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 amount and timing of our capital expenditures, results of our ongoing review of strategic initiatives including the possible sale of our e-commerce business, initiatives to improve the performance of our retail business and the recent reduction in our workforce, adverse tax, regulatory or legal developments, competition, and any inability to achieve profitability, generate positive cash flow from operations, raise capital, or borrow funds on acceptable terms. Other risks and uncertainties include, among others, the inherent risks associated with the businesses that Medici Ventures and tZERO are pursuing, including whether tZERO’s joint venture with Box Digital Markets, LLC will be able to achieve its objectives, the regulatory, technical, operational and other obstacles tZERO faces in each of its initiatives, the effects of key business personnel moving from our retail business to our Medici Ventures, Inc. and tZERO businesses or otherwise leaving, our continually evolving business model, 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 have with our search engine optimization results. More information about factors that could potentially affect our financial results is included in our Form 10-K for the year ended December 31, 2018, which was filed with the Securities and Exchange Commission on March 18, 2019, and in our subsequent filings with the Securities and Exchange Commission. Additionally, certain statements included herein, including our statements regarding the estimated value of blockchain exchanges are based upon third-party sources over whom we exercise no control; to the extent any of these third-party statements are incorrect our statements regarding the corresponding estimated value may also be incorrect. The Form 10-K, 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. Medici Ventures – A Blockchain Technology Stack for Civilization
   A. tZERO: Building Our Lead
   B. Other Medici Portfolio Companies

2. Retail –
   The Ship’s New Course: $10 Million Positive Operating Cash Flow in 2019

3. Strategic Alternatives

4. Summary

5. Q&A
A Blockchain Technology Stack for Civilization
或 “Country”
Mouths (People)
Land
Spear
“Country”
Blockchain Technology Stack for Civilization
Blockchain Technology Stack for Civilization
Blockchain Technology Stack for Civilization

Capital (= Land Titling = Rule of Law)

People
<table>
<thead>
<tr>
<th>Capital ((=) Land Titling (=) Rule of Law)</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
</tr>
</tbody>
</table>

**Blockchain Technology Stack for Civilization**

- Currency (Central Banking)
<table>
<thead>
<tr>
<th>Capital Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency (Central Banking)</td>
</tr>
<tr>
<td>Capital (= Land Titling = Rule of Law)</td>
</tr>
<tr>
<td>People</td>
</tr>
</tbody>
</table>
Blockchain Technology Stack for Civilization

- Commerce (Supply Chain)
  - Capital Markets
  - Currency (Central Banking)
  - Capital (= Land Titling = Rule of Law)
  - People
<table>
<thead>
<tr>
<th>Tier 1</th>
<th>Tier 2</th>
<th>Tier 3</th>
<th>Tier 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voting</td>
<td>Commerce (Supply Chain)</td>
<td>Capital Markets</td>
<td>Currency (Central Banking)</td>
</tr>
<tr>
<td>Capital (= Land Titling = Rule of Law)</td>
<td>People</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
People

Capital (= Land Titling = Rule of Law)

Currency (Central Banking)

Capital Markets

Commerce (Supply Chain)

Voting

People
Government as a Service™ (‘GaaS™’)
Advantages of Security Tokens

1. Customizable Securities
2. Reduced Friction Costs with “Reg-Aware” Tokens
3. Enhanced Liquidity
4. Democratized Access to Capital Formation
5. Instant Settlement (No Market Manipulation via Settlement Failure)
6. Perfect Transparency for Regulators
7. 24/7 Trading
100% of the stocks and bonds trading on Wall Street today \textit{could} be tokenized, and in five years, 100% of the stocks and bonds on Wall Street \textit{will} be tokenized.

Robert Greifeld
\textit{Former Chairman \& CEO of NASDAQ}
# Valuation of Global Assets

<table>
<thead>
<tr>
<th>Asset</th>
<th>Global Market Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>$44 T \textsuperscript{a}</td>
</tr>
<tr>
<td>Bonds (Government + Corporate + Household)</td>
<td>$247 T \textsuperscript{b}</td>
</tr>
<tr>
<td>Real Estate (Residential + Office + Retail + Hotels + Industrial + Agricultural + All Other)</td>
<td>$217 T \textsuperscript{c}</td>
</tr>
<tr>
<td>Total</td>
<td>$508 T</td>
</tr>
</tbody>
</table>

