



# The Real Real

## Investor Presentation

November 2021

# Safe Harbor

This presentation contains 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 results, including the amounts of our operating expense and capital expenditure investments or reductions and our strategies, plans, commitments, objectives and goals, in particular in the context of the impacts of the COVID-19 pandemic and the recent social unrest. 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 and the social unrest on our operations and 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 and other reasons.

More information about factors that could affect the company'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 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 press release, which are based on information available to the company on the date hereof. The company assumes no obligation to update such statements.

In addition to financial information presented in accordance with U.S. generally accepted accounting principles (“GAAP”), this presentation includes non-GAAP financial measures adjusted EBITDA, Contribution Margin and Contribution Profit. 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 a substitute for analysis of other GAAP financial measures. A reconciliation of these measures to the most directly comparable GAAP measures are included at the end of this presentation.

This presentation and the accompanying oral presentation 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.



# The Real Real

## Q3 Highlights

# Q3 Business Highlights and Key Takeaways

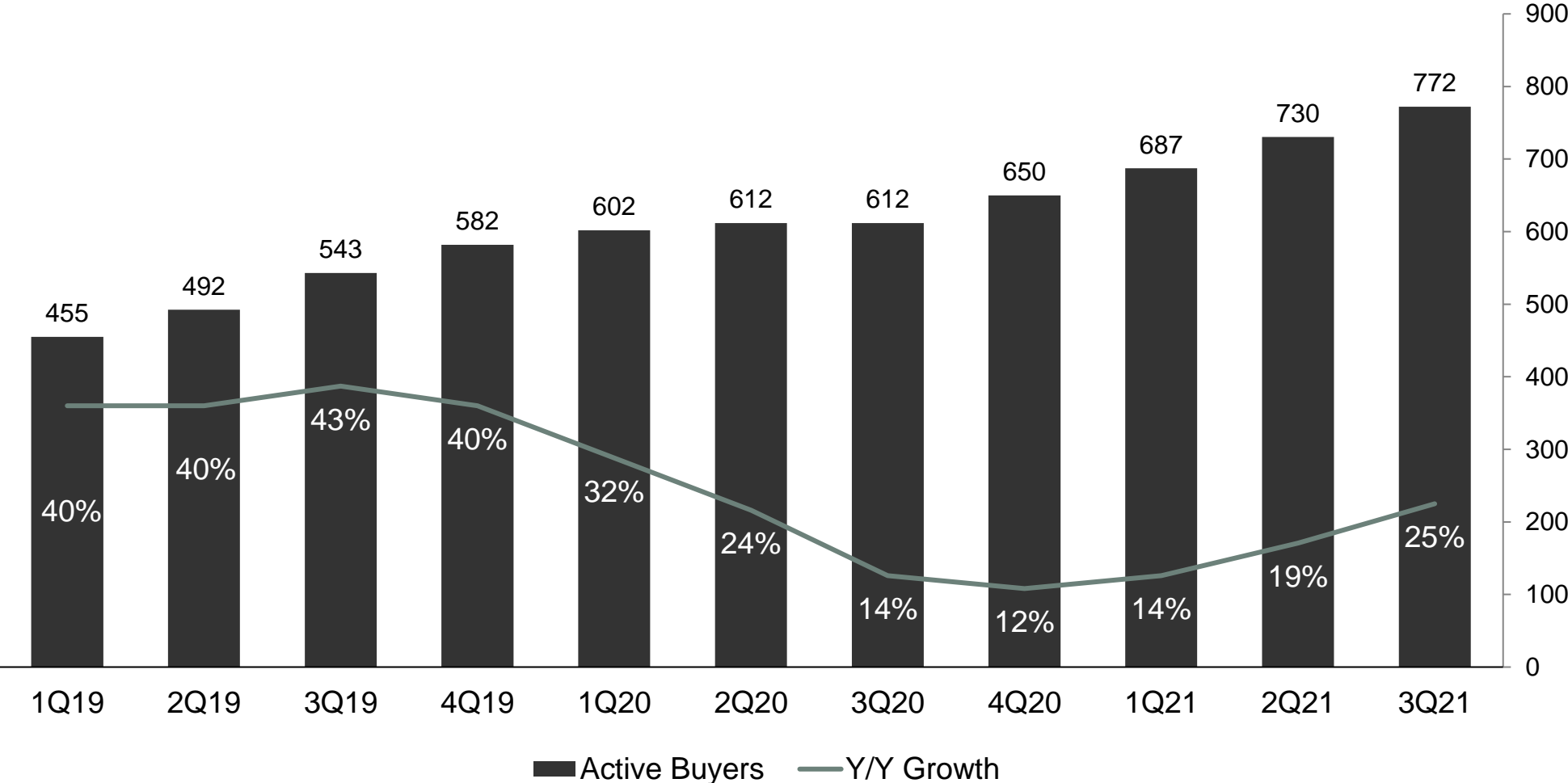
- COVID-19 is effectively behind us
  - In 2020, COVID-19 had a severe impact on our business, especially in supply-generation and forced closure of authentication operations in California
  - Based on what we know today, we believe the supply and operational impacts to our business from COVID-19 are effectively behind us
- Supply ramped during Q3
  - At-home concierge consignments ahead of pre-COVID levels
  - REAL retail stores are an increasingly important and cost-effective source of supply
  - REAL's unique business model largely insulated from supply chain shortages and certain of the inflationary impacts facing many retailers
- Addressed certain pressures
  - Like many retailers, we faced elevated shipping costs and staffing challenges
  - Multiple initiatives to address: shipping diversification, last-mile optimization, automation in operational centers
- Provide annual and quarterly guidance next year
  - Commit to a timeline to reach Adjusted EBITDA profitability

