



**PARTS iD, Inc.**

Q3 Presentation

November 9, 2022



*You Are What You Drive™*

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Important factors that may cause actual results to differ materially from the results discussed in the forward-looking statements include risks and uncertainties, including without limitation: costs related to operating as a public company; difficulties in managing our international business operations, particularly due to the ongoing conflict in Ukraine, including with respect to enforcing the terms of our agreements with our contractors and managing increasing costs of operations; the impact of health epidemics, including the COVID-19 pandemic, on our business and the actions we may take in response thereto; changes in our strategy, future operations, financial position, estimated revenues and losses, product pricing, projected costs, prospects and plans; the outcome of actual or potential litigation, complaints, product liability claims, or regulatory proceedings, and the potential adverse publicity related thereto; the implementation, market acceptance and success of our business model, expansion plans, opportunities and initiatives, including the market acceptance of our planned products and services; competition and our ability to counter competition, including changes to the algorithms of Google and other search engines; developments and projections relating to our competitors and industry; our expectations regarding our ability to obtain and maintain intellectual property protection and not infringe on the rights of others; our ability to maintain and enforce intellectual property rights and ability to maintain technology leadership; our future capital requirements; our ability to raise capital and utilize sources of cash; our ability to obtain funding for our operations; changes in applicable laws or regulations; the effects of current and future U.S. and foreign trade policy and tariff actions; disruptions in the marketplace for online purchases of aftermarket auto parts; disruptions in the supply chain; and the possibility that we may be adversely affected by other economic, business, and/or competitive factors.









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# Business Overview

**PARTS iD** is a **tech-enabled platform** on a mission to transform the **\$400B+** US auto aftermarket and **\$100B+** adjacent complex parts markets

|  |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|
|  |  |  |  |  |  |  |  |
| CARiD  | BOATiD  | MOTORCYCLEiD  | POWERSPORTSiD   | CAMPERiD  | RECREATIONiD  | TRUCKiD   | TOOLiD  |
| 13.5M+<br>Avg. Monthly Sessions <sup>(1)</sup>                                   | 18M+<br>Product SKUs in Catalog <sup>(2)</sup>                                    | 4.5K+<br>Active Brands <sup>(3)</sup>   | 67.3<br>Net Promoter Score <sup>(4)</sup>   | 6.0%<br>Return Rate <sup>(5)</sup>  | 22.0%<br>Repeat Customer Rate <sup>(6)</sup>  | 34.5%<br>Repeat Customer Revenue <sup>(7)</sup>                                     |   |

A completely differentiated digital commerce experience facilitated by:

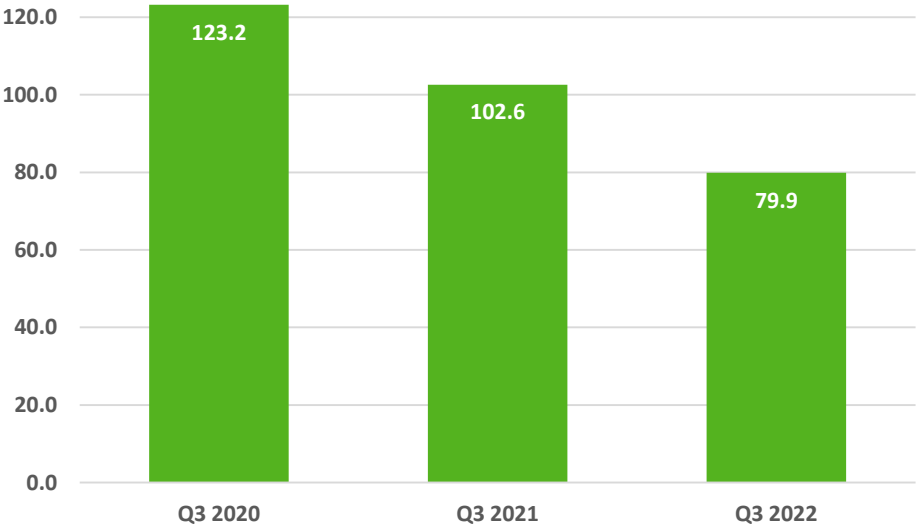
Purpose-built technology for complex, multi-dimensional fitment industries