### References:

## Value of Exchanges ≈ .18% of Listed Entities’ Market Cap

<table>
<thead>
<tr>
<th>Exchange</th>
<th>Exchange’s Market Cap</th>
<th>Total Listed Entities’ Market Cap</th>
<th>Exchange Value ÷ Listed Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICE (NYSE parent) * NYSE</td>
<td>$41.5 B *</td>
<td>$28,528 B a</td>
<td>0.15%</td>
</tr>
<tr>
<td>NASDAQ</td>
<td>$13.2 B *</td>
<td>$10,857 B b</td>
<td>0.12%</td>
</tr>
<tr>
<td>TMX Group (Canada)</td>
<td>$3.0 B *</td>
<td>$2,095 B b</td>
<td>0.14%</td>
</tr>
<tr>
<td>Euronext</td>
<td>$3.7 B *</td>
<td>$3,379 B c</td>
<td>0.11%</td>
</tr>
<tr>
<td>Deutsche Börse</td>
<td>$23.1 B *</td>
<td>$1,738 B c</td>
<td>1.33%</td>
</tr>
<tr>
<td>Tokyo SE</td>
<td>$9.0 B *</td>
<td>$5,679 B b</td>
<td>0.16%</td>
</tr>
<tr>
<td>London SE</td>
<td>$19 B *</td>
<td>$3,767 B b</td>
<td>0.50%</td>
</tr>
<tr>
<td>B3 (Brazil)</td>
<td>$9.49 B d</td>
<td>$938 B b</td>
<td>1.01%</td>
</tr>
<tr>
<td>Bombay SE</td>
<td>$0.59 B e</td>
<td>$2,056 B b</td>
<td>0.03%</td>
</tr>
<tr>
<td>National SE of India</td>
<td>$6.55 B f</td>
<td>$2,030 B b</td>
<td>0.32%</td>
</tr>
<tr>
<td><strong>Global Total</strong></td>
<td><strong>$129.13 B</strong></td>
<td>~ $73,000 B c</td>
<td><strong>0.18%</strong></td>
</tr>
</tbody>
</table>

**References:**

1. NYSE Market Cap Data: [https://www.nyse.com/market-cap](https://www.nyse.com/market-cap)
5. Quoted on NSE as of Jan 11, 2019: [https://www.nseindia.com/live_market/dynaContent/live_watch/get_quote/GetQuote.jsp?symbol=BSE&lsluuid=0&slmFlag=0&tpFlag=0](https://www.nseindia.com/live_market/dynaContent/live_watch/get_quote/GetQuote.jsp?symbol=BSE&lsluuid=0&slmFlag=0&tpFlag=0)

* The market cap value for this publicly listed company was read from a quotation on a major public exchange on January 10, 2019.

These third party public sources were used to compute the estimate on the following slide, and Overstock expressly disclaims any liability in the event such sources may contain inaccuracies.
Potential Value of Blockchain Exchanges

$508 \text{ Trillion} \times 0.18\% \quad \frac{}{} \quad $914.4 \text{ Billion}$
### tZERO’s Accomplishments

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>tZERO</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Circle</td>
<td>?</td>
<td>?</td>
<td>?</td>
<td>?</td>
<td>?</td>
</tr>
<tr>
<td>SharesPost</td>
<td>?</td>
<td>?</td>
<td>?</td>
<td>?</td>
<td>?</td>
</tr>
</tbody>
</table>
tZERO Wins Patent for Integrating Crypto with Legacy Trading Tech
Security Token Ecosystem

Issuer 1

Issuer 2

Issuer 3...

Securities Token Ecosystem

Issuance Platform

Security Token ATS / Exchange

Trading Platform

3rd Party Issuance Platform 1

3rd Party Issuance Platform 2

3rd Party Issuance Platform 3...

3rd Party Brokerage 1

3rd Party Brokerage 2

3rd Party Brokerage 3...

Investor 1

Investor 2

Investor 3...
Security Token Ecosystem

Issuer 1

Issuer 2

Issuer 3...

Issuance Platform

✓ COMPLETE
Security Token ATS / Exchange

✓ COMPLETE
Trading Platform

3rd Party Issuance Platform 1

3rd Party Issuance Platform 2

3rd Party Issuance Platform 3...

3rd Party Brokerage 1

3rd Party Brokerage 2

3rd Party Brokerage 3...

Investor 1

Investor 2

Investor 3...
What We Have Built So Far
Security Token Ecosystem

Issuer 1

Issuer 2

Issuer 3...

