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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) **November 1, 2016**

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**U.S. AUTO PARTS NETWORK, INC.**  
(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-33264**  
(Commission  
File Number)

**68-0623433**  
(IRS Employer  
Identification No.)

**16941 Keegan Avenue, Carson, CA 90746**  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code **(310) 735-0085**

**N/A**  
(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 7.01. Regulation FD Disclosure.**

On November 1, 2016, at Gabelli & Company's 40<sup>th</sup> Annual Automotive Aftermarket Symposium in Las Vegas Nevada, U.S. Auto Parts Network, Inc. (the "Company") will be speaking and meeting with certain analysts, investors and others in one-on-one meetings regarding the Company. The Company will also be speaking and meeting with investors at the following investor conferences in November: Maxim Investor Conference in New York on November 10, 2016, at the Wunderlich Conference in New York on November 14, 2016 and at the Craig-Hallum Conference in New York on November 16, 2016. The information to be disclosed during these meetings is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information contained in Item 7.01 and in Item 9.01 and in Exhibit 99.1 attached to this report is being furnished to the

Securities and Exchange Commission and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that Section, or incorporated by reference in any filing under the Exchange Act or the Securities Act of 1933, as amended, regardless of any general incorporation language contained in such filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Presentation of U.S. Auto Parts Network, Inc.
	2

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: November 1, 2016

U.S. AUTO PARTS NETWORK, INC.

By: /s/ NEIL WATANABE

Neil Watanabe  
Chief Financial Officer

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**EXHIBIT INDEX**

<u>Exhibit No.</u>	<u>Description</u>
99.1	Presentation of U.S. Auto Parts Network, Inc.
	4

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NASDAQ: PRTS

# US AUTOPARTS

## *Investor Presentation*

November 2016



This presentation contains “forward-looking” statements, within the meaning of the federal securities laws, that are based on our management’s beliefs and assumptions and on information currently available to management. Forward-looking statements include information concerning our possible or assumed future results of operations, expected growth and business strategies, key operating metrics, financing plans, competitive position, industry environment, potential product offerings, potential market and growth opportunities and the effects of competition.

Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “anticipates,” “believes,” “could,” “seeks,” “estimates,” “intends,” “may,” “plans,” “potential,” “predicts,” “projects,” “should,” “will,” “would” or similar expressions and the negatives of those terms. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements represent our management’s beliefs and assumptions only as of the date of this presentation. These statements do not guarantee future performance and speak only as of the date hereof, and qualify for the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933. We refer all of you to the disclosures contained in the U.S. Auto Parts Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the Securities and Exchange Commission, including the risk factors set forth therein, for more detailed discussion on the factors that can cause actual results to differ materially from those projected in any forward-looking statements. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

This presentation includes certain non-GAAP financial measures as defined by SEC rules. We have provided a reconciliation of those measures to the most directly comparable GAAP measures in this presentation, where applicable, as well as in the appendix to this presentation.

All financial measures in this presentation refer solely to the Company’s core auto parts operating segment (“Base USAP”) and exclude the AutoMD operating segment (“AutoMD”), an online automotive repair information source of which we are a majority stockholder, unless otherwise specified on a consolidated basis.

# Company Overview



- ▶ **US Auto Parts is a leading pure-play internet retailer of aftermarket auto parts**
- ▶ **We operate online sites, marketplaces and wholesale channels** focused on the do-it-yourself (DIY) customer
- ▶ **Offer over 1 million SKUs** of high quality private label and branded aftermarket products
- ▶ **Reach ~10 million online customers** per month through our well-established network of websites

*A Value Leader in  
Aftermarket Auto Parts*

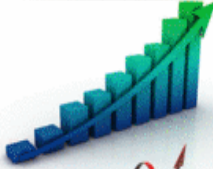




# Company Profile



▶ Revenues approximately \$300M



▶ Trailing Twelve Month (TTM) Q3-2016 Net Income of \$3M

▶ Trailing Twelve Month (TTM) Adjusted EBITDA of \$14M

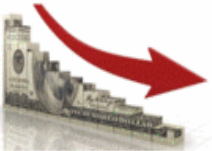


▶ Private label business is 65% of sales



▶ Private label has a 14% CAGR over the last 8 years

▶ Gross Margin over 30%



▶ Balance sheet cash over \$5mm with no revolver debt

▶ Public Company since 2007 – NASDAQ (PRTS)

1) Non-GAAP financial measure EBITDA consists of net income before (a) interest expense, net; (b) income tax provisions; (c) amortization of intangible assets; (d) depreciation and amortization. See Appendix for a reconciliation of Adjusted EBITDA to net income

# How We Go To Market: Channels & Percent of Revenue

## eCommerce Websites:

Network of flagship websites supported by our call center agents. Sites also generate advertising & sponsorship revenue.



91%

## Online Marketplaces:

3rd party auction sites and shopping portals, enabling access to additional consumer segments.



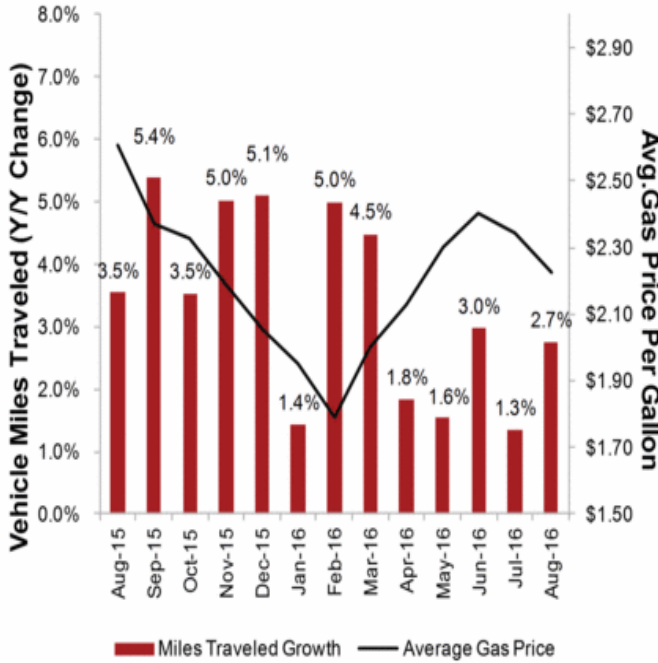
**Offline/Wholesale:** Products distributed directly to commercial customers, mostly collision repair shops. Also our Kool-Vue™ branded products sold to wholesale distributors.



