

The RealReal



Q1 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 and Adjusted EBITDA Margin. 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 or Adjusted EBITDA Margin to the most directly comparable GAAP measures of Net Income (Loss) and Net Income (Loss) as a percentage of Total Revenue 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) and Net Income (Loss) as a percentage of Total Revenue.

# Strong Start to 2022 for The RealReal



*Operations and throughput recovered in Q1 following COVID-related staffing pressures in our Authentication Centers in late 2021 and early 2022*

*Strong top-line growth in Q1 2022:  
31% GMV growth and 48% Total Revenue growth versus Q1'21*



*~30% of all new consignors came from our brick & mortar retail stores in the first quarter of 2022*

*Women's Apparel and Women's Shoes were the fastest growing categories in Q1, which drove a higher Take Rate (+120 bps y/y)*



# 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)

## Marketplace with Deep Competitive Moat

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

# First Quarter Business Highlights and Key Takeaways

- **Results for Q1 2022 Better Than Anticipated**
  - Solid top-line growth and significant operating expense leverage on both fixed and variable expenses
- **Completed a Successful Investor Day**
  - At our Authentication Center in Phoenix (in-person and virtual)
  - Showcased REAL's management team, proprietary technology in operations, and detailed our Vision 2025 long-range financial targets
- **Guidance for 2022**
  - Full Year 2022 guidance confirmed
  - Provided Q2 2022 guidance for GMV, Total Revenue and Adjusted EBITDA
- **Timeline to Profitability and Vision 2025 Confirmed**
  - On track to achieve Adjusted EBITDA profitability for full year 2024 and Vision 2025 targets
  - Based on continued annual 30%+ top-line growth, variable cost productivity and fixed cost leverage



# Solid Top-Line Growth with Leverage on Both Fixed and Variable Costs



## **Q1 2022 Results**

- GMV of \$428 million, an increase of 31% year-over-year
- Total Revenue of \$147 million, an increase of 48% year-over-year
- Gross Profit of \$79 million, an increase of 35% year-over-year
- Adjusted EBITDA of \$(35) million, or (24)% of Total Revenue compared to (36)% of Total Revenue in Q1 2021

## **Balance Sheet**

- Ended Q1 2022 with the following:
  - \$361 million of cash on-hand
  - \$74 million of inventory

# 2022 Financial Guidance

	Q2 2022	Full Year 2022*
<b>GROSS MERCHANDISE VALUE (GMV)</b>	<b>\$450 - \$470 million</b>	<b>\$2,000 - \$2,100 million</b>
<b>TOTAL REVENUE</b>	<b>\$150 - \$160 million</b>	<b>\$635 - \$665 million</b>
<b>ADJUSTED EBITDA</b>	<b>\$(33) - \$(29) million</b>	<b>\$(100) - \$(80) million</b>

*\*Full year guidance confirmed and not updated*

# On Track for Long-Range Targets

**Target Annual  
Top-line Growth  
of 30%+**

**Variable Cost  
Productivity**

**Fixed Cost  
Leverage**

**Adj. EBITDA  
Profitability in  
2024**

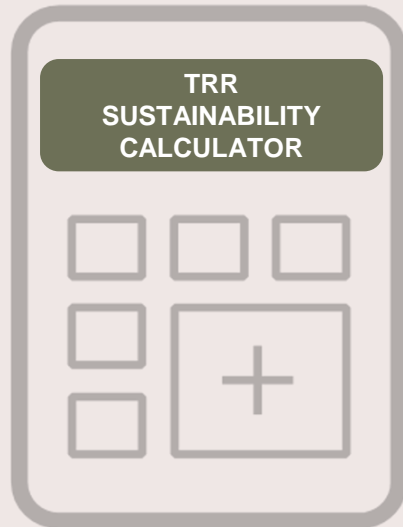
**Vision 2025  
GMV: \$5.0B+  
Rev.: \$1.5B+  
Adj. EBITDA:  
\$100M+**



# ESG is Ingrained in Our Culture and Strategy

## Environmental

Pioneering and enabling circular economy, and extending the life cycle of luxury products



**CARBON SAVINGS**  
since inception  
**23,603 metric tons**

**WATER SAVINGS**  
since inception  
**1.1B 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



## Governance

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

# 63%

## 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):

	<b>Three Months Ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Total revenue	\$ 146,700	\$ 98,817
<b>Adjusted EBITDA Reconciliation:</b>		
Net loss	\$ (57,412)	\$ (55,993)
Depreciation and amortization	6,364	5,435
Stock-based compensation	12,514	10,919
Payroll taxes expense on employee stock transactions	205	506
Legal settlement	304	288
Interest income	(98)	(87)
Interest expense	2,664	3,296
Other (income) expense, net	139	(17)
Provision for income taxes	—	28
<b>Adjusted EBITDA</b>	<b>\$ (35,320)</b>	<b>\$ (35,625)</b>
Adjusted EBITDA (% of revenue)	(24.1)%	(36.1)%

# The RealReal