Comprehensive product database with 14B+ data points powered by AI

Capital-efficient, Just-In-Time (JIT) inventory model with 1,000+ integrated vendor partners

Source: Company-provided information. | (1) Monthly average in Q3 2022. | (2) Number of SKUs as of September 30, 2022. | (3) Number of active brands as of September 30, 2022. Active defined as having at least one sale year to date. | (4) NPS derived from the Company's licensed third-party customer interaction management platform for the Q3 2022 period. | (5) Average of July – September 2022 across all verticals | (6) Q3 2022 repeat customers who had made a prior purchase between 2011 – 2022 Q3 | (7) % 2022 Q3 revenue from customers who had made a prior purchase between 2011 – 2022 Q3; also includes repeat revenue from new customers in 2022 Q3 itself, in instances where new customers made multiple purchases in the period.

# Difficult Year-Over-Year Comparison but Repeat Customers Held Steady



| KPI                           | 3Q2022                     | 3Q2021  | 3Q2020 |
|-------------------------------|----------------------------|---------|--------|
|                               | Year-over-Year change      |         |        |
|                               |                            |         |        |
| Traffic "Sessions"            | (28.0)%                    | (28.9)% | 36.0%  |
| Average Order Value (AOV)     | 5.8%                       | 11.4%   | 0.7%   |
| Website Conversion Rate       | (9.5)%                     | 8.9%    | 23.6%  |
|                               | Percentage for the Quarter |         |        |
| Repeat Customers              | 22.0%                      | 24.2%   | 18.5%  |
| Revenue from Repeat Customers | 34.5%                      | 34.4%   | 29.0%  |

## Performance Drivers:

- Traffic declined from 3Q 2021 to 3Q 2022 due to: lower discretionary demand punctuated by inflation impacted consumer sentiment, advertising spend optimization, and a decrease in organic search traffic due to search engine algorithm changes
- Conversion rate declined from 3Q 2021 due to low consumer sentiment
- Increased inflation and shipping charges passed to the customer led to increased AOV
- Repeat customers and revenue from repeat customers remains strong

# Managing through the Turbulence

## Supply Chain Disruption

- Partnering closely with key suppliers on forecasting and inventory availability
- Cancellation rate decreased 11.8% compared to Q3 2021 and 6.3% compared to Q2 2022

## Decline in New Vehicle Sales

- YTD, Accessories declined 29.1% y/y, however, Repair Parts revenue grew 10% y/y in part due to the growth of our **iD Select** brand which now has over 45,000 SKUs

## Inflation

- Raising prices judiciously on thousands of parts and accessories

## Ukraine

- Many key teammates have successfully migrated outside of the areas being impacted in Ukraine or to other countries
- No physical assets including technology infrastructure are in Ukraine
- While the situation is complex and dynamic, currently moderate impact on operations and productivity

## Cash Management

- Global reduction in force, optimized advertising investments, right-sizing CapEx and strategic and nonstrategic spending
- Negotiated new shipping carrier contract in October





## Financial Overview

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# Performance : 3Q22 vs. 3Q21

## Financial Data

| 000s                | 2021-Q3           | 2022-Q3          | Change \$          | Change %       |
|---------------------|-------------------|------------------|--------------------|----------------|
| <b>Revenue, net</b> | <b>\$ 102,596</b> | <b>\$ 79,885</b> | <b>\$ (22,711)</b> | <b>(22.1)%</b> |
| Operating loss      | (4,245)           | (2,979)          | 1,266              | (29.8)%        |
| Adjusted EBITDA     | (138)             | 159              | 297                | (215.7)%       |