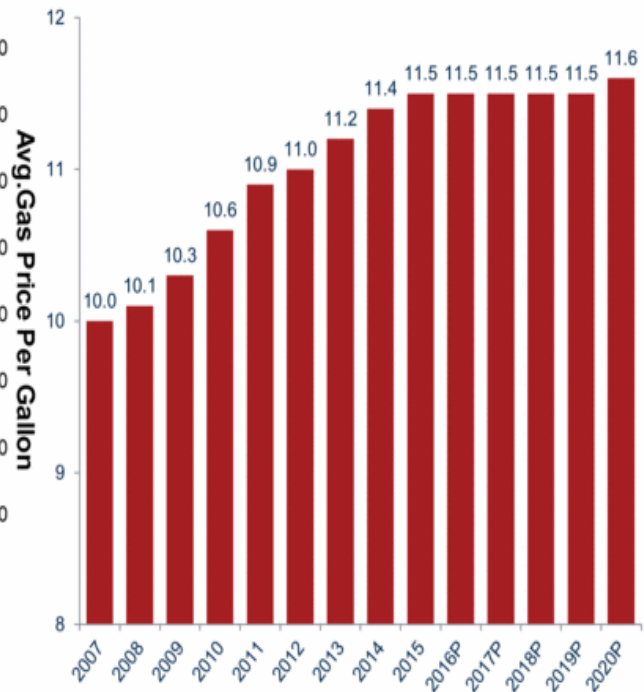
9%

# Aftermarket Auto Parts Sales Benefits From Macro Trends

### Lower Gas Prices Result in Increased Auto Miles Traveled



### Average Age of Light Vehicles on the Road Continues to Increase



Source: Miles Traveled – U.S. Department of Transportation; Gas Prices – U.S. Energy Information Administration, BHS



# Online Adoption of Aftermarket Auto Parts has Favorable Trends

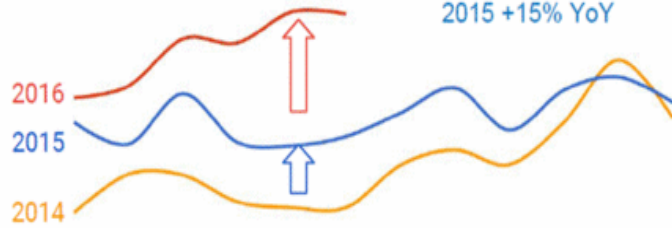
- Growth for auto parts online has accelerated in 2016 with parts & accessories reaching an all time high in Q2
- Significant growth occurred during what is usually a slow season

## Digital Trends

[vehicle parts & service monthly searches]

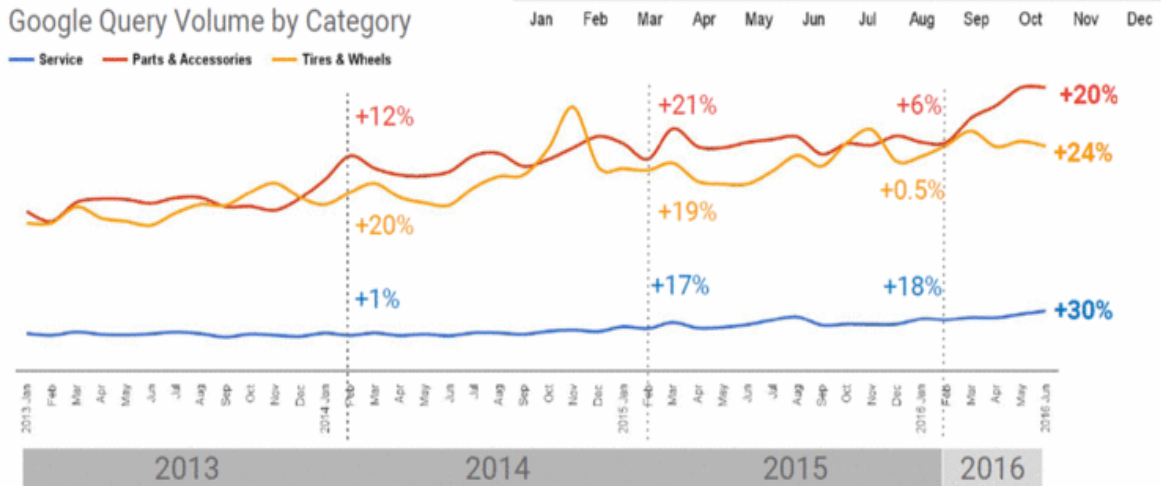
2016 +23% YoY

2015 +15% YoY



## Google Query Volume by Category

Service Parts & Accessories Tires & Wheels



Source: Google

# Customer Value Proposition

## Low Cost Products

- Cost-conscious customers are able to purchase over 55,000 products at a significant cost savings because we are able to identify high demand SKUs and source them from one of 350+ reputable factories in Asia; over 60% of USAP unit sales are private label

## Product Warranties

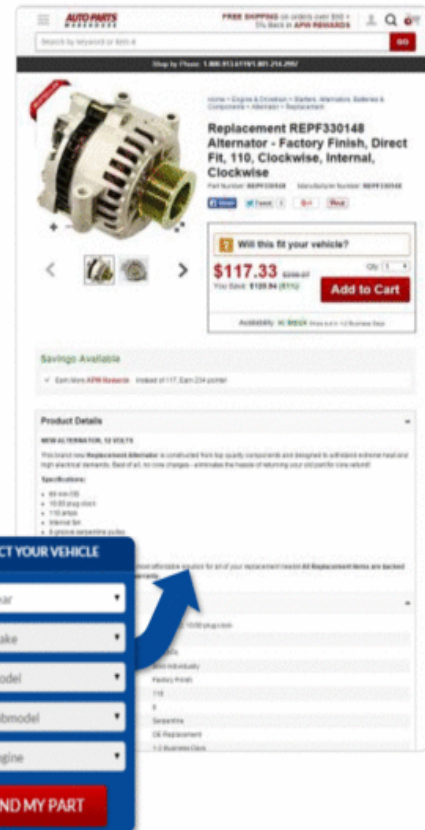
- We provide a limited warranty for all products sold including a full parts replacement

