

The RealReal

INVESTOR PRESENTATION

November 2019



Safe Harbor

This presentation and the accompanying oral presentation contain forward-looking statements. These statements may relate to, but are not limited to, expectations of future results of operations or financial performance of The RealReal, certain of our key financial and operating metrics, capital expenditures, plans for growth and future operations, and technological capabilities, as well as assumptions relating to the foregoing. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. 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,” “would,” “continue,” “ongoing” or the negative of these terms or other comparable terminology. You should not put undue reliance on any forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all.

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In addition to financial information presented in accordance with U.S. generally accepted accounting principles (“GAAP”), this presentation and the accompanying oral presentation include certain non-GAAP financial measures, including adjusted EBITDA. This non-GAAP measure is presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP. This non-GAAP measure has limitations as an analytical tool, and it should not be considered in isolation or as a substitute for analysis of other GAAP financial measures. A reconciliation of this measure to the most directly comparable GAAP measure is included at the end of this presentation.

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The RealReal

Q3 Highlights



Q3 Highlights

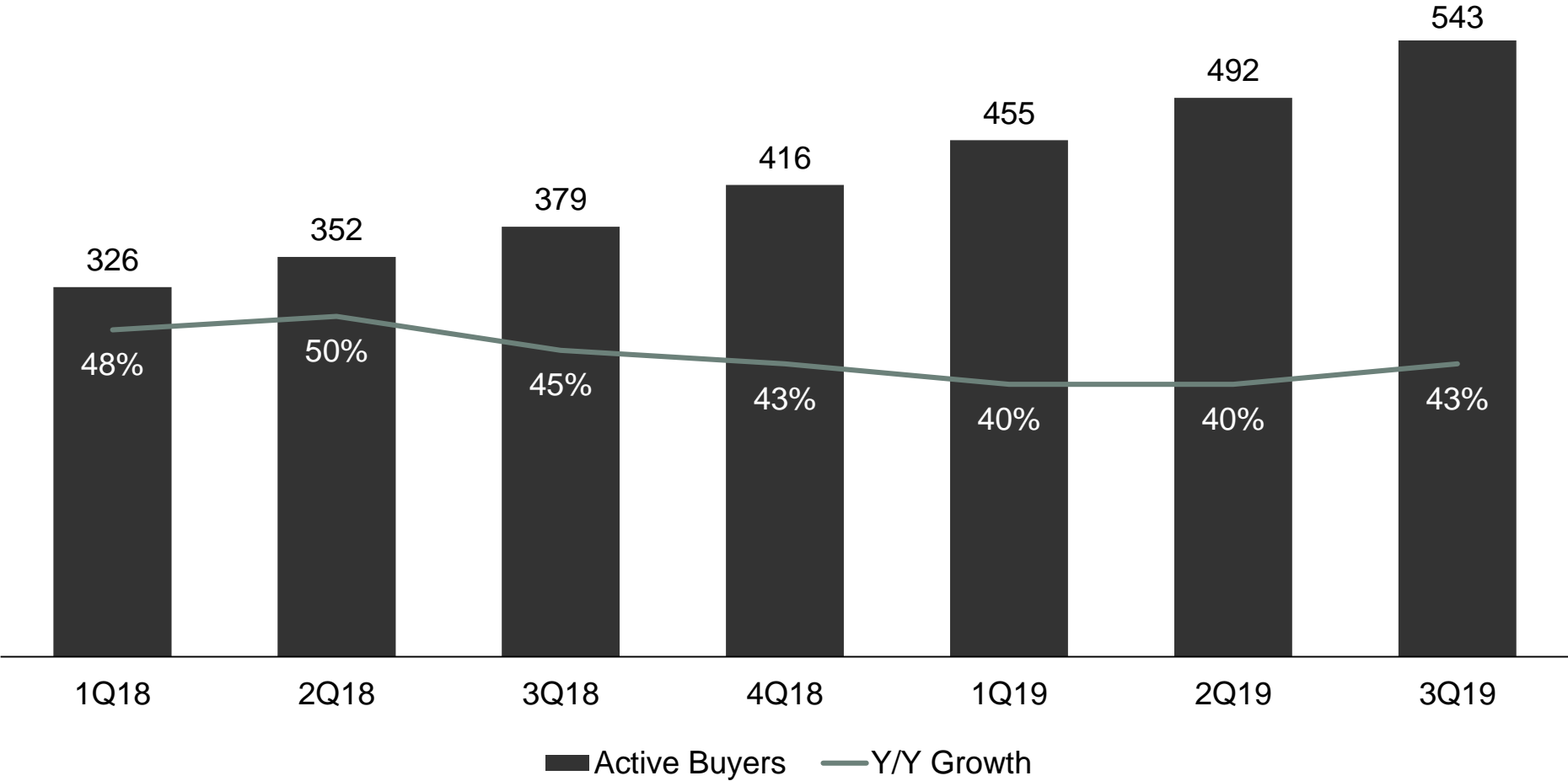
- Strong execution and process automation drove outperformance
- Record quarterly TTM Active Buyer additions; ended Q3 at 543K TTM Active Buyers
- GMV and revenue accelerated while driving operating leverage
- GMV of \$252.8 million, +48% Y/Y and a 800bps Q/Q acceleration
- Revenue of \$80.5 million, +55% Y/Y and a 400bps Q/Q acceleration
- 390bps Y/Y marketing leverage driven by a Y/Y decline in BAC
- 420bps¹ Y/Y of leverage in Adj. Ops. & Tech driven in part by automation
- 470bps Y/Y Adj. EBITDA margin leverage

Note: BAC for a given period is comprised of our total advertising spend divided by the number of buyers acquired in that period.