# Strong Top Line Growth and Solid Bottom Line Improvements

- GMV of \$368 million increased 50% and 46% compared to Q3 2020 and Q3 2019, respectively
- Gross profit per order improved \$4 Y/Y to \$94 per order
- 84% of GMV from repeat buyers
- Total revenue of \$119 million increased 53% and 46% compared to Q3 2020 and Q3 2019, respectively
- Direct revenue of \$29 million increased 115% and 139% compared to Q3 2020 and Q3 2019, respectively
- Gross Profit of \$71 million increased 44% and 37% compared to Q3 2020 and Q3 2019, respectively
- Accelerated transition of authentication center from California to Arizona complete and redundant costs mostly finished as of end of Q3
- Ended Q3 with \$445 million in cash and cash equivalents

# Strong Active Buyer Growth During Q3 2021

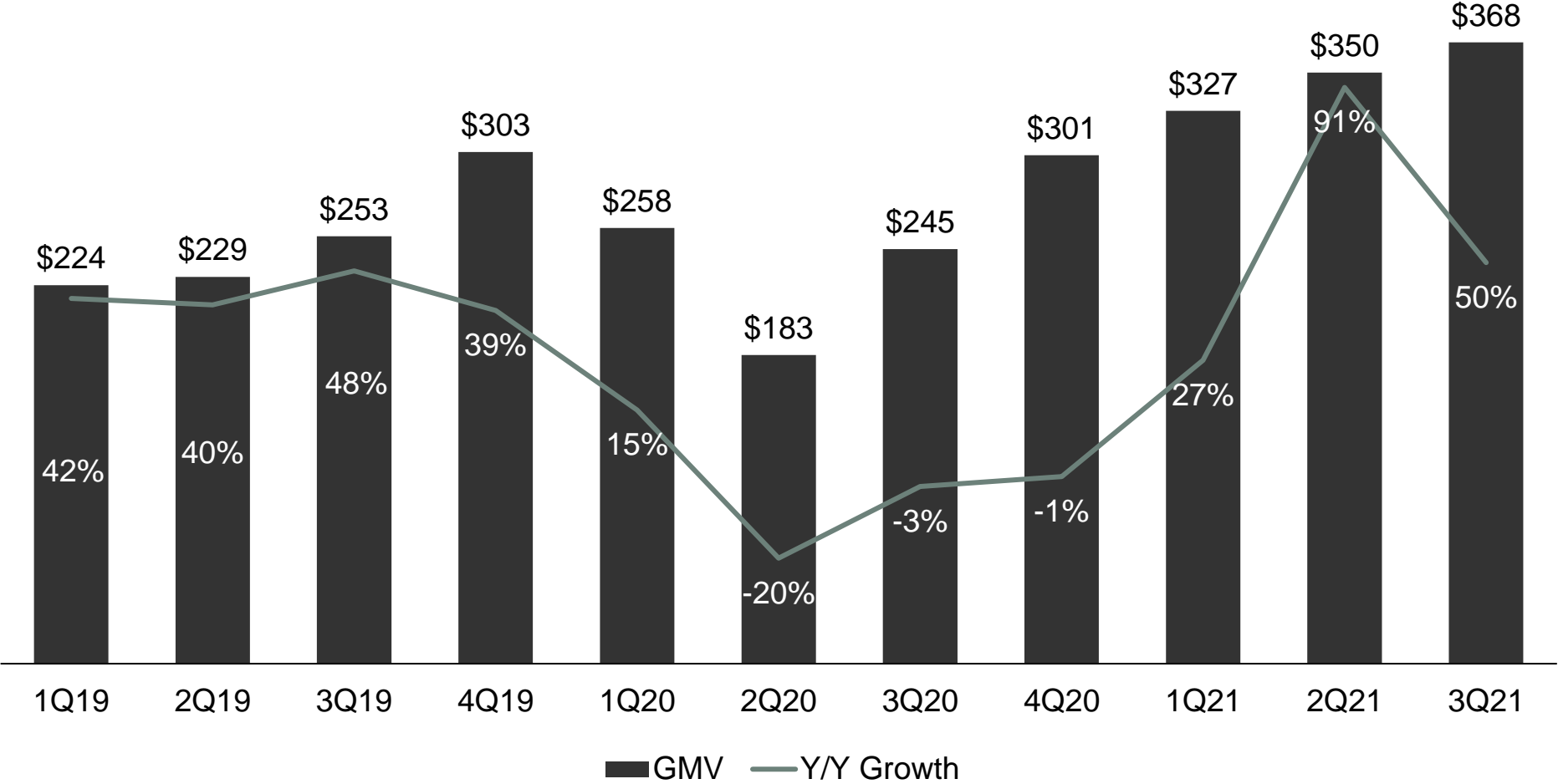
(in thousands)



