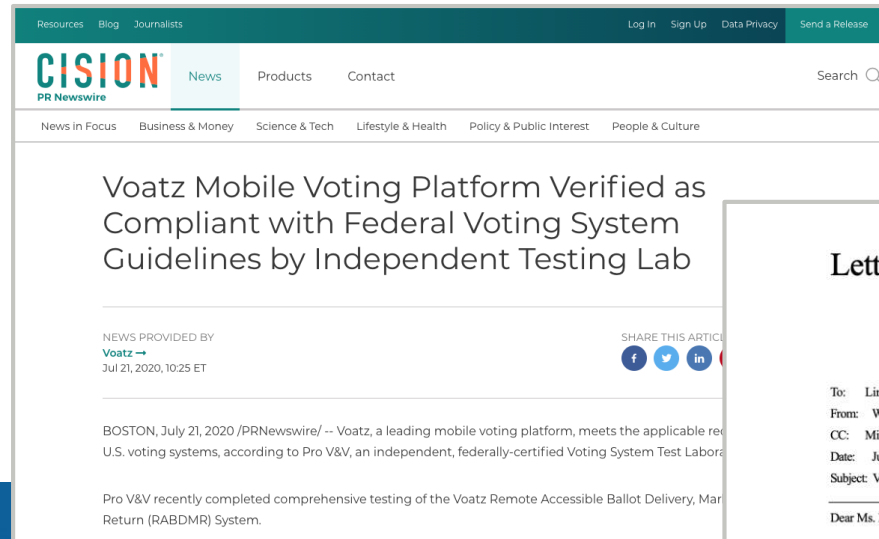


Supply Chain



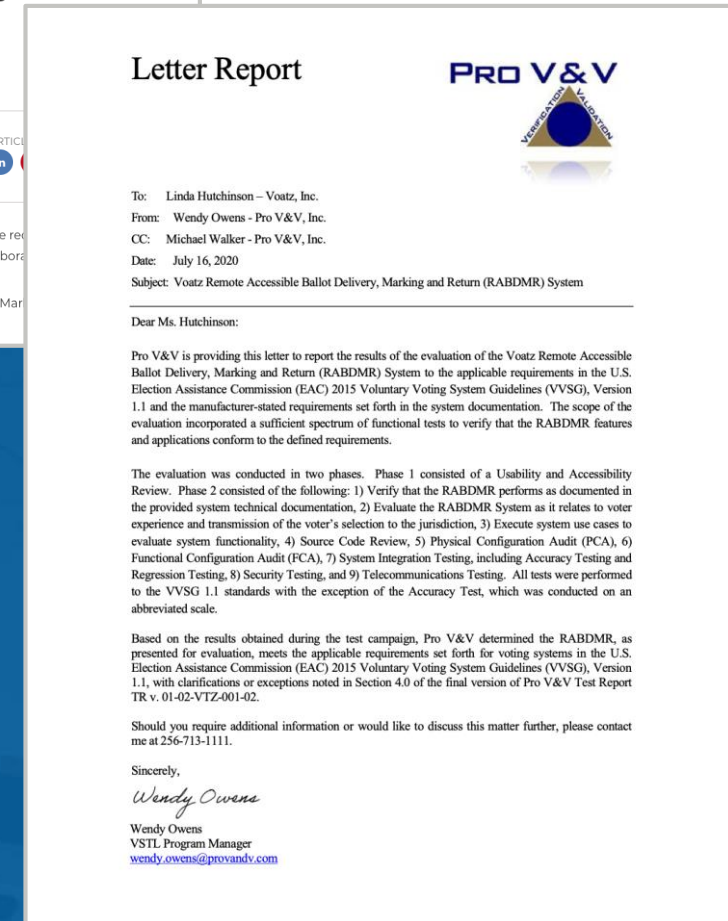
Voting





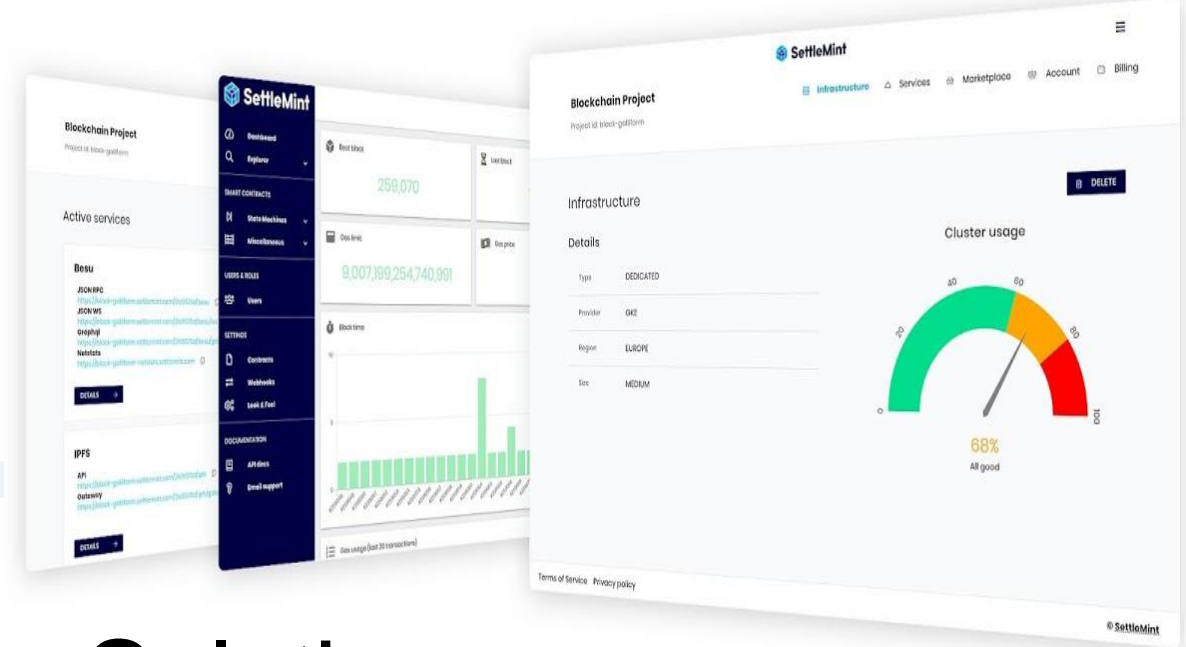
Safe & Secure Mobile Voting

- Became first remote voting platform verified as compliant with federal voting system guidelines¹
- Successfully conducted recent elections for Arizona and South Dakota state conventions¹
- Published a white paper for the 2020 NASS summer conference, calling for standards setting²





SettleMint



Blockchain-based Business Solutions

- Named by Everest Group in its Top 14 Start-Ups in Low-Code Platforms report for being a trailblazer for rapid application development¹
- Selected by EU Startups as one of 10 Most Promising Blockchain Companies to Watch²
- T-Block Accelerator announced the onboarding of SettleMint to support blockchain startups³
- Launched a 14-day free trial of its blockchain platform as a service offering to enable customers a low barrier entry into blockchain projects