IN PROGRESS

Issuance Platform

✓ COMPLETE

Security Token ATS / Exchange

✓ COMPLETE

Trading Platform

✓ COMPLETE

3rd Party Issuance Platform 1

3rd Party Issuance Platform 2

3rd Party Issuance Platform 3...

3rd Party Brokerage 2

3rd Party Brokerage 3...

IN PROGRESS

In-house Retail Broker Dealer

IN PROGRESS

IN PROGRESS

IN PROGRESS
Senior Management Team

Saum Noursalehi | CEO
- 15+ years of experience
- BS, University of Utah

Steve Hopkins | President
- 25+ years of experience
- MBA, University of Chicago
- BS, University of Utah

Amit Goyal | CTO
- 20+ years of experience
- BE, Punjab Technical University

Alan Konevsky | CLO
- 20+ years of experience
- JD, Harvard Law School
- AB, Columbia University

Joel Quall | CFO
- 30+ years of experience
- BS, City University of New York

Ralph A. Daiuto, Jr. | COO
- 25+ years of experience
- JD, Fordham University School of Law
- BS, University at Albany

Elliot Grossman | CEO, Retail BD
- 14+ years of experience
- BA, Kenyon College

Patrick Byrne | Executive Chairman
- 30+ years of experience
- PhD, Stanford University
- MS, University of Cambridge
- BS, Dartmouth College

Select Management Team Experience
Wins Since Q3 2018

1. Issued tZERO Tokens on Public Blockchain – October 12, 2018
2. Open-Sourced Token Protocol (“tØken”) – October 30, 2018
3. Acquired Bitsy (Sped Time to Market, S.H.) – December 31, 2018
5. Launched Investor Onboarding – January 10, 2019
Next Steps

1. Onboard Quality Issuers & Tokens – Underway
2. Expand Token Investor Base – Underway
3. Launch Crypto Trading – June 2019
4. Enhance & Scale DLRs – August 2019
6. International (SaaS at 50% Rev. Share) – Ongoing Discussions
Product Roadmap

Issuance Platform
- tZERO Token Issuance
- Issuance Platform to Support STO’s

Security Token ATS / Exchange
- Secondary Trading of tZERO Token on ATS
- Additional Security Tokens Listed and Trading on ATS
- Security Token Exchange BSTX (BOX JV)

Trading Platform
- tZERO Token Trading Platform

Q3 2018
- tZERO Token Issuance

Q4 2018
- Issuance Platform to Support STO’s
- Secondary Trading of tZERO Token on ATS

Q1 2019
- Additional Security Tokens Listed and Trading on ATS
- Security Token Exchange BSTX (BOX JV)
- tZERO Token Trading Platform

Q2 2019
- Trade Traditional US Equities
- Onboard Additional BD’s
- Trade Crypto Through tZERO App
• Promoting economic prosperity via land governance systems using blockchain and other technologies (mobile apps, social media, AI)

• Continuing projects: Zambia, Rwanda

• New projects:
  • Wyoming: adding blockchain capabilities to existing Teton County system
  • Mexico: collecting and developing digital land records platform for Tulum area homeowners

• Pursuing projects in the Caribbean, East & West Africa, Eastern Europe, Central & South Asia
Christine Lagarde
Managing Director and Chair of the International Monetary Fund

“A system regulated by central banks could become the basis for a rapid expansion of financial services to developing world countries and the poorest people in western societies without the risks associated with privately managed digital currencies.”

Timothy Antoine
Governor of the ECCB

Eastern Caribbean Dollar
Issued by Eastern Caribbean Central Bank

Anguilla
Antigua and Barbuda
Dominica
Grenada
Montserrat
Saint Kitts and Nevis
Saint Lucia
Saint Vincent and the Grenadines
“Billionaire Koch brother's crusade against counterfeit wine”

– 60 Minutes, October 22, 2017
Denver is trying out a blockchain voting app

Voatz, the blockchain-based voting app, gets another vote of confidence as Denver agrees to try it

City of Denver to Pilot Blockchain Voting App in Coming Elections
RAVENCOIN

- RVN is one of the fastest growing open source networks of projects that did not fundraise, had no ICO or pre-mine
- It is one of the top 20 mineable coins
- Over 18,000 tokenized assets have been issued
- The community has thousands of members
- The network works for securities tokens
- Because Medici Ventures has been active in donating dev time, we know how to build on this
- We support open source
- Several portfolio companies and others are building on it
Retail
Our Historical Record of Profitability