TTM Active buyer growth continues to recover off the Q4 2020 lows

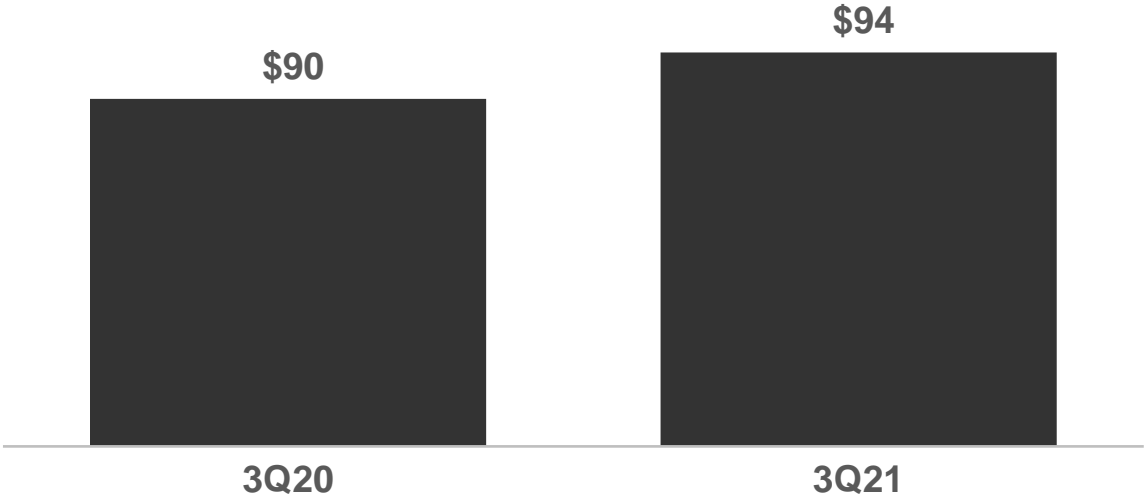
# Robust GMV Growth Year-Over-Year

(\$MM)



GMV growth accelerated when compared to Q3 2020 and 2019

# Gross Profit Per Order Continues to Increase



**Gross Profit per Order<sup>(1)</sup>**

Gross profit per order increased to \$94 Y/Y driven by a 9% year-over-year increase in AOV and Y/Y reduction in buyer incentives.



(1) Calculated by dividing Gross Profit by the number of orders for the applicable quarter.