(1) Q3 2018 operations and technology expense includes \$2.0 million settlement payment in connection with the early termination of a vendor services agreement that was reflected in our EBITDA reconciliation in Q3 2018. Including the \$2.0 million, operations and technology delivered 800bps of Y/Y operating leverage on a GAAP basis.

Q3 TTM Active Buyer Growth Accelerated

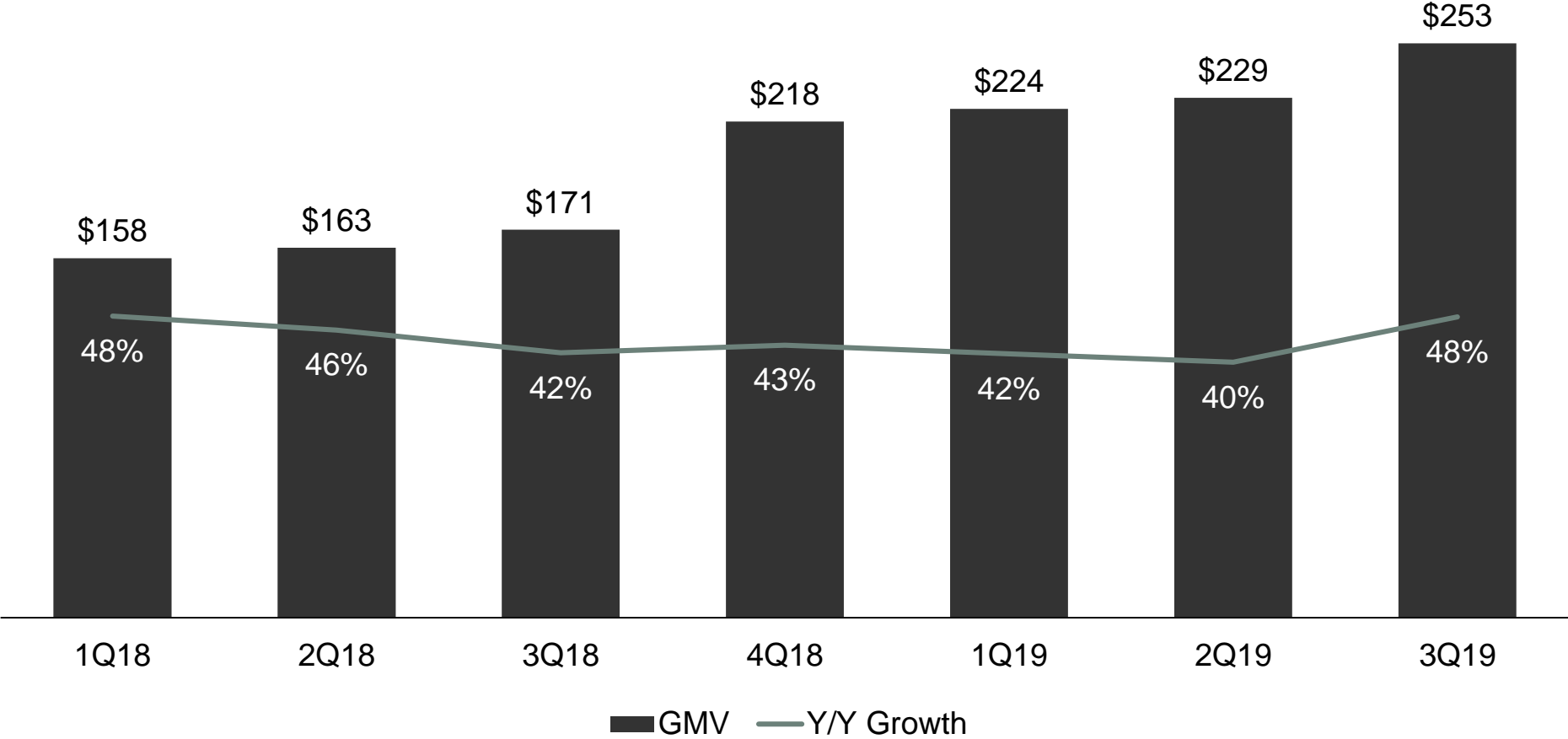
(in thousands)



TTM Active buyer growth accelerated 300bps Q/Q; Added 51K active buyers in Q3 with TV the largest source of active buyer growth