## Adjusted EBITDA Reconciliation

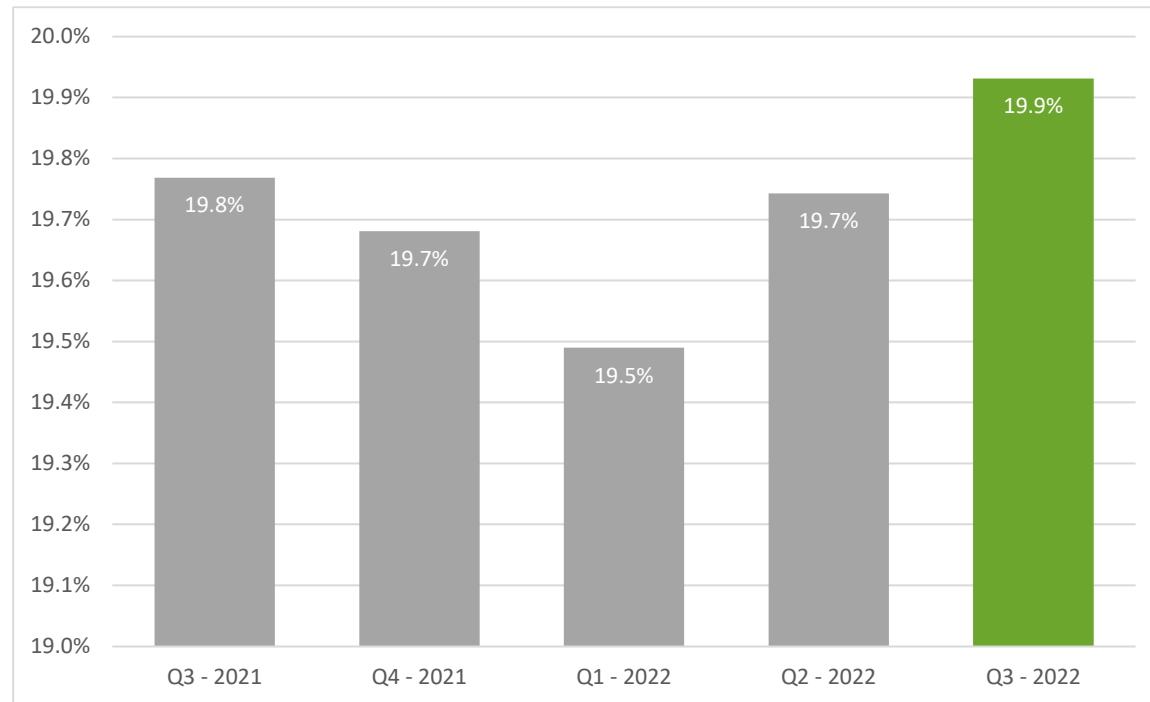
| 000s           | 2021-Q3 A       | 2022 Q3 Actual           |                 |               |
|----------------|-----------------|--------------------------|-----------------|---------------|
|                |                 | Impact Due to Changes in |                 |               |
|                |                 | Volume                   | Rate            | Total         |
| Revenue, net   | \$ 102,596      | \$ (22,711)              |                 | \$ 79,885     |
| Gross Profits  | 20,279          | (4,489)                  | 132             | 15,922        |
| Advertising    | 9,730           | (2,154)                  | (247)           | 7,329         |
| SG&A and Other | 10,687          | (1,067)                  | (1,185)         | 8,434         |
| <b>EBITDA</b>  | <b>\$ (138)</b> | <b>\$ (1,268)</b>        | <b>\$ 1,565</b> | <b>\$ 159</b> |

- When compared to 3Q 2021, normalized operating cash flows as measured by Adjusted EBITDA improved in 3Q 2022, turning turned positive despite the lower comparative revenue
- Operating loss significantly decreased due to increased gross margins, advertisement optimization and other SG&A initiatives
- Cost reductions implemented at end of 2Q22 are expected to yield \$12 million in annualized savings
  - ~84% realized by end of Q3
- In October 2022, the Company successfully negotiated a new shipping contract that will yield more than a 15% net reduction in outbound shipping rates

Note: Numbers may not add due to rounding.