## User-Friendly Websites

- Customers shop websites designed specifically for the auto parts segment driven by our complex catalogs allowing customers to quickly identify SKUs required and build complete jobs

## Over 1M SKUs

- Customers have one-stop shopping on over 1 million products across all major categories for auto parts: Collision, Engine/Under Car, and Performance and Accessories

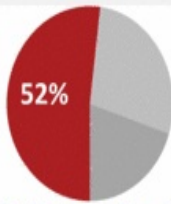


**Price & Product Availability: The Two Most Important Factors for DIY Customers**

Source: Aftermarket Business World, Feb 2014

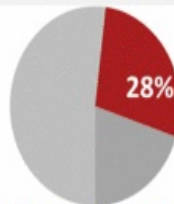
# We Address the Market with an Expansive Product Offering

TTM Q3-16  
Revenue  
Mix



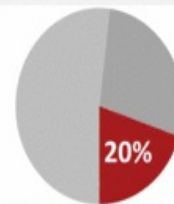
## Collision Parts

Lamps 	Mirrors 	Bumpers 
Hoods 	Tailgates 	Doors 
Grills 	Wheels 	Window Regulators 



## Engine Parts

Brake Discs 	Catalytic Converters 	Radiators 
Headers 	Oxygen Sensors 	Alternators 
Exhaust 	Driveshaft 	Fuel Injection / Delivery 



## Performance & Accessories

Seat Covers 	Car Covers 	Floor Mats / Carpeting 
Cold Air Intakes 	Vent Visors 	Tonneau Covers 
Nerf Bars 	Bug Shields 	Car Bras 

Private Label 97%

Branded 3%

54%

46%

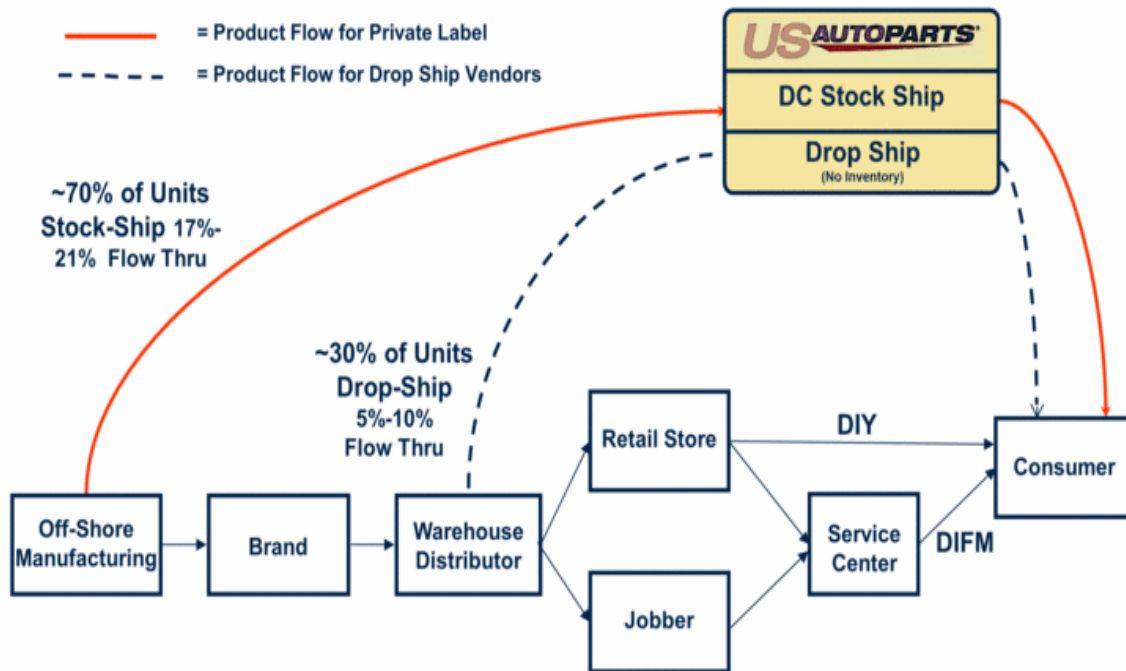
4%

96%

Note: All percentages of sales revenue is estimated using TTM Q3-16

**Over 1 Million SKUs Across Several Categories**

USAP has built a vertically integrated e-commerce business



# Projected Margin Profile

- ▶ Incremental flow through from private label business is driving higher margins
- ▶ Minimal fixed costs creates significant leverage in our business model
- ▶ We believe revenue mix will continue to shift to private label

	Private Label	Branded	Total
Q3 YTD Growth Rate <sup>1</sup>	11%	(7%)	4%
Projected Revenue Mix	65% - 67%	33% - 35%	100%
Projected Gross Margins	34% - 36%	17% - 20%	29% - 31%
Projected Variable OPEX Costs	15% - 17%	10% - 12%	14% - 16%
Incremental Fixed Cost	0%	0%	0%
<b>Incremental Flow Thru</b>	<b>17% - 21%</b>	<b>5% - 10%</b>	<b>13% - 17%</b>

1) Excludes non-operating channel segments

2) Projections above are based on management assumptions as of November 1, 2016.



# Competitive Landscape

## Online Traffic Volume Comparison

Monthly Visitors<sup>1</sup>



- ▶ **Our long domain history** and quality content drives 1.5x as many monthly visitors as the next competitor
- ▶ Also reflects our ability to attract customers through paid search advertising (SEM), SEO, affiliate programs and e-mail campaigns

1) Competitor sites' traffic based on Compete using the average monthly traffic for Q3-16  
 2) Monthly Visitors for US Auto Parts is average monthly traffic for Q3-16

# Being Able to Spend More Gives USAP a Louder Voice in the Marketplace\*

As we mix shift toward more private label parts with higher margins, we are able to increase advertisement spend and gain market share

		Daily Ad Spend	Incremental Projected Return	Projected Return on Ad Spend
		\$0 - \$1,000	5,000%	5,000%
		\$1,000 - \$2,000	4,000%	4,500%
		\$2,000 - \$3,000	3,000%	4,000%
Private Branded Label	35% 65%	\$29,000 - \$30,000	500%	1000%
	65% 35%	\$44,000 - \$45,000	0%	250%
	80% 20%	\$60,000 - \$61,000	(1,000%)	(100%)

\* For illustration purposes only – numbers can vary depending on numerous factors including mix, price, cost, etc....