Q3 GMV Growth Accelerated

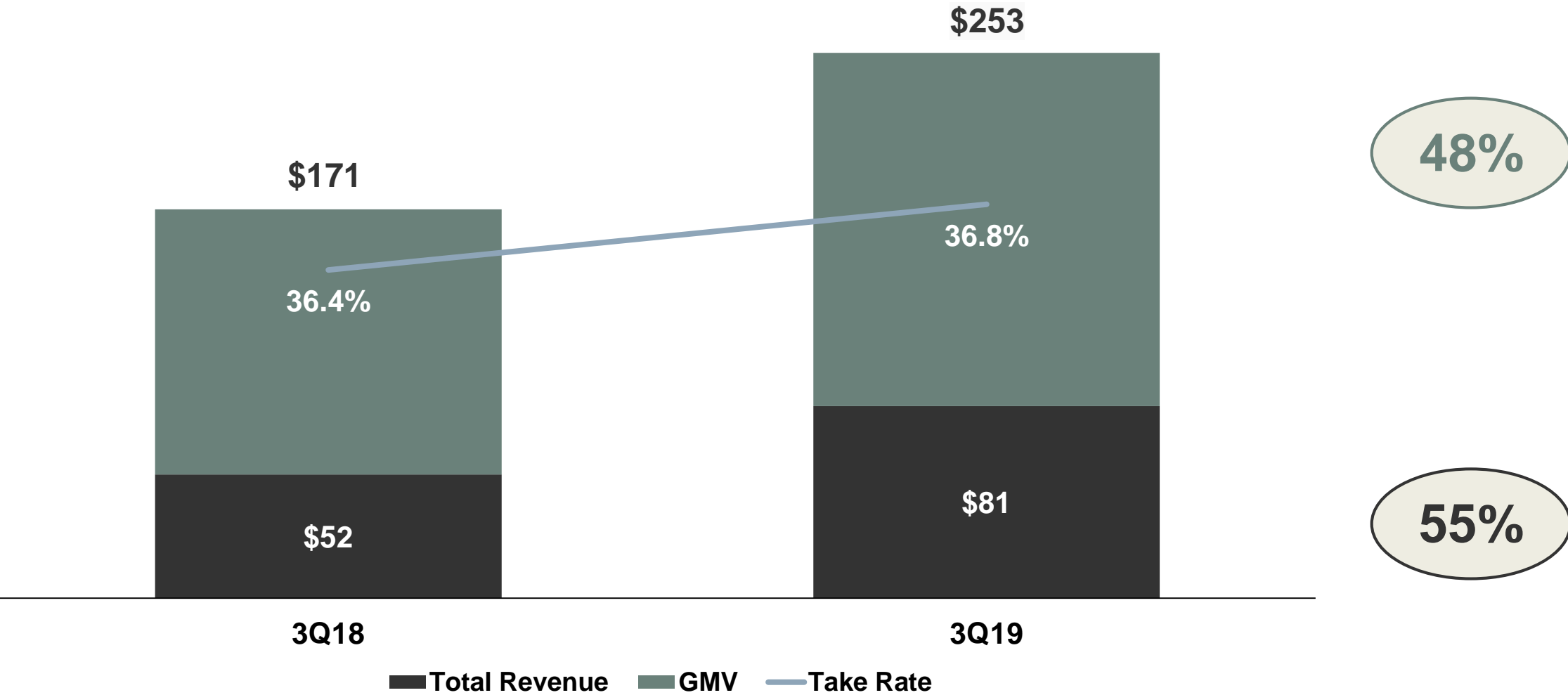
(\$MM)



GMV growth accelerated 800bps Q/Q; Growth has remained consistent for the last 7 quarters at above 40% Y/Y

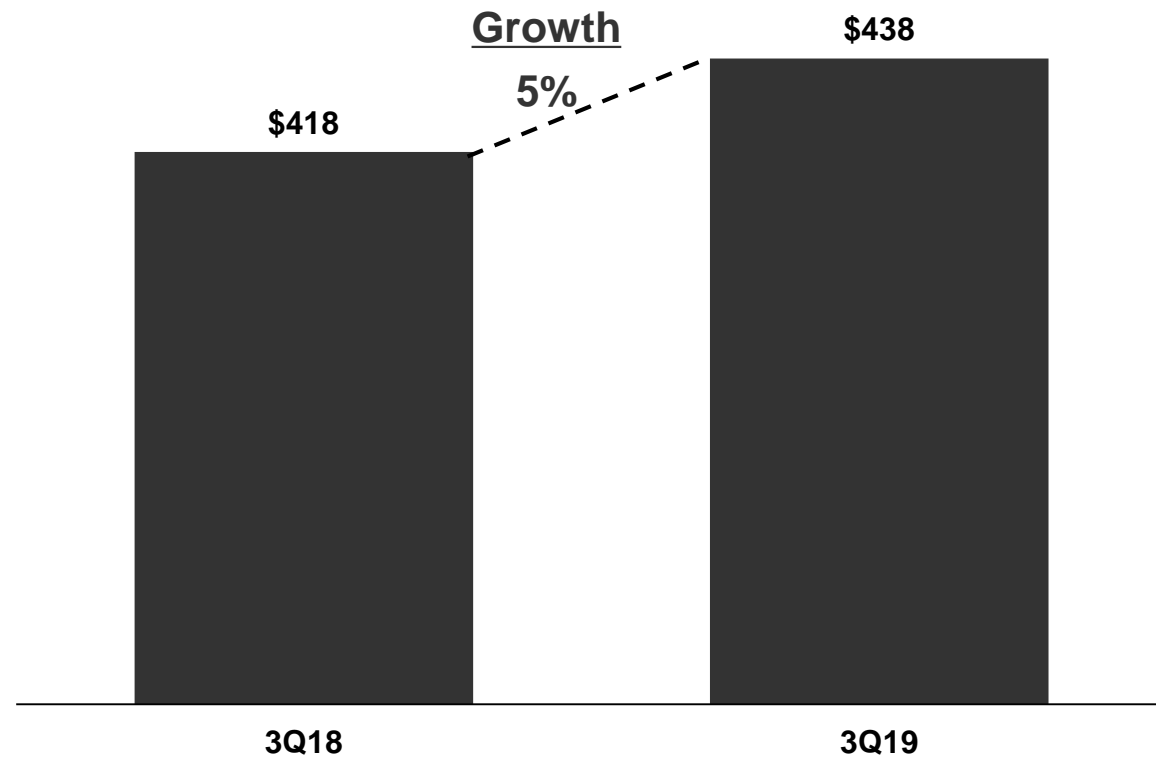
Increasing Take Rate Drove 55% Revenue Growth vs. 48% GMV Growth

(\$ in millions)