# Gross Margin



- Margin initiatives reflected in the second consequent quarter of improvement in Gross Margin from 1Q 2022 despite difficult operating environment
- Gross Margin impacted by a change in the product category mix and supply chain constraints impacting product availability which led to alternate sourcing of products
- Margins increased in the Adjacent Verticals by 35.1% and by 15.6% in Repairs and OE parts when comparing 3Q 2022 vs. 3Q 2021
- The new shipping contract is expected to reduce shipping losses and the cost of delivery to customers

# Balance Sheet & Cashflow Highlights

## Balance Sheet Data (\$ in millions)

| As at                              | September 30, 2022 | December 31, 2021 |
|------------------------------------|--------------------|-------------------|
| Cash                               | \$4.2              | \$23.2            |
| Other current assets               | 13.8               | 12.8              |
| Net PP&E & Intangibles             | 13.8               | 14.0              |
| Other non-current assets           | 1.5                | 2.6               |
| <b>Total</b>                       | <b>\$33.2</b>      | <b>\$52.5</b>     |
| Customer deposits/deferred revenue | 8.8                | 15.5              |
| Other Current liabilities          | 45.8               | 50.7              |
| Non-Current liabilities            | 0.6                | 0.0               |
| Shareholders deficit               | (21.9)             | (13.7)            |
| <b>Total</b>                       | <b>\$33.2</b>      | <b>\$52.5</b>     |

## Free Cash Flow (\$ in millions)

|   | For the three months ended |                |                | For the nine months ended |               |
|---|----------------------------|----------------|----------------|---------------------------|---------------|
|   | Sep. 30, 2022              | June 30, 2022  | Mar. 31, 2022  | Sep. 30, 2022             | Sep. 30, 2021 |
| Net cash profits/(loss) from operations                     | \$(0.0)                    | \$1.0          | \$(1.8)        | \$(0.8)                   | \$4.5         |
| Changes in net working Capital                              | (2.1)                      | (7.7)          | (3.8)          | (13.6)                    | 2.5           |
| Total : Net cash (used in)/provided by operating activities | (2.1)                      | (6.7)          | (5.5)          | (14.4)                    | 7.0           |
| Purchase of property and equipment (net) & intangibles      | 0.1                        | (0.0)          | (0.0)          | 0.0                       | (0.3)         |
| Website and software development costs                      | (1.1)                      | (1.7)          | (1.8)          | (4.7)                     | (5.4)         |
| <b>Total</b>  | <b>\$(3.1)</b>             | <b>\$(8.5)</b> | <b>\$(7.4)</b> | <b>\$(19.0)</b>           | <b>\$1.3</b>  |

- Zero debt as of September 30, 2022. Subsequently borrowed \$5.5 million for liquidity support
- Decreased customer deposit over December 2021 due to lower revenue and reduction in average unshipped and undelivered days from 11.6 to 9.6 days
- As on September 30, 2022, \$ 3.9 million recorded as deferred tax valuation allowance.
- Net cash consumed by working capital for the three months ended September 30, 2022, was \$2.1M compared to \$7.7M for the three months ended June 30, 2022
- Since June 2022, the Company implemented reductions in both operating and capital expenditures that are intended to stop the cash burn.
- Filed an S-3 registration statement to raise capital for liquidity and growth investment

Note: Numbers may not add due to rounding.