## Financial Highlights

# Key Stats: PRTS (NASDAQ) – Consolidated



NASDAQ:PRTS

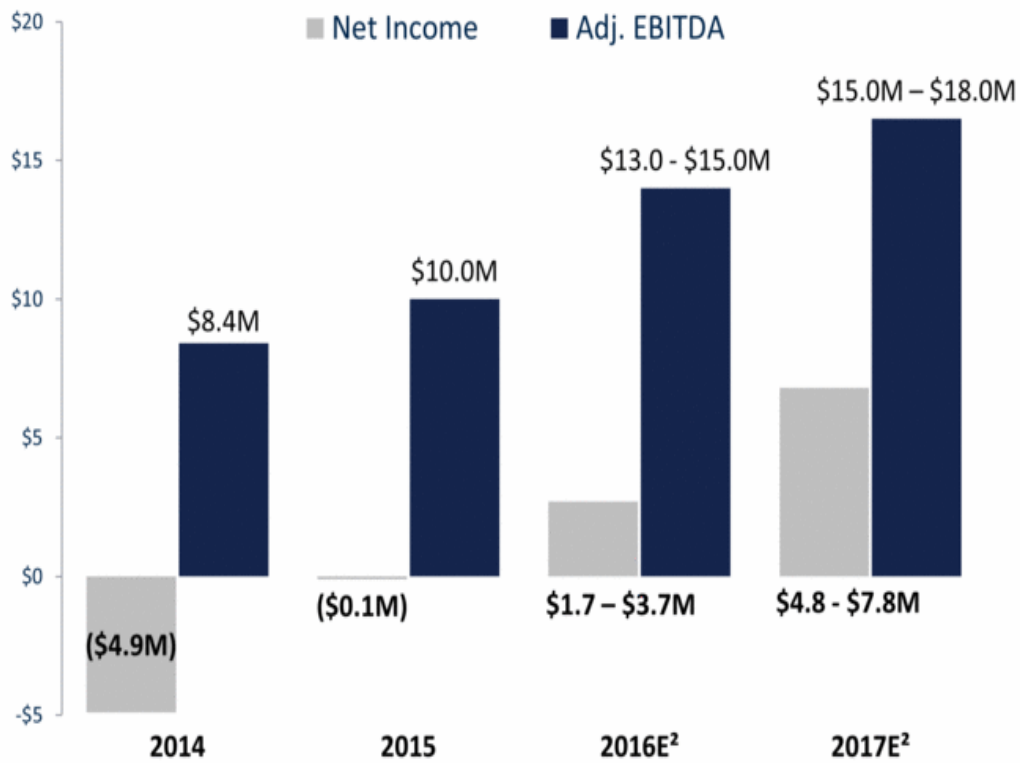
Trading Data (@ October 28, 2016)		Financial Highlights (@ July 2, 2016)	
Stock Price	<b>\$3.08</b>	Revenues (TTM)	<b>\$299.7M</b>
52 Wk. High/Low	\$4.49/2.00	Gross Margin (TTM)	30.3%
Avg. Daily Vol. (3 mo.)	118,946	Net Income (TTM)	\$3.0M
Fully Diluted Shares Out. <sup>1</sup>	39.1M	<b>Cash &amp; Equiv.</b>	<b>\$7.5M</b>
Institutional Holdings	28%	Total Assets	\$83.5M
Insider Holdings	37%	Total Revolver Debt	\$0
<b>Valuation Measures</b>		Total Liabilities	\$57.7M
<b>Market Cap</b>	<b>\$123.0M</b>	Total Equity	\$25.7M
Enterprise Value	\$115.5M		
EV/Revenue	0.4X		
Employees <sup>2</sup>	1,171		

Data sources: Yahoo! Finance, S&P Capital IQ, company filings.

1) Includes 4.1M preferred shares.

2) As of October 31, 2016.

# Strong Net Income & Adjusted EBITDA<sup>1</sup> Growth Trends for U.S. Auto Parts

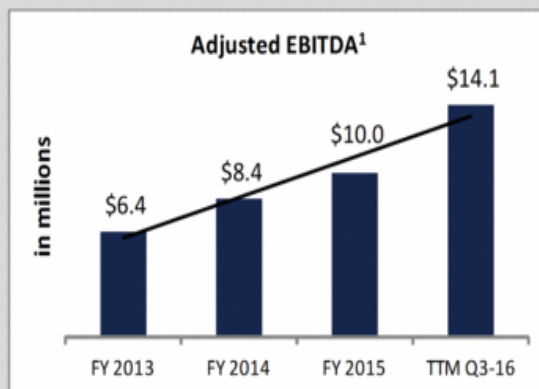
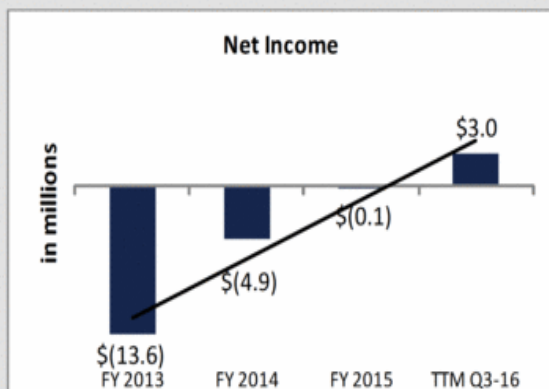
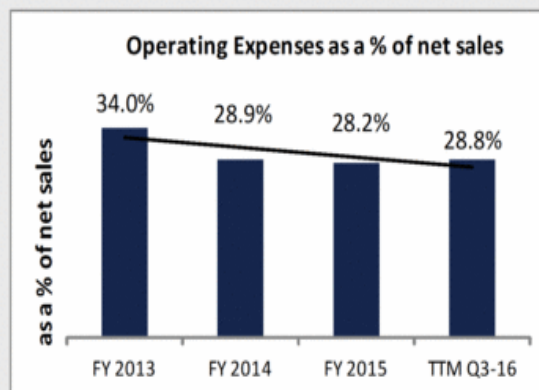
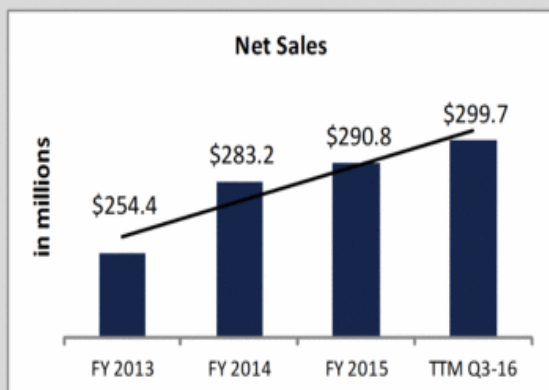