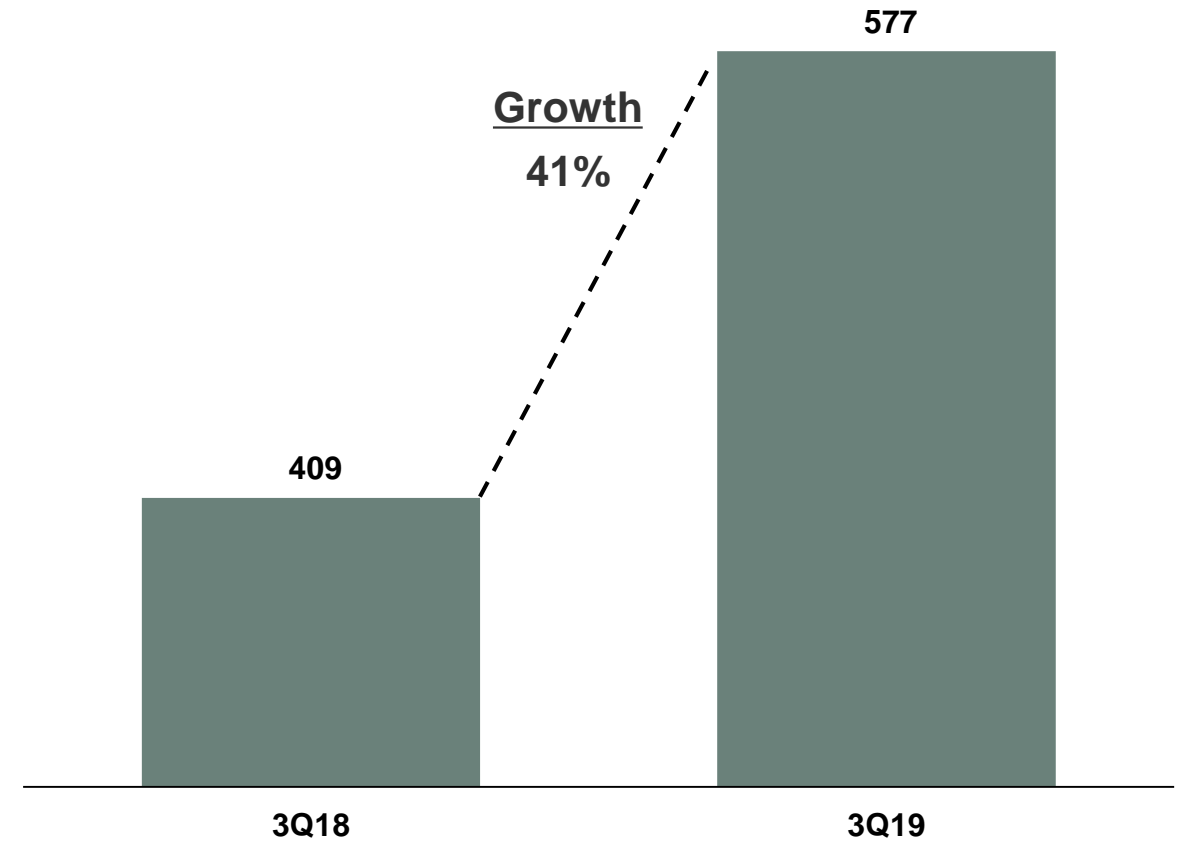
Driving GMV Growth

Average order value (AOV)



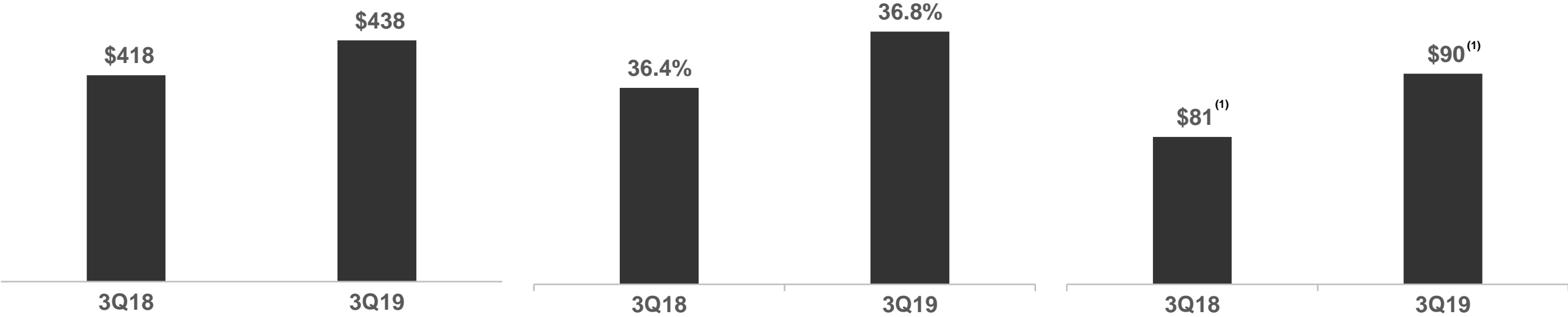
Number of orders

(in thousands)



Top Line Leverage

Leverage drivers



AOV
 AOV increased 5% Y/Y driven by higher ASPs and modestly higher units per order

Take Rate
 Increase driven by Take Rate changes implemented in February

Gross Profit Per Order
 Up 11% Y/Y; Increase driven by higher AOV and Take Rates

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

Operating Leverage Controls

Operating Expenses (% of Revenue)

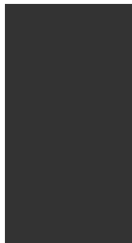
20.5%



16.6%

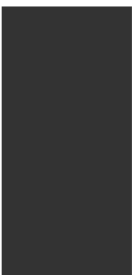


31.5%



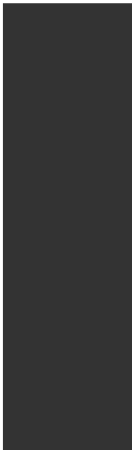
3Q18

35.3%



3Q19

54.5%⁽¹⁾



3Q18

46.5%



3Q19

Marketing

Healthy retention trends and a ~15% Y/Y decline in BAC

SG&A

Investments in public company costs and sales headcount

Ops & Tech

Leverage driven by automation and leverage in occupancy costs; 420bps Y/Y leverage on an adj. basis

Note: BAC for a given period is comprised of our total advertising spend divided by the number of buyers acquired in that period.
 (1) Q3 2018 operations and technology expense includes \$2.0 million settlement payment in connection with the early termination of a vendor services agreement that was backed out of our EBITDA reconciliation in Q3 2019. Excluding the \$2.0 million, operations and technology delivered 420bps of Y/Y operating leverage on a GAAP basis.