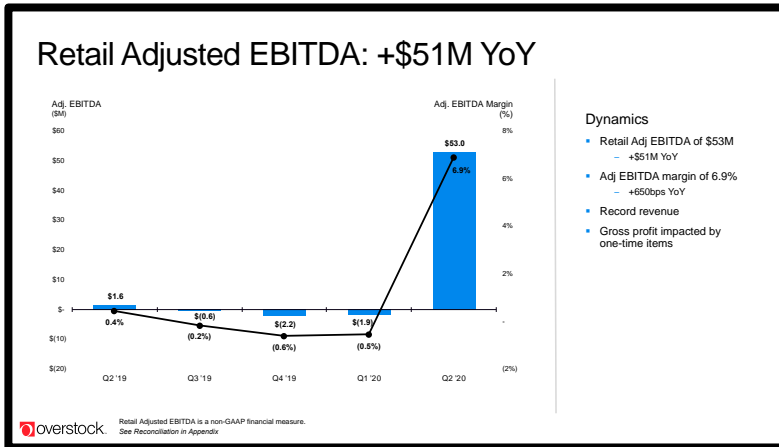
Summary and Q&A



Summary and Q&A – Focused Execution

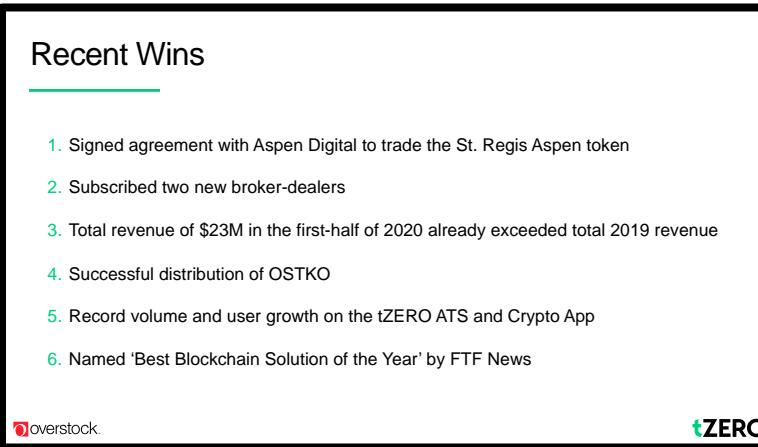
Overstock Retail

- Sustainable, profitable growth
- Relentless focus on initiatives



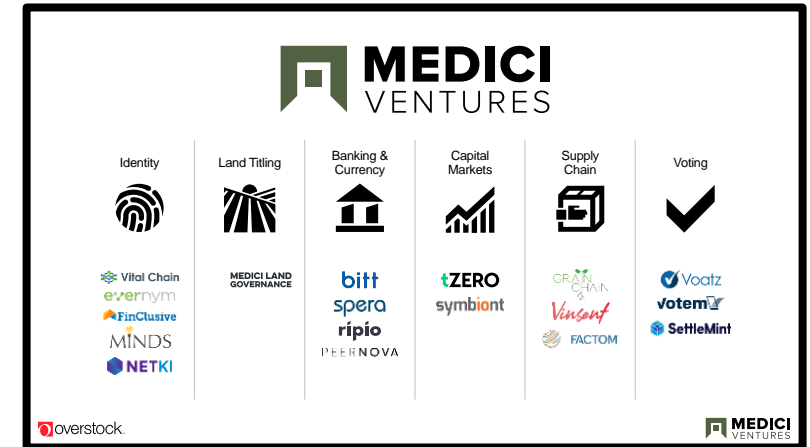
tZERO

- Driving adoption
- Onboarding tokens & investors



Medici Ventures

- Products in production
- Seeking third-party investors



To ask questions:

Dial-in: (877) 673-5346
Conference ID: 9798319

-or-

Email: ir@overstock.com

Appendix

Adjusted EBITDA Reconciliation

	Three months ended				
	Jun-2020	Mar-2020	Dec-2019	Sep-2019	Jun-2019
Net loss	\$ 34,381	\$ (19,565)	\$ (29,660)	\$ (34,542)	\$ (27,626)
Depreciation and amortization	7,548	7,569	7,998	7,518	7,464
Stock-based compensation	2,465	3,268	4,606	4,467	5,171
Interest income, net	(26)	(72)	(262)	(392)	(525)
Other (income) expense, net	4,171	(6,683)	(1,547)	4,781	2,995
Provision (benefit) for income taxes	517	176	(94)	23	(622)
Special items (see table below)	(7,272)	(1,103)	-	185	-
Adjusted EBITDA	\$ 41,784	\$ (16,410)	\$ (18,959)	\$ (17,960)	\$ (13,143)
Segment Adjusted EBITDA					
Retail	\$ 53,011	\$ (1,865)	\$ (2,194)	\$ (575)	\$ 1,581
tZERO	(7,052)	(8,250)	(10,628)	(11,233)	(8,729)
MVI	(2,085)	(2,498)	(2,695)	(2,691)	(2,586)
Other	(2,090)	(3,797)	(3,442)	(3,461)	(3,409)
Adjusted EBITDA	\$ 41,784	\$ (16,410)	\$ (18,959)	\$ (17,960)	\$ (13,143)
<i>Special items:</i>					
Special legal charges (1)	\$ (7,272)	\$ (2,501)	\$ -	\$ (1,221)	\$ -
Severance	-	1,398	-	-	-
Impairments on intangible assets	-	-	-	1,406	-
Total Special Items	\$ (7,272)	\$ (1,103)	\$ -	\$ 185	\$ -

(1) Special legal charges include amounts associated with the resolution for and adjustments to various legal contingencies and legal fees associated with pursuing our strategic alternatives.

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. You should review our financial statements and publicly-filed reports in their entirety and not rely on any single financial measure.