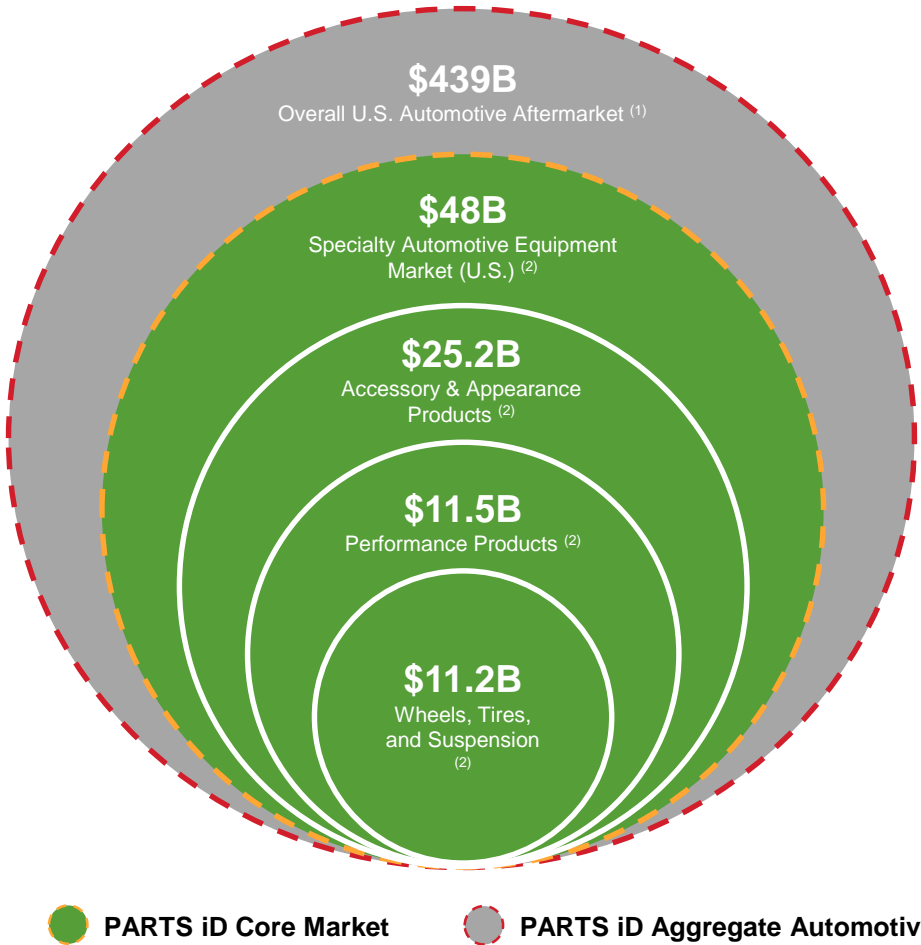
Looking Ahead

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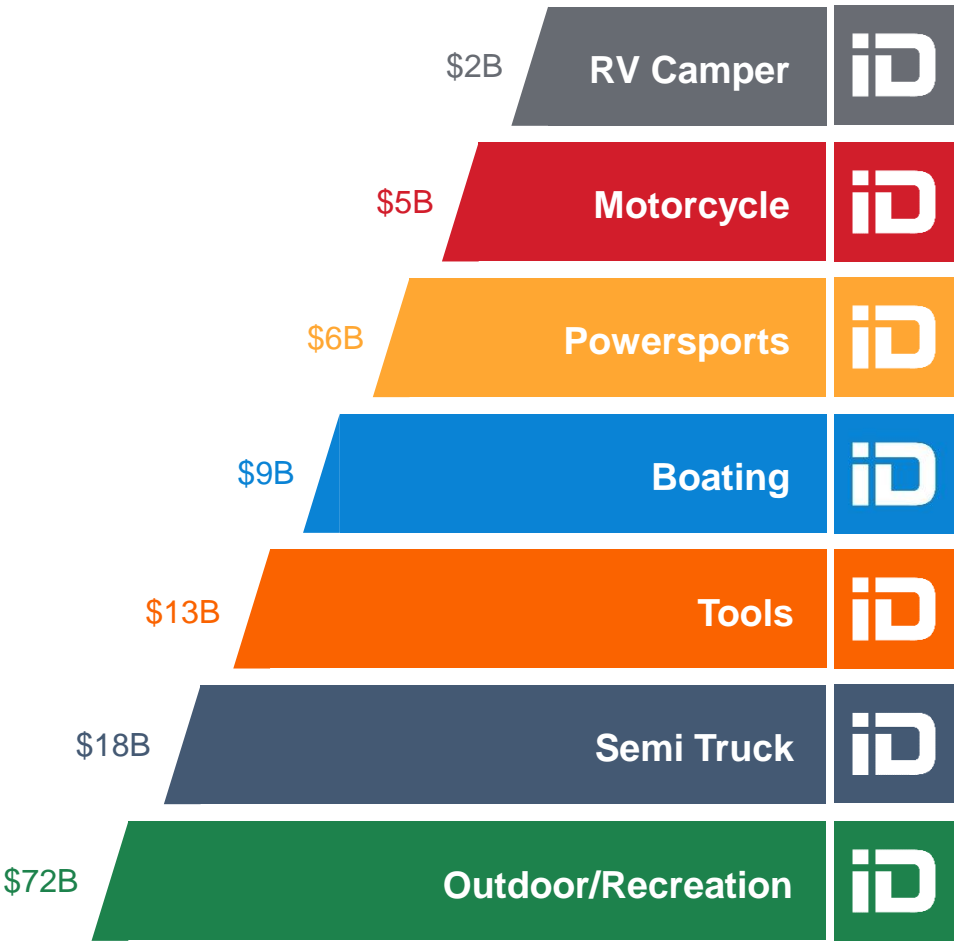