1) Non-GAAP financial measure EBITDA consists of net income before (a) interest expense, net; (b) income tax provisions; (c) amortization of intangible assets; (d) depreciation and amortization. Adjusted EBITDA excludes Stock based compensation, restructuring costs and other one-time charges. See Appendix for reconciliation of Adjusted EBITDA to net income

2) Represents guidance for Net Income & Adjusted EBITDA growth, issued and only effective November 1, 2016



# Financial Performance

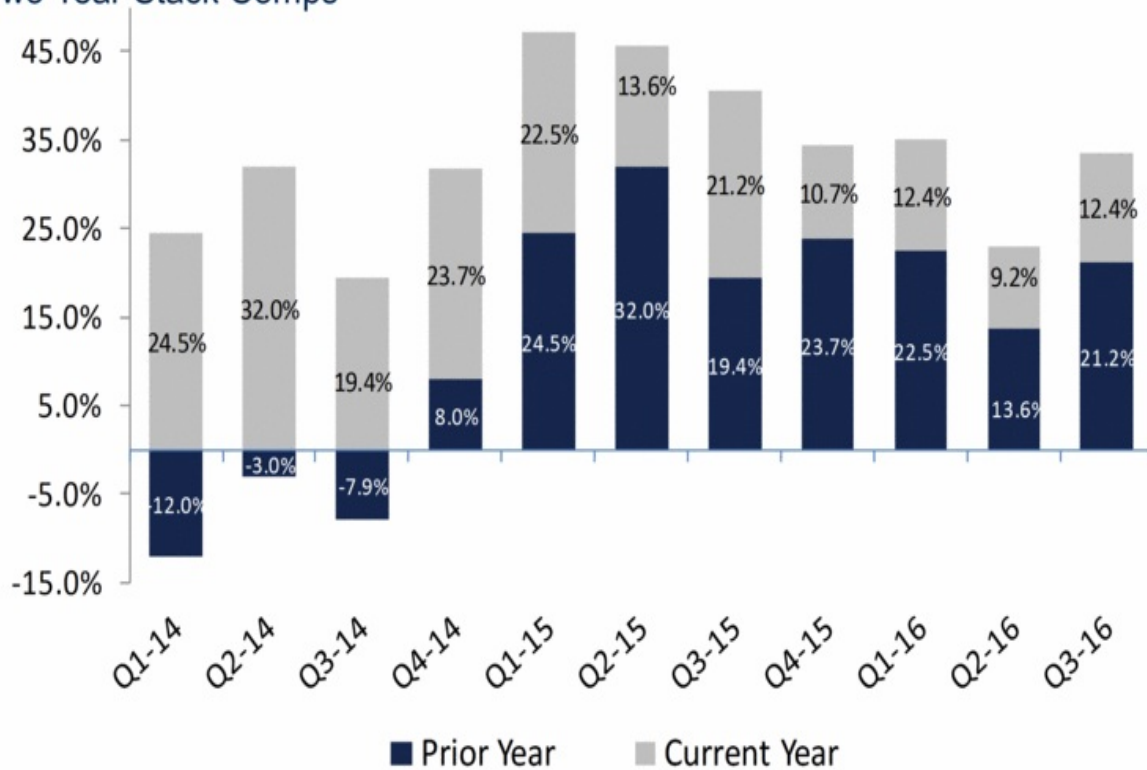


1) Non-GAAP financial measure EBITDA consists of net income before (a) interest expense, net; (b) income tax provisions; (c) amortization of intangible assets; (d) depreciation and amortization. Adjusted EBITDA excludes Stock based compensation of \$1.3M, \$2.4M, \$2.3M & \$3.0M for FY-13, FY-14, FY-15 & TTM Q3-16, respectively and restructuring costs and not expected to be recurring charges of \$6.8M and \$2.0M for FY-13 and FY-14, respectively. Refer to the appendix for a full Adjusted EBITDA reconciliation to net income

# 2 Year Stacked Private Label Quarterly Sales Trend<sup>1</sup> **US AUTOPARTS**

NASDAQ:PRTS

## Two Year Stack Comps

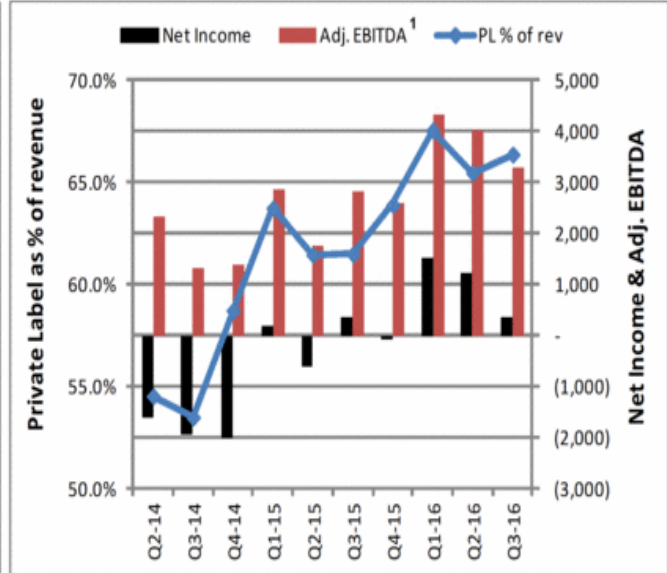
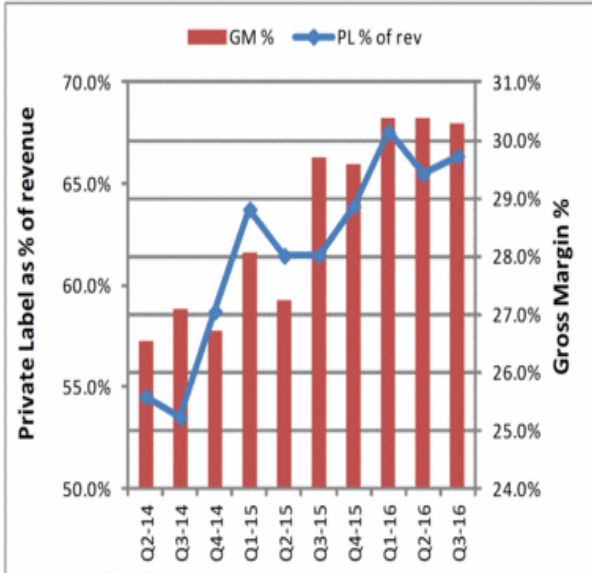


<sup>1</sup>Comparables net sales was calculated by excluding \$2.0M in private label sales related to the extra week in Q4-14, as well as \$1.7M, 1.4M, 0.8M and \$0.5M in sales related to the West Coast Wholesale operations from Q1-14, Q2-14, Q3-14 and Q4-14, respectively.