OSTK Retail Pre-Tax Income

Source: Overstock and Wayfair 10-Ks
Our Historical Record of Profitability

OSTK Retail Pre-Tax Income

Wayfair vs. OSTK Retail Pre-Tax Income

Source: Overstock and Wayfair 10-Ks
Keywords in Top 3 – 2017 SEO Deterioration

Source: seoClarity (March 5, 2019)
Competitive Visit Growth – Q1 2018

Overstock vs. Wayfair
YoY Weekly Visit Growth

Source: Hitwise, a division of Connexity. 2018 US YoY weekly visit growth.
Wayfair Selected Financial Data

Selling, Operations, Technology, G&A (Fixed Costs)

Gross Profit less Customer Service, Merchant Fees, and Advertising (What There is to Pay the Fixed Costs)

Source: Wayfair 10-Ks
Quarterly Retail Contribution

Retail Contribution is a non-GAAP financial measure. See Reconciliation in Appendix.
Quarterly Retail Adjusted EBITDA

Retail Adjusted EBITDA is a non-GAAP financial measure. See Reconciliation in Appendix.
When you're trying to get SEO …fixed … You start showing up first in the top 100 Google results, and then you work on getting those terms to percolate up into the top 10, and then up into the top 3.

Patrick Byrne
Q3 2018 Earnings Conference Call
Keywords in Top 10

Source: seoClarity (March 5, 2019)
Keywords in Top 3

Source: seoClarity (March 5, 2019)
Six Consecutive Months of Strong SEO Improvement

Source: SEMrush (March 5, 2019)
Paid Club O Memberships

+36% YoY
Recent ‘Wins’

1. Top 3 Keywords – up 66% since 10/1/2018

2. Web Marketing Association: Best Retail Mobile App (12/2018)

3. eTail Best in Class Awards: Best Mobile App (2/2019)


5. Loyalty360 Customer Awards:
   Best in Class Award for Customer Experience Strategy (10/2018)

6. ABBI Awards: Best Multi-Screen Campaign, Overstock + Ocean Media (11/2018)
<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>Gross Profit</th>
<th>Gross Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$446.7 Million</td>
<td>$80.0 Million</td>
<td>17.9%</td>
</tr>
<tr>
<td></td>
<td>1% decrease vs. Q4 2017</td>
<td>5% decrease vs. Q4 2017</td>
<td>vs. 18.7% in Q4 2017</td>
</tr>
<tr>
<td><strong>Contribution</strong>¹</td>
<td><strong>$32.9 Million</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Contribution Margin</strong>¹</td>
<td><strong>7.4%</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6% increase vs. Q4 2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong>¹</td>
<td><strong>($19.1) Million</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>vs. ($10.6) million in Q4 2017</td>
<td></td>
</tr>
</tbody>
</table>

¹ Retail Contribution, Contribution Margin, and Adjusted EBITDA are non-GAAP financial measures.
See Reconciliations in Appendix
2019 Planned Improvement in Retail

Planned Improvement in Retail Adjusted EBITDA

$115M
2019 Planned Improvement in Retail

Planned Improvement in Retail Adjusted EBITDA
$115M

Planned Improvement in Retail Contribution
$82M

Planned Improvement in Retail Tech and G&A Expenses
(excluding depreciation, amortization, and stock comp)
$33M
Annual Retail Contribution

Retail Contribution is a non-GAAP financial measure. See Reconciliations in Appendix.
Corporate Headcount (Non-Medici Ventures)

<table>
<thead>
<tr>
<th>Month</th>
<th>Headcount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-17</td>
<td>1,163</td>
</tr>
<tr>
<td>Jan-18</td>
<td>1,165</td>
</tr>
<tr>
<td>Feb-18</td>
<td>1,175</td>
</tr>
<tr>
<td>Mar-18</td>
<td>1,172</td>
</tr>
<tr>
<td>Apr-18</td>
<td>1,215</td>
</tr>
<tr>
<td>May-18</td>
<td>1,246</td>
</tr>
<tr>
<td>Jun-18</td>
<td>1,327</td>
</tr>
<tr>
<td>Jul-18</td>
<td>1,351</td>
</tr>
<tr>
<td>Aug-18</td>
<td>1,346</td>
</tr>
<tr>
<td>Sep-18</td>
<td>1,321</td>
</tr>
<tr>
<td>Oct-18</td>
<td>1,321</td>
</tr>
<tr>
<td>Nov-18</td>
<td>1,310</td>
</tr>
<tr>
<td>Dec-18</td>
<td>1,305</td>
</tr>
<tr>
<td>Jan-19</td>
<td>1,172</td>
</tr>
<tr>
<td>Feb-19</td>
<td>1,069</td>
</tr>
</tbody>
</table>
Management Structure

“Inc.”