# Substantial runway for growth

## Massive Automotive Market Opportunity



## \$100B+ Additional Enthusiast Market Opportunity <sup>(3)</sup>



(1) 2022 forecast published by Hedges Company based on Auto Care Association/AASA Channel Forecast Model; | (2) SEMA; reflects 2020 market data. | (3) Outdoor Industry Association, IBIS World, Global Market Insights, Technavio, Freedonia, National Marine Manufacturers Association (2) 52% of specialty-equipment is sold online, 48% sold in physical locations (SEMA; reflects 2020 market data).

# Market Tailwinds

## eCommerce Automotive Aftermarket Growth

- U.S. automotive parts eCommerce market share is projected at over \$22 billion by 2023 up from \$16 billion in 2020 <sup>(1)</sup>

## Specialty Equipment Retail Sales Growth

- Sales of specialty-equipment parts reached a new high in 2021, increasing to \$50.9 billion in retail sales for the first time in history – up from \$47.9 billion in 2020 <sup>(2)</sup>
- This segment of the industry is forecast to grow to \$55 billion by 2024 from \$48 billion in 2020 <sup>(2)</sup>

## Miles Driven Rebounded

- Vehicle miles traveled rebounded to pre-pandemic levels since mid-2021; this is driving strong demand for repair and maintenance products
- Through August, cumulative travel for 2022 changed by +1.7% (+36.1 billion vehicle miles) <sup>(3)</sup>

## Adjacent Verticals (Recreational Vehicles)

- The global powersports market is projected to grow from \$8.76 billion in 2020 to \$12.75 billion in 2027 at a CAGR of 5.5% <sup>(4)</sup>
- The North American RV market was valued at \$26.7 billion in 2020 and is anticipated to reach \$35.7 billion by 2026, at a CAGR of about 5% <sup>(5)</sup>
- As of early January, NMMA is projecting new boat sales to surpass 2021 totals by as much as 3% <sup>(6)</sup>

## Accelerating EV Adoption

- Electric vehicle sales are accelerating in the US; while it took almost 8 years for Americans to buy their first million EVs, it took just 2.5 years to reach the next million in sales <sup>(7)</sup>
- U.S. EV sales are expected to increase to 26% by 2035 <sup>(8)</sup>
- While EV is growing, gas vehicles still represent approximately 280 million vehicles currently on the road <sup>(2)</sup>

(1) Hedges & Company | (2) SEMA US Market Data & Reports | (3) U.S. Department of Transportation | (5) National Marine Manufacturers Association | (4) Fortune Business Insights | (5) Mordor Intelligence | (6) National Marine Manufacturers Association | (7) Argonne National Laboratory, Light Duty Electric Drive Vehicles Monthly Sales Update | (8) SEMA Market Research Forecasts and Estimates

# Executing on our Plan

We're orienting the business to succeed across each of these dimensions through a technology-first approach, positioning our platform to adapt to the ebbs and flows in the macroeconomic environment.

## AFTERMARKET REPAIR & OE

- YTD Repair Parts revenue and profit grew 10% y/y
- Original Equipment (OE), which is a sub-cat, Revenue increased nearly 50% y/y in Q3
- Repairs & OE Margin increased 15.6% y/y in Q3

## ADJACENT VERTICALS

- Adjacent Verticals Margin increased 35.1%
- Added over 3,000 Boating & Marine SKUs in Q3 with another 48,000 in the pipeline
- Added 60+ RV specific brands

## CUSTOMER ACQUISITION & RETENTION

- Repeat customer revenue remains strong at 34.5% of total revenue for Q3
- Customers who spent >\$1000 increased to 5.9%
- Advanced CRM and Email Marketing programs

## PRICING & PROFIT OPTIMIZATION

- Positive Adjusted EBITDA
- Continuous Gross Margin improvement all year
- In October we negotiated a new shipping contract that will yield more than 15% net in lower outbound shipping rates
- Cancellation Rate decreased 11.8% y/y and 6.3% q/q



# Strategic Vision







# Q&A



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