# Investment Highlights



Largest Online Marketplace for Authenticated, Consigned Luxury Goods

Large and Attractive TAM, Supported by Sustainability and ESG focus

Superior Marketplace Due to Service, Trust, Technology and Data

Powerful Financial Model

# Building a Strong ESG Foundation

## ■ Sustainability is a core value

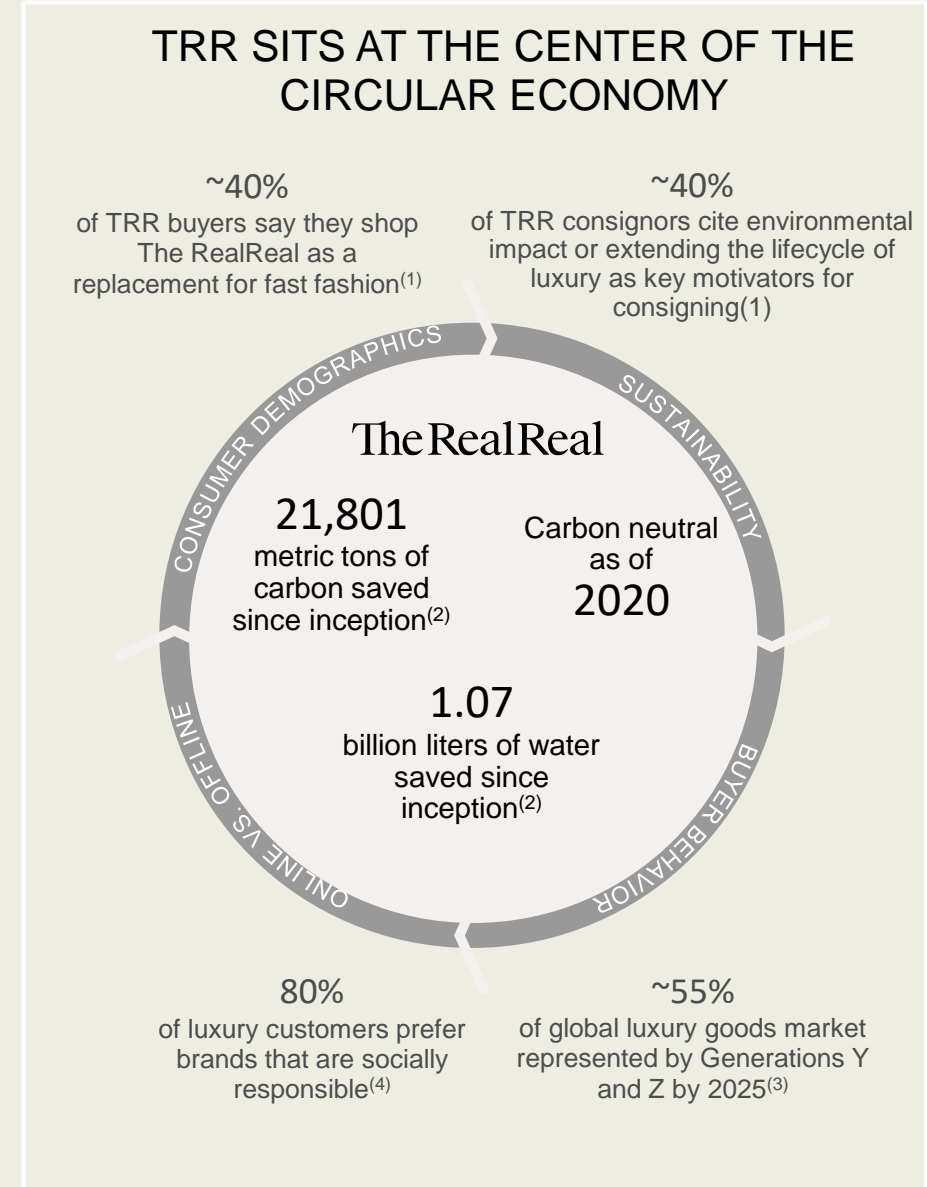
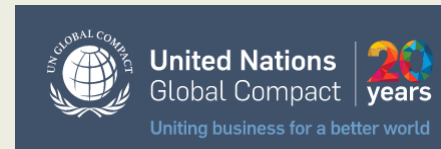
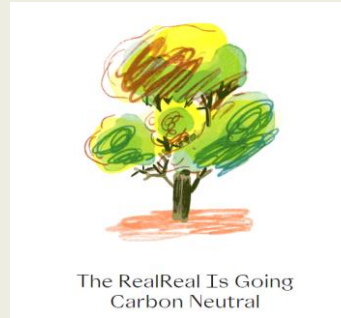
- Saving water and carbon emissions
- Pioneering the circular economy
- Extending the lifecycle of luxury products
- 3Rs: Resell, Revive & Reimagine

## ■ Social

- Diversity and inclusion
- Employee safety
- Human capital management
- Data privacy

## ■ Governance

- Board and Committee oversight of Diversity and Inclusion
- Board and Committee oversight of ESG
- Ethics



(1) According to The RealReal customer survey results as of March 31, 2021

(2) As of September 30, 2021

(3) Bain Altagamma Luxury Goods Worldwide Market Study, May 2020

(4) Bain Altagamma Worldwide Luxury Market Monitor, November 2019

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