4Q and Full Year 2019 Outlook

- We expect Q4 GMV of \$292 million to \$300 million
- We expect Q4 EBITDA margin loss percent in the range of 14% to 15%
- Raising 2019 GMV outlook to \$997 million to \$1,005 million
- Revising 2019 EBITDA range to (23%) to (24%) vs. (24%) to (25%) previously

Investment Highlights



Largest Online Marketplace for Authenticated, Consigned Luxury Goods

Large and Attractive TAM

Superior Marketplace Due to Service, Trust, Technology and Data

Powerful Financial Model

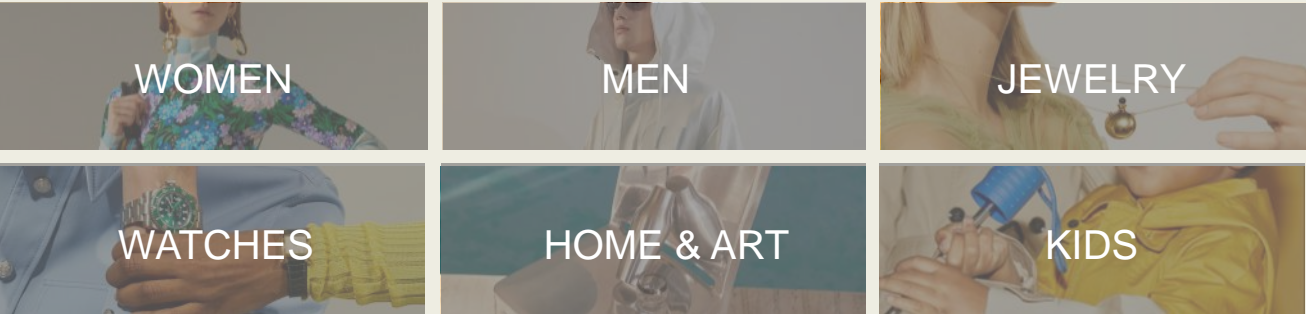
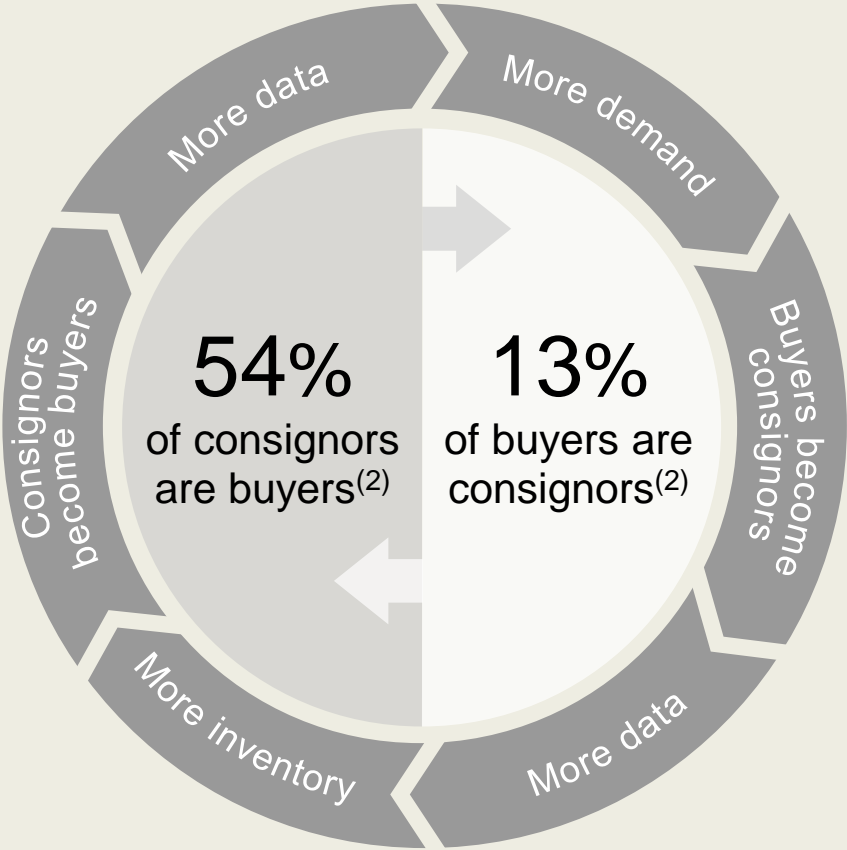
Largest Online Marketplace for Authenticated, Consigned Luxury Goods with Powerful Flywheel Accelerating Growth

\$711 million
GMV⁽¹⁾

\$207 million
Total Revenue⁽¹⁾

2.6 million
New items added⁽¹⁾

\$438
AOV⁽²⁾



80%
of 2018 GMV from
repeat consignors

82%
of 2018 GMV from
repeat buyers

Note: Average Order Value (AOV).
(1) Represents 2018 result.
(2) As of September 30, 2019.