**This year we have on improved profitability vs. high growth in sales**

# Increased Private Label Penetration tracks to Margin, Net Income & Adjusted EBITDA Improvement

Our ability to grow our overall private label business has a positive impact to our overall margin, net income and adjusted EBITDA



<sup>1</sup>See Appendix for reconciliation of Adjusted EBITDA to Net Income.

**Private Label continues to be a major focus of our business**

- ▶ **A leading pure-play internet retailer of aftermarket auto parts**
- ▶ **\$6.7 billion on-line DIY market** anticipated to nearly double by 2020<sup>2</sup>
- ▶ **~10 million monthly website visitors** – more than 1.5 times the next competitor
- ▶ **Transitioning to a higher mix of private label products** to drive increased conversion rates, higher-margin revenues, net income and Adjusted EBITDA
- ▶ **Shifting Focus from Growth to Profitability** – Improved profitability resulting in free cash flow generation and significantly pay down of debt in 2016

**AUTO PARTS**  
WAREHOUSE

**JC**Whitney<sup>®</sup>  
100 YEARS EVERYTHING AUTOMOTIVE

**CarParts.com**<sup>™</sup>

1) Revenue estimate represents low to mid-single digit growth from 2015. Guidance updated and effective only on November 1, 2016.

2) Based on managements assumptions and projections

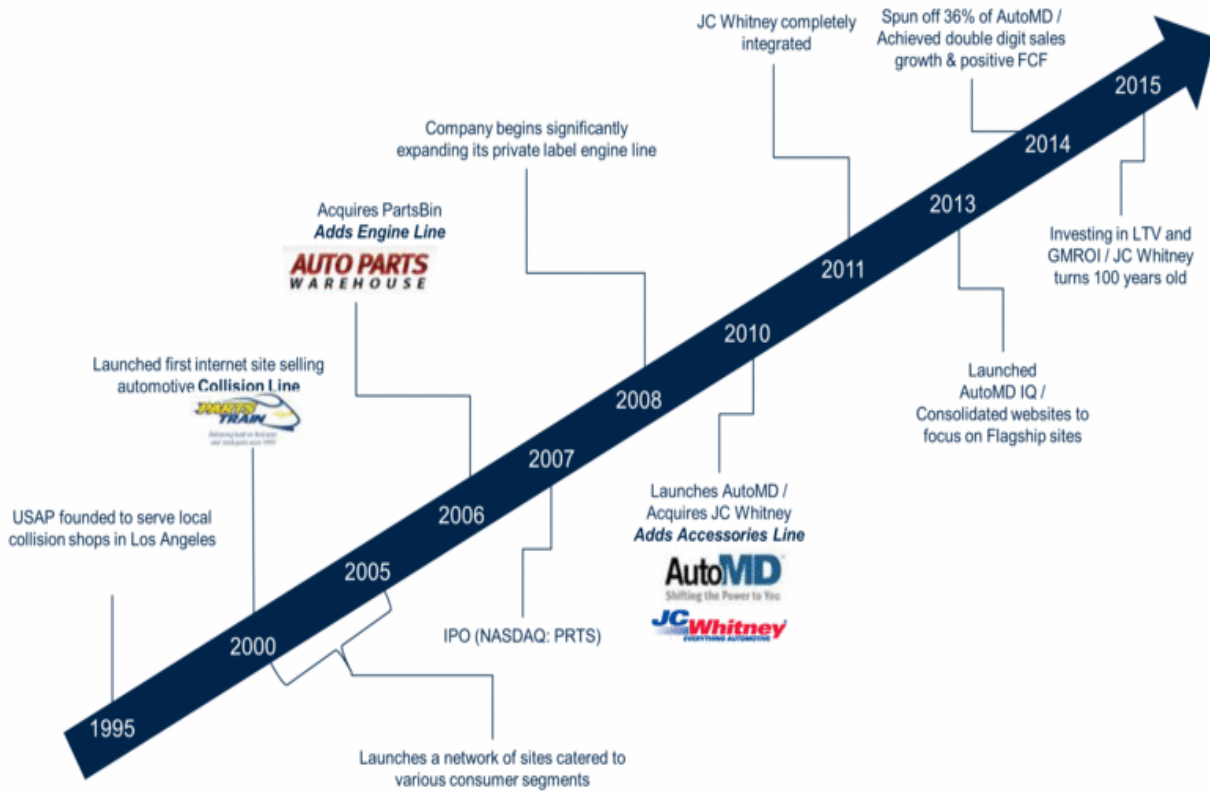
3) See Appendix for a reconciliation to net income



## APPENDIX



# Company History



# Experienced Leadership Team



**Shane Evangelist** | Chief Executive Officer

- Since October 2007
- Over 13 years of experience leading internet businesses
- Senior Vice President and General Manager of Blockbuster Online
- Vice President of Strategic Planning for Blockbuster Inc.
- B.A. degree in Business Administration from the University of New Mexico and M.B.A. from Southern Methodist University



**Neil Watanabe** | Chief Financial Officer

- Since March 2015
- Over 30 years of finance, accounting and retail experience in both private & public companies
- Chief Operating Officer of National Stores
- EVP & Chief Financial Officer – Pet Smart
- B.A. degree in Social Sciences from the University of California, Los Angeles and CPA certification in Illinois



**Aaron E. Coleman** | Chief Operating Officer

- Since April 2008
- Former Executive Vice President of Operations and CIO from April 2008 - September 2010
- Over 18 years of e-commerce experience
- Senior Vice President – Online Systems at Blockbuster Inc.
- B.A. degree in Business Administration from Gonzaga University