Retail

Medici
Management Structure

Shared Services:
- Finance & Accounting
- Legal
- People Care (HR)
- Administration

“Inc.”

Retail

Medici
“Retail on a Standalone Basis”
Returning to Sustained Profitability

* Retail Tech and G&A Expenses excluding depreciation, amortization, stock compensation, and 1/3 (Medici allocation) of Inc. costs.
Returning to Sustained Profitability

* Retail Tech and G&A Expenses excluding depreciation, amortization, stock compensation, and 1/3 (Medici allocation) of Inc. costs.
Returning to Sustained Profitability

Current Monthly Run Rate

Retail Contribution

Retail Tech and G&A Expenses*

* Retail Tech and G&A Expenses excluding depreciation, amortization, stock compensation, and 1/3 (Medici allocation) of Inc. costs.
Strategic Alternatives
Strategy to Maximize Shareholder Value

Overstock will continue to run the Retail business as though we are going to hold it forever, while continuing in this process.

1. Remain committed to hybridizing with national brick-and-mortar/web property
2. Process is ongoing
3. Seeking the right structure and valuation
4. Retail Recovery improves valuation
Revised tZERO MoU with Makara and GSR*

- Signed on February 28
- Co-leading Investment of up to $100M
- Expect to Close in April

* Advisors have been retained to pursue alternatives in parallel
Summary
Summary

Medici
- Government as a Service
- tZERO Leading Pursuit of Potential $900B Opportunity
- Other Medici Companies: Blockchain Products in Production, Increase Adoption

Retail
- $115M YoY Improvement in Adjusted EBITDA
Summary

Medici
- Government as a Service
- tZERO Leading Pursuit of Potential $900B Opportunity
- Other Medici Companies: Blockchain Products in Production, Increase Adoption

Retail
- $115M YoY Improvement in Adjusted EBITDA

Submit questions to ir@overstock.com
Appendix
# Q4 2018 Financial Results: OSTK Total

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Change vs. Q4 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$452.5 Million</td>
<td>1% decrease</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>$81.6 Million</td>
<td>5% decrease</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>($30.4) Million</td>
<td>vs. ($17.9) million in Q4 2017</td>
</tr>
<tr>
<td>Sales &amp; Marketing Expense</td>
<td>$47.5 Million</td>
<td>13% decrease</td>
</tr>
<tr>
<td>Contribution</td>
<td>$34.0 Million</td>
<td>6% increase</td>
</tr>
<tr>
<td>Ending Cash</td>
<td>$141.5 Million</td>
<td>vs. $182.0 million at September 30, 2018</td>
</tr>
</tbody>
</table>

---

1 Adjusted EBITDA and Contribution are non-GAAP financial measures. See Reconciliations in Appendix.
Adjusted EBITDA Reconciliation

Adjusted EBITDA

<table>
<thead>
<tr>
<th></th>
<th>Year ended</th>
<th></th>
<th>Three months ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dec-2018</td>
<td>Dec-2017</td>
<td>Dec-2018</td>
<td>Sep-2018</td>
</tr>
<tr>
<td>Retail</td>
<td>$112,489</td>
<td>$11,155</td>
<td>$19,116</td>
<td>$21,190</td>
</tr>
<tr>
<td>tZERO</td>
<td>(24,805)</td>
<td>(7,252)</td>
<td>(3,864)</td>
<td>(9,649)</td>
</tr>
<tr>
<td>Other</td>
<td>(15,953)</td>
<td>(15,813)</td>
<td>(4,882)</td>
<td>(5,108)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(153,247)</td>
<td>(11,910)</td>
<td>(30,385)</td>
<td>(31,268)</td>
</tr>
</tbody>
</table>

Less: Special items (see table below)

|                  | 23,402     | -          | 9,565              | 10,783     |
|                  | 31,697     | 32,847     | 8,664              | 7,999      |
| Less: Stock-based compensation | 14,356 | 4,077 | 7,999 | 7,535 |
| Less: Interest and other income (expense), net | (2,748) | (1,100) | (1,436) | (1,566) |
| Less: Provision (benefit) for income taxes | (2,384) | 64,188 | (1,939) | (277) |
| **Net loss**     | $ (217,570) | $ (111,922) | $ (47,941) | $ (54,456) |