Luxury Market is Enormous and Propelled by Strong Tailwinds

\$294 billion

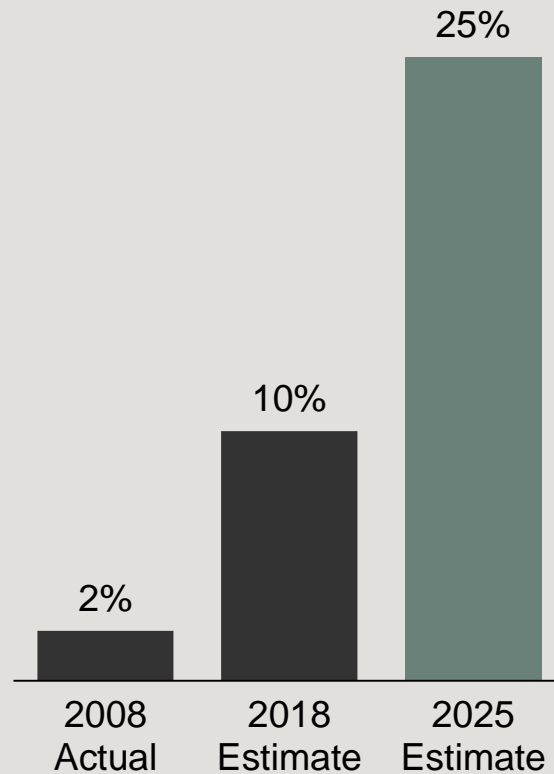
2018 Estimate
global personal
luxury goods market

> 6% '96 –'18
Estimate CAGR

> Resilient to
economic cycles

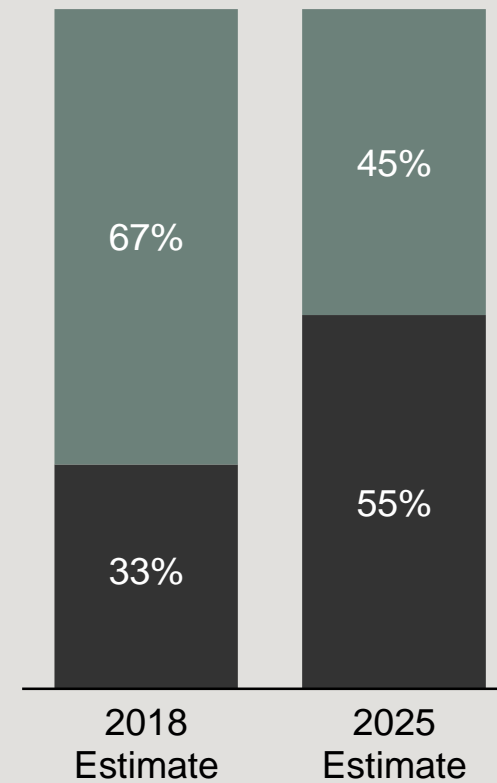


Luxury retail is
shifting online⁽¹⁾



Younger generations are
driving growth⁽²⁾

■ Gen Z & Millennials ■ All other



Focus on
sustainability

56%

of our overall consignor base
cite environmental impact or
extending the lifecycle of luxury
as key motivators for
consigning⁽³⁾

Note: EUR converted to USD at an exchange rate of USD1.12991 / EUR as of the date of the release of the Bain & Company study on November 15, 2018.

(1) Global online personal luxury goods market share according to Bain & Company, Inc., Luxury Goods Worldwide Market Study, December 2018.

(2) Global personal luxury goods market size according to Bain & Company, Inc., Luxury Goods Worldwide Market Study, December 2018.

(3) According to The RealReal customer survey results.

Our TAM is Large and Attractive



The Real Real

\$198 billion

US luxury goods available for resale

5.3 years

Average time consumers keep luxury products

~\$37 billion

Annual new supply of US luxury goods for resale

Source: Frost & Sullivan Total Addressable Market assessment for the Luxury Resale Market.

We Offer a Superior Marketplace for Consignors and Buyers

Consignor

Buyer

END-TO-END SERVICE

TRUST

Rapid sales velocity

Curated, exclusive selection

Optimal pricing

Value

High commissions

Luxury service



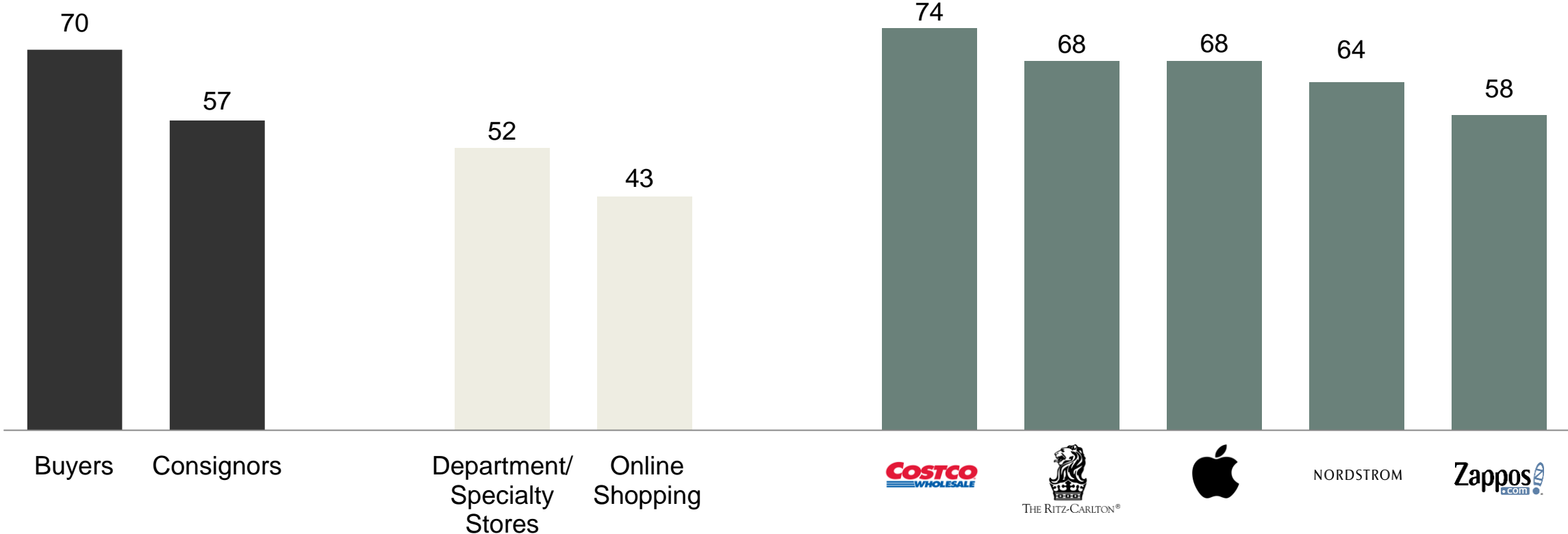
Our NPS Compares Favorably with Best-in-Class Consumer Companies

