

The RealReal



Q2 2022  
EARNINGS  
PRESENTATION

# Safe Harbor/Disclosure Statement

These materials contain forward-looking statements relating to, among other things, the future performance of The RealReal that are based on the company's current expectations, forecasts and assumptions and involve risks and uncertainties. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “intend,” “potential,” “continue,” “ongoing” or the negative of these terms or other comparable terminology. These statements include, but are not limited to, statements about future operating and financial results, including our strategies, plans, commitments, objectives and goals, in particular in the context of the impacts of recent geopolitical events, uncertainty surrounding macroeconomic trends, inflation and the COVID-19 pandemic, and our financial guidance, timeline to profitability, 2025 vision and long-range financial targets and projections. Actual results could differ materially from those predicted or implied and reported results should not be considered as an indication of future performance. Other factors that could cause or contribute to such differences include, but are not limited to, the impact of the COVID-19 pandemic on our operations and our business environment, any failure to generate a supply of consigned goods, pricing pressure on the consignment market resulting from discounting in the market for new goods, failure to efficiently and effectively operate our merchandising and fulfillment operations, labor shortages and other reasons.

More information about factors that could affect The RealReal's operating results is included under the captions “Risk Factors” and “Management's Discussion and Analysis of Financial Condition and Results of Operations” in the company's most recent Annual Report on Form 10-K for the year ended December 31, 2021 and subsequent Quarterly Reports on Form 10-Q, copies of which may be obtained by visiting the company's Investor Relations website at <https://investor.therealreal.com> or the SEC's website at [www.sec.gov](http://www.sec.gov). Undue reliance should not be placed on the forward-looking statements in this presentation, which are based on information available to the company on the date hereof. The company assumes no obligation to update such statements.

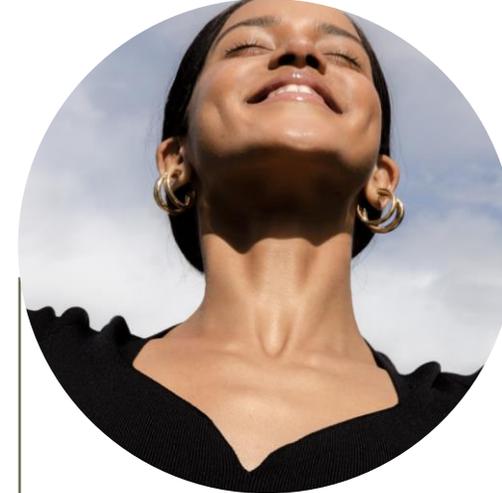
These materials and the accompanying oral presentations also contain statistical data, estimates and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on our internal sources. This information involves many assumptions and limitations, and you are cautioned not to give undue weight to such information. We have not independently verified the accuracy or completeness of the information contained in the industry publications and other publicly available information. Accordingly, we make no representations as to the accuracy or completeness of that information nor do we undertake to update such information after the date of this presentation.

In addition to financial information presented in accordance with U.S. generally accepted accounting principles (“GAAP”), this presentation includes the non-GAAP financial measures of Adjusted EBITDA. These non-GAAP measures are presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP. These non-GAAP measures have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of other GAAP financial measures. Reconciliations of these measures to the most directly comparable GAAP measures are included at the end of this presentation. We have not reconciled forward-looking Adjusted EBITDA to the most directly comparable GAAP measures of Net Income (Loss) because we cannot predict with reasonable certainty the ultimate outcome of certain components of such reconciliations, including payroll tax expense on employee stock transactions, that are not within our control, or other components that may arise, without unreasonable effort. For these reasons, we are unable to assess the probable significance of the unavailable information, which could materially impact the amount of future Net Income (Loss).

# Despite Challenges, Continued Solid Performance in Q2 2022



*Added Sales talent following staffing pressures in Q2 resulting in a sales labor-related supply shortfall; labor issue abating and preparing for step-up in supply for Q4*



*Effectively managed costs in Q2 2022: Productivity achieved on **variable costs** and leveraged **fixed costs***

*Strong top-line growth in Q2 2022:  
30% GMV growth and 47% Total Revenue growth versus Q2'21*



*Women's Apparel and Women's Shoes were again the fastest growing categories in Q2, which drove a **higher Take Rate** (+180 bps y/y)*



# Second Quarter Business Highlights and Key Takeaways

- **Despite Top-Line Growth Moderation, Q2 Loss Better Than Expected**
  - Solid GMV growth at 30% for the second quarter of 2022
  - Significant operating expense leverage on both fixed and variable expenses
  - Adjusted EBITDA loss improved Y/Y and Q/Q
- **Reduced FY 2022 Guidance**
  - 2022 guidance updated for GMV, Total Revenue and Adjusted EBITDA
  - Guidance reduced due to sales labor-related supply shortfall in Q2 and a shift in demand to pre-COVID mix
  - Provided Q3 2022 guidance
- **Expected Timeline to Profitability and 2025 Adj. EBITDA Target**
  - On track to achieve Adjusted EBITDA profitability for full year 2024 and Vision 2025 Adjusted EBITDA target
  - Rely on key assumptions of continued top-line growth, variable cost productivity, and fixed cost leverage



# Improved Adjusted EBITDA Losses; Solid Balance Sheet



## Q2 2022 Results

- GMV of \$454 million, an increase of 30% year-over-year
- Total Revenue of \$154 million, an increase of 47% year-over-year
- Gross Profit of \$86 million, an increase of 36% year-over-year
- Adjusted EBITDA of \$(28.8) million, or (18.6)% of Total Revenue compared to \$(32.9) million, or (31.4)% in Q2 2021