Special items:

|                  | 6,000      | -          | 6,000              | -          |
|                  | 3,565      | 3,565      | -                  | -          |
| Cryptocurrency impairments and gains on sale, net | 443 | - | - (6,816) | 7,259 |
| Severance        | 1,600      | -          | -                  | -          |
| Special legal expenses* | 11,794 | - | 10,783 | 1,011 |
| **Total Special Items** | $23,402 | - | $9,565 | $10,783 |

*Special legal expenses include charges associated with our Delaware gift card escheatment matter 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.
Annual Contribution Reconciliation

**Year ended, December 31**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Retail</td>
<td>tZERO &amp; Other</td>
<td>Total</td>
</tr>
<tr>
<td>Retail Contribution</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total net revenue</td>
<td>$1,800,187</td>
<td>$21,405</td>
<td>$1,821,592</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>1,452,195</td>
<td>15,489</td>
<td>1,467,684</td>
</tr>
<tr>
<td>Gross profit</td>
<td>347,992</td>
<td>5,916</td>
<td>353,908</td>
</tr>
<tr>
<td>Less: Sales and marketing expense</td>
<td>269,987</td>
<td>4,492</td>
<td>274,479</td>
</tr>
<tr>
<td>Plus: Club O Rewards and gift card breakage (included in Other expense, net)*</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contribution</td>
<td>$78,005</td>
<td>$1,424</td>
<td>$79,429</td>
</tr>
<tr>
<td>Contribution margin</td>
<td>4.3%</td>
<td>6.7%</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

**Year ended, December 31**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Retail</td>
<td>tZERO &amp; Other</td>
</tr>
<tr>
<td>Retail Contribution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total net revenue</td>
<td>$1,655,908</td>
<td>$1,930</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>1,353,184</td>
<td>-</td>
</tr>
<tr>
<td>Gross profit</td>
<td>302,724</td>
<td>1,930</td>
</tr>
<tr>
<td>Less: Sales and marketing expense</td>
<td>124,218</td>
<td>250</td>
</tr>
<tr>
<td>Plus: Club O Rewards and gift card breakage (included in Other expense, net)</td>
<td>5,911</td>
<td>-</td>
</tr>
<tr>
<td>Contribution</td>
<td>$184,417</td>
<td>$1,680</td>
</tr>
<tr>
<td>Contribution margin</td>
<td>11.1%</td>
<td>87.0%</td>
</tr>
</tbody>
</table>

*Effective January 1, 2018, we made a change in accounting principle to present Club O Rewards and gift card breakage in Partner and other revenue instead of Other expense, net on our consolidated statements of operations. This change impacts the presentation of Total net revenue, Gross profit and Other expense, net, but does not impact the calculation of contribution.

Contribution and contribution margin are non-GAAP financial measures 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.
## Quarterly Contribution Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>Dec-18</th>
<th>Sep-18</th>
<th>Jun-18</th>
<th>Mar-18</th>
<th>Dec-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>Retail</td>
<td>tZERO &amp; Other</td>
<td>Total</td>
<td>Retail</td>
<td>tZERO &amp; Other</td>
</tr>
<tr>
<td><strong>Retail Contribution</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total net revenue</td>
<td>$ 446,733</td>
<td>$ 5,815</td>
<td>$ 452,548</td>
<td>$ 435,775</td>
<td>$ 4,805</td>
</tr>
<tr>
<td>Gross profit</td>
<td>80,021</td>
<td>1,559</td>
<td>81,580</td>
<td>85,124</td>
<td>1,592</td>
</tr>
<tr>
<td>Less: Sales and marketing expense</td>
<td>47,142</td>
<td>395</td>
<td>47,537</td>
<td>55,182</td>
<td>130</td>
</tr>
<tr>
<td>Plus: Club O Rewards and gift card breakage (included in Other expense, net)*</td>
<td>32,879</td>
<td>1,164</td>
<td>34,043</td>
<td>29,942</td>
<td>1,462</td>
</tr>
<tr>
<td>Contribution</td>
<td>7.4%</td>
<td>20.0%</td>
<td>7.5%</td>
<td>6.9%</td>
<td>30.4%</td>
</tr>
</tbody>
</table>

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