The RealReal has a high Net Promoter Score (NPS)⁽¹⁾

The RealReal

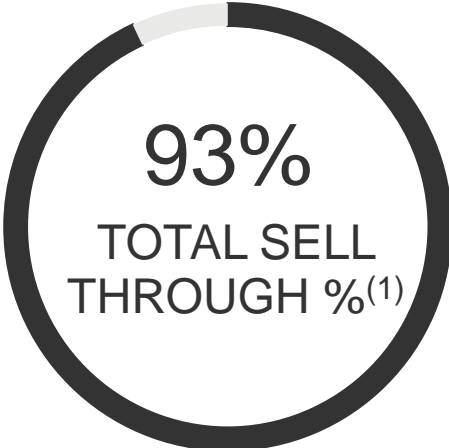
Industry Averages

Best-in-Class



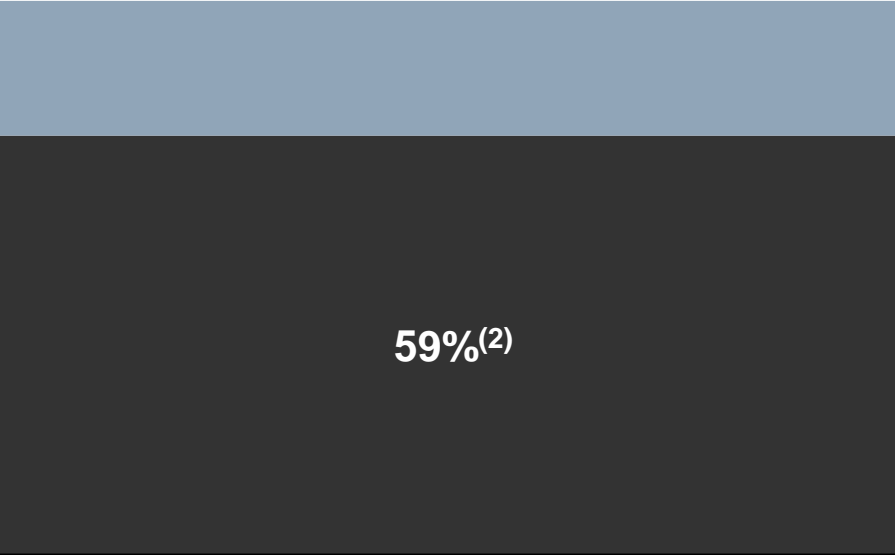
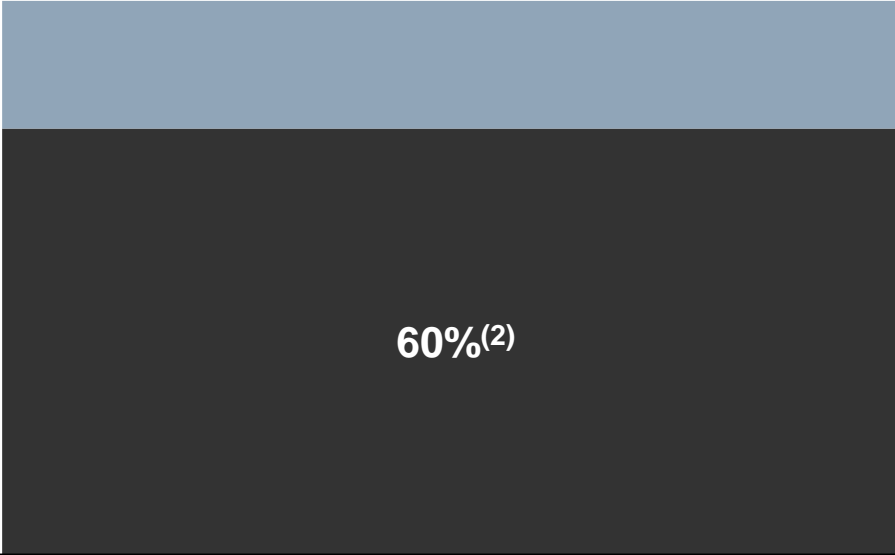
(1) Reflects TRR 2019 YTD NPS scores through September 30th and NICE Satmetrix U.S. Consumer 2018 and 2019 data

Supply Drives the Business and Essentially Everything Sells



78%⁽²⁾

78%⁽²⁾



2017

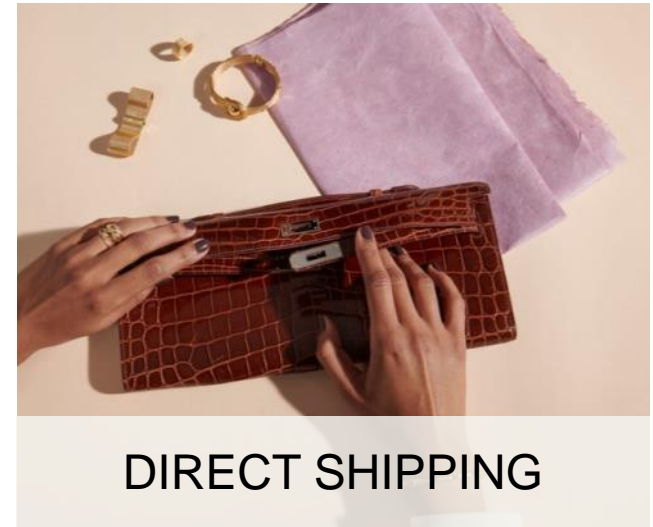
2018

■ < 30 days ■ 30-90 days

(1) Represents ratio of GMV to initial supply value for the specified year.
 (2) Represents unit sell through rate for the specified period.