**Charles Fischer** | SVP of Global Procurement

- Since May 2008
- Over 30 years of global sourcing experience
- Vice President, Supply Chain Management for Keystone Automotive Industries
- Director, Business Development for Modern Engineering
- Multiple leadership positions with multiple companies in the automotive aftermarket industry

# Financial Highlights – Q3-16

- ▶ Total revenue \$73.5M
- ▶ Total sales up 4.1%
- ▶ Gross Margin expansion of 80 basis points over prior year
- ▶ Net Income was flat at \$0.4M vs. the prior year
- ▶ Adjusted EBITDA was 4.3% of net sales or \$3.1M . A 10% increase over prior year
- ▶ \$5.2M in cash with no borrowings on our revolver debt vs. \$1.0M in cash and borrowings on our revolver debt of \$8.3M in Q3 last year
- ▶ Added over 2,100 Private Label SKUs during the quarter

1) Non-GAAP financial measure EBITDA consists of net income before (a) interest expense, net; (b) income tax provisions; (c) amortization of intangible assets; (d) depreciation and amortization. See Appendix for a reconciliation of Adjusted EBITDA to net income

## Key Business Metrics Over Last Five Quarters

	Margin %	Y/Y BPS Change
Q3-16	30.5%	0.8%
Q2-16	30.4%	3.2%
Q1-16	30.4%	2.3%
Q4-15	29.6%	2.9%
Q3-15	29.7%	2.6%

	Private Label % Mix	Y/Y BPS Change
Q3-16	66%	6%
Q2-16	65%	5%
Q1-16	67%	4%
Q4-15	63%	5%
Q3-15	60%	7%

	Traffic (in millions)	Y/Y % Change
Q3-16	28.4	-2.8%
Q2-16	30.2	3.2%
Q1-16	31.4	2.7%
Q4-15	27.6	-5.6%
Q3-15	29.3	-0.5%

	Conversion	Y/Y BPS Change
Q3-16	1.89%	0.14%
Q2-16	1.80%	0.01%
Q1-16	1.78%	0.09%
Q4-15	1.78%	0.11%
Q3-15	1.75%	0.08%

**Private Label continues to be a major focus of our business**

# Yearly Adjusted EBITDA Reconciliation



NASDAQ:PRTS

	FY-13	FY-14	FY-15	TTM Q3-16
	52 Weeks Ending	53 Weeks Ending	52 Weeks Ending	52 Weeks Ending
<i>(in thousands)</i>	December 28, 2013	January 2, 2015	January 2, 2016	October 1, 2016
Net income (loss)	\$ (13,644)	\$ (4,907)	\$ (136)	\$ 3,049
Depreciation	10,676	7,230	6,141	6,280
Amortization of intangibles	381	422	431	447
Interest expense, net	972	1,101	1,208	1,176
Taxes	43	137	88	160
EBITDA	<u>\$ (1,572)</u>	<u>\$ 3,983</u>	<u>\$ 7,732</u>	<u>\$ 11,111</u>
Stock comp expense	1,211	2,367	2,297	2,980
Inventory write down related to Carson closure	-	897	-	-
Restructuring Cost	723	1,137	-	-
Impairment loss on property & equipment	4,832	-	-	-
Impairment loss on intangible assets	1,245	-	-	-
Adjusted EBITDA	<u>6,439</u>	<u>8,384</u>	<u>10,029</u>	<u>14,091</u>

1) Non-GAAP financial measure EBITDA consists of net income before (a) interest expense, net; (b) income tax provisions; (c) amortization of intangible assets; (d) depreciation and amortization. Adjusted EBITDA excludes stock based compensation, restructuring cost, and impairment loss

# Quarterly Adjusted EBITDA Reconciliation



NASDAQ:PRTS

(in thousands)

	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16	Q2-16	Q3-16
Net income (loss)	\$(1,619)	\$(1,960)	\$(2,010)	\$ 187	\$ (611)	\$ 353	\$ (65)	\$ 1,537	\$ 1,216	\$ 358
Depreciation	1,817	1,803	1,676	1,549	1,484	1,539	1,570	1,544	1,556	1,611
Amortization of intangibles	126	106	106	107	107	107	110	112	113	112
Interest expense, net	238	283	327	373	272	273	300	346	242	287
Taxes	21	15	69	158	(69)	(22)	21	33	113	(2)
<b>EBITDA</b>	<b>\$ 583</b>	<b>\$ 247</b>	<b>\$ 168</b>	<b>\$ 2,374</b>	<b>\$ 1,183</b>	<b>\$ 2,250</b>	<b>\$ 1,936</b>	<b>\$ 3,572</b>	<b>\$ 3,240</b>	<b>\$ 2,365</b>
Stock comp expense	624	682	685	477	574	587	659	772	785	764
Inventory write down related to Carson closure	478	-	102	-	-	-	-	-	-	-
Restructuring Cost	625	410	419	-	-	-	-	-	-	-
<b>Adjusted EBITDA</b>	<b>2,310</b>	<b>1,339</b>	<b>1,374</b>	<b>2,851</b>	<b>1,757</b>	<b>2,837</b>	<b>2,595</b>	<b>4,344</b>	<b>4,025</b>	<b>3,129</b>

1) Non-GAAP financial measure EBITDA consists of net income before (a) interest expense, net; (b) income tax provisions; (c) amortization of intangible assets; (d) depreciation and amortization. Adjusted EBITDA excludes stock based compensation, restructuring cost, and impairment loss



# Projected FY-16 Adjusted EBITDA reconciliation **US AUTOPARTS**

NASDAQ:PRTS

<i>(in thousands)</i>	Low End	High End
	52 Weeks Ending December 31, 2016	52 Weeks Ending December 31, 2016
Net income	\$ 1,655	\$ 3,655
Depreciation	6,349	6,349
Amortization of intangibles	437	437
Interest expense, net	1,099	1,099
Taxes	256	256
EBITDA	<u>\$ 9,796</u>	<u>\$ 11,796</u>
Stock comp expense	<u>3,204</u>	<u>3,204</u>
Adjusted EBITDA	<u>13,000</u>	<u>15,000</u>

1) Non-GAAP financial measure EBITDA consists of net income before (a) interest expense, net; (b) income tax provisions; (c) amortization of intangible assets; (d) depreciation and amortization. Adjusted EBITDA excludes Stock based compensation