## Balance Sheet

- Ended Q2 2022 with the following:
  - \$316 million of cash and cash equivalents
  - \$74 million of inventory, net

# 2022 Financial Guidance

## Q3 2022

## Full Year 2022

**GROSS MERCHANDISE VALUE  
(GMV)**

**\$430 - \$450 million**

**\$1,850 - \$1,900 million**

**TOTAL REVENUE**

**\$145 - \$155 million**

**\$615 - \$635 million**

**ADJUSTED EBITDA**

**\$(30) - \$(26) million**

**\$(110) - \$(100) million**

# The RealReal is Differentiated from Our Peers

## Large Total Addressable Market (TAM)

- Billions of dollars worth of luxury goods trapped in U.S. homes
- TAM expected to grow due to consumer demand for sustainability
- REAL's unique Sales team + brick & mortar footprint unlock supply

## Leader in Nascent Industry with Highly Coveted Product

- World's largest online luxury resale platform primed for growth
- Unique and highly coveted luxury products at a value
- Consignors become buyers and buyers become consignors, reducing our Buyer Acquisition Cost (BAC) over time

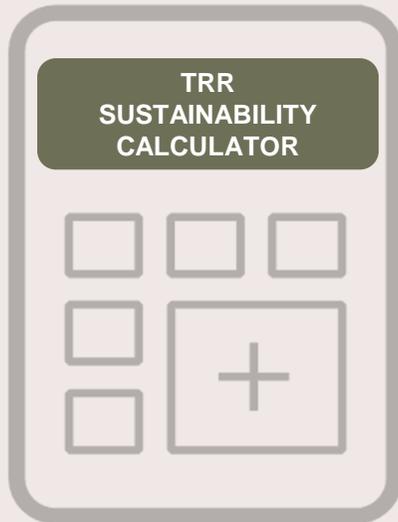
## Marketplace with Deep Competitive Moat

- 28+ million members with high engagement
- Full-service consignment
- Expert authentication
- Data and technology driven operations
- Breadth of categories

# ESG is Ingrained in Our Culture and Strategy

## Environmental

Enabling the circular economy, and extending the life cycle of luxury products



**CARBON SAVINGS**  
since inception  
**59,374 metric tons**

**WATER SAVINGS**  
since inception  
**3.1B liters**

## Social

Focusing on diversity and inclusion, employee safety, human capital management and data privacy



## The RealReal Foundation

Closing the Education Gap through Scholarships



The RealReal Is Carbon Neutral



Sustainable Apparel Coalition



## Governance

Ensuring oversight of ESG and ethics with a diverse, majority female Board

**57%**  
Female Board Members



# Appendix

# Non-GAAP Reconciliation

The following table reflects the reconciliation of net loss to Adjusted EBITDA and Adjusted EBITDA as a percentage of total revenue for each of the periods indicated (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Total revenue	\$ 154,435	\$ 104,912	\$ 301,135	\$ 203,729
<b>Adjusted EBITDA Reconciliation:</b>				
Net loss	\$ (53,165)	\$ (70,723)	\$ (110,577)	\$ (126,716)
Depreciation and amortization	6,696	6,371	13,060	11,806
Stock-based compensation <sup>(1)</sup>	13,665	12,813	26,179	23,732
CEO transition and separation benefits <sup>(2)</sup>	902	—	902	—
CEO transition <sup>(3)</sup>	566	—	566	—
Payroll taxes expense on employee stock transactions	70	216	275	722
Legal settlement	—	11,000	304	11,288
Restructuring charges <sup>(4)</sup>	275	1,503	275	1,503
Interest income	(260)	(107)	(358)	(194)
Interest expense	2,675	6,006	5,339	9,302
Other (income) expense, net	(266)	—	(127)	(17)
Provision for income taxes	33	27	33	55
<b>Adjusted EBITDA</b>	<b>\$ (28,809)</b>	<b>\$ (32,894)</b>	<b>\$ (64,129)</b>	<b>\$ (68,519)</b>
Adjusted EBITDA (% of revenue)	(18.7)%	(31.4)%	(21.3)%	(33.6)%

(1) The stock-based compensation expense for the three and six months ended June 30, 2022 includes a one-time charge of \$1.0M related to modification of certain equity awards pursuant to the terms of the transition and separation agreement entered into with our founder, Julie Wainwright, in connection with her resignation as Chief Executive Officer ("CEO") on June 6, 2022 (the "Separation Agreement").

(2) The separation benefit charges for the three and six months ended June 30, 2022 consists of base salary, bonus and benefits for the 2022 fiscal year, as well as an additional twelve months of base salary and benefits payable to Julie Wainwright pursuant to the Separation Agreement. In addition, see footnote 1 for disclosure regarding the incremental stock-based compensation expense incurred in connection with the Separation Agreement.

(3) The CEO transition charges for the three and six months ended June 30, 2022 consist of general and administrative fees, including legal and recruiting expenses, as well as retention bonuses for certain executives incurred in connection with our founder's resignation.

(4) The restructuring charges for the three and six months ended June 30, 2022 consists of employee severance payments and benefits. The restructuring charges for the three and six months ended June 30, 2021 consist of the costs to transition operations from the Brisbane warehouse to our new Phoenix warehouse.

# The RealReal