# Projected FY-17 Adjusted EBITDA reconciliation **USAUTOPARTS**

NASDAQ:PRTS

<i>(in thousands)</i>	Low End		High End	
	52 Weeks Ending		52 Weeks Ending	
	December 30, 2017		December 30, 2017	
Net income	\$	4,800	\$	7,800
Depreciation		6,700		6,700
Amortization of intangibles		428		428
Interest expense, net		1,176		1,176
Taxes		274		274
EBITDA	\$	13,378	\$	16,378
Stock comp expense		1,622		1,622
Adjusted EBITDA		15,000		18,000

1) Non-GAAP financial measure EBITDA consists of net income before (a) interest expense, net; (b) income tax provisions; (c) amortization of intangible assets; (d) depreciation and amortization. Adjusted EBITDA excludes Stock based compensation

# Financial Sensitivity

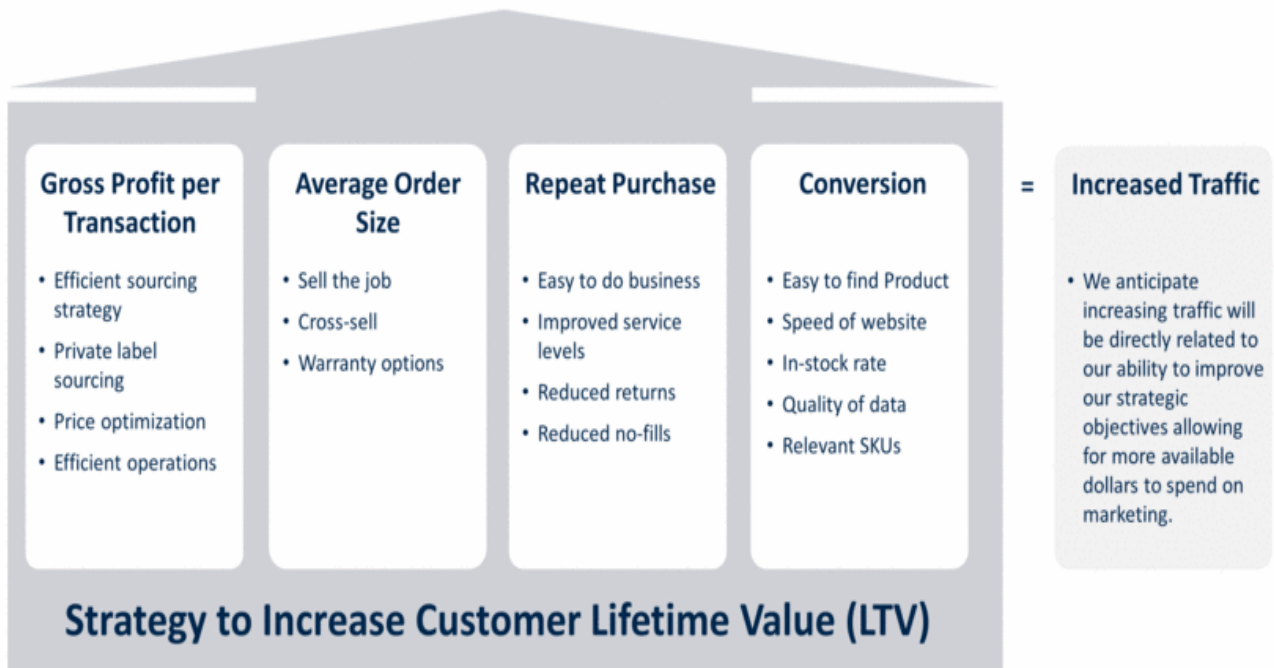
(\$ figures in millions)

	2015	5%	10%	20%	30%	40%
<b>Revenue</b>	\$291	\$306	\$320	\$349	\$378	\$407
Gross Margin %	28.6%	29.0% – 31.0%	29.0% – 31.0%	29.0% – 31.0%	29.0% – 31.0%	29.0% – 31.0%
Variable:						
Fulfillment	3.6%	3.7%	3.7%	3.7%	3.7%	3.7%
Marketing	9.3%	9.5%	9.5%	9.5%	9.5%	9.5%
Technology	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
G&A	1.7%	1.8%	1.8%	1.8%	1.8%	1.8%
<b>Total Variable</b>	15.2%	15.7%	15.7%	15.5%	15.7%	15.7%
Fixed: <sup>1</sup>						
Fulfillment	2.1%	2.0%	1.9%	1.8%	1.6%	1.5%
Marketing	3.8%	3.7%	3.5%	3.2%	3.0%	2.8%
Technology	1.1%	1.2%	1.1%	1.0%	1.0%	0.9%
G&A	3.2%	3.0%	2.9%	2.6%	2.4%	2.3%
<b>Total Fixed</b>	10.1%	9.9%	9.5%	8.7%	8.0%	7.4%
<b>D&amp;A, SBC, Taxes, etc</b>	3.5%	3.3%	3.2%	2.9%	2.7%	2.5%
Net Income %	-0.1%	0.1% – 2.1%	0.7% – 2.7%	1.9% – 3.9%	2.6% – 4.6%	3.4% – 5.4%
Adjusted EBITDA %	3.4%	3.4% – 5.4%	3.9% – 5.9%	4.8% – 6.8%	5.3% – 7.3%	5.9% – 7.9%
Net Income \$	<b>(\$1)</b>	<b>\$0 – \$6</b>	<b>\$2 – \$9</b>	<b>\$7 – \$14</b>	<b>\$10 – \$18</b>	<b>\$14 – \$22</b>
Adjusted EBITDA \$ <sup>2</sup>	<b>\$10</b>	<b>\$10 – \$17</b>	<b>\$12 – \$19</b>	<b>\$17 – \$24</b>	<b>\$20 – \$28</b>	<b>\$24 – \$32</b>

1) For every incremental year required to achieve growth levels, fixed expenses projected to increase \$1.0M or 3%.  
2) Excludes stock based compensation, depreciation and amortization.

**Our Business Model Projects Significant Cost Leverage as Revenues Grow** 29

# Key Avenues for Growth – Increase Customer Lifetime Value



Increased customer LTV would result in greater mix of traffic from both direct-to-website and paid channels, and less dependence on organic search