End-to-end Service Model Activates Supply

WHITE GLOVE



180+
Luxury managers⁽¹⁾

40+
Markets⁽¹⁾

9
Luxury
consignment
offices⁽²⁾

3
Retail stores in
NYC (SoHo and
Madison Ave)
and LA⁽²⁾

Free shipping label
Virtual consultations

(1) As of December 31, 2018.

(2) As of November 4, 2019.

Trust: We Authenticate Every Item on Our Marketplace

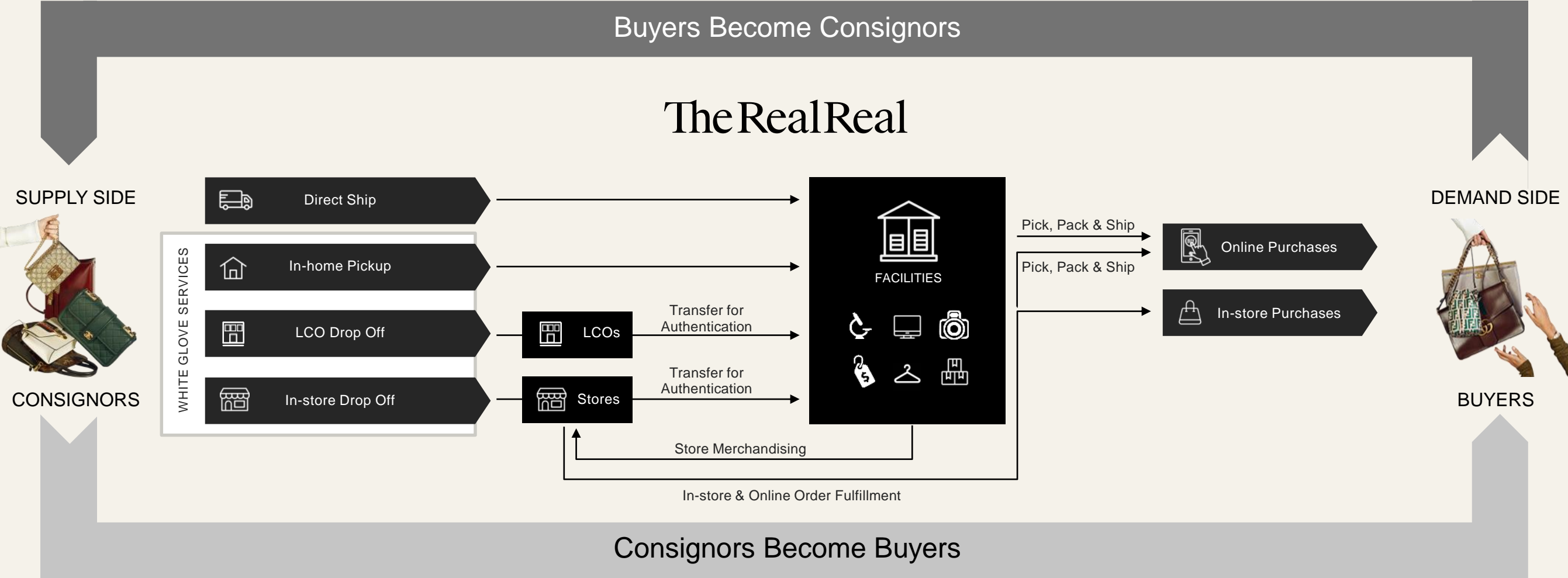
100+

Highly trained brand authenticators, gemologists, horologists and art curators



Note: As of December 31, 2018.

Our Single-SKU Inventory Management is Both Unique and Very Complex



X
up to 14,000 unique SKUs processed per day

Note: Luxury Consignment Office (LCO).

Massive Proprietary Data Asset and Analytics Capabilities



11.5+ million
Cumulative item sales⁽¹⁾

400 million
Item views⁽²⁾

Drives upfront curation

Incentivizes sales team

Educates consignors

Optimizes velocity / pricing

Improves personalization

Increases operational efficiency

(1) As of September 30, 2019.

(2) Represents 2018 result.

Proprietary Data, Technology, Processes and Algorithms to Efficiently Scale

Up to 14,000 unique SKUs processed a day in 2018

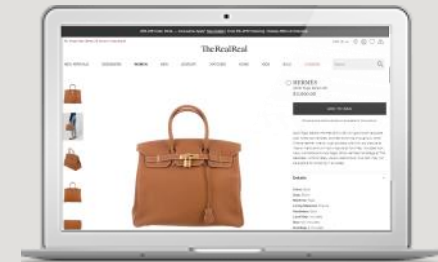
Increasingly automated inbound operations

Real-time single view of consignors, buyers and products across all demand points

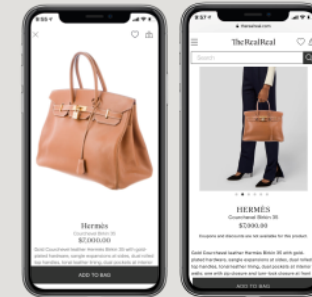


Hermès
Togo Birkin 30
\$7,700.00
Color: Gold
Size: 45cm
Material: Togo
Hardware: Gold
Lock/Key: Include
Box: Included

Handle Drop: 5.5"
Height: 10.5"
Width: 14"
Depth: 7.5"



WEBSITE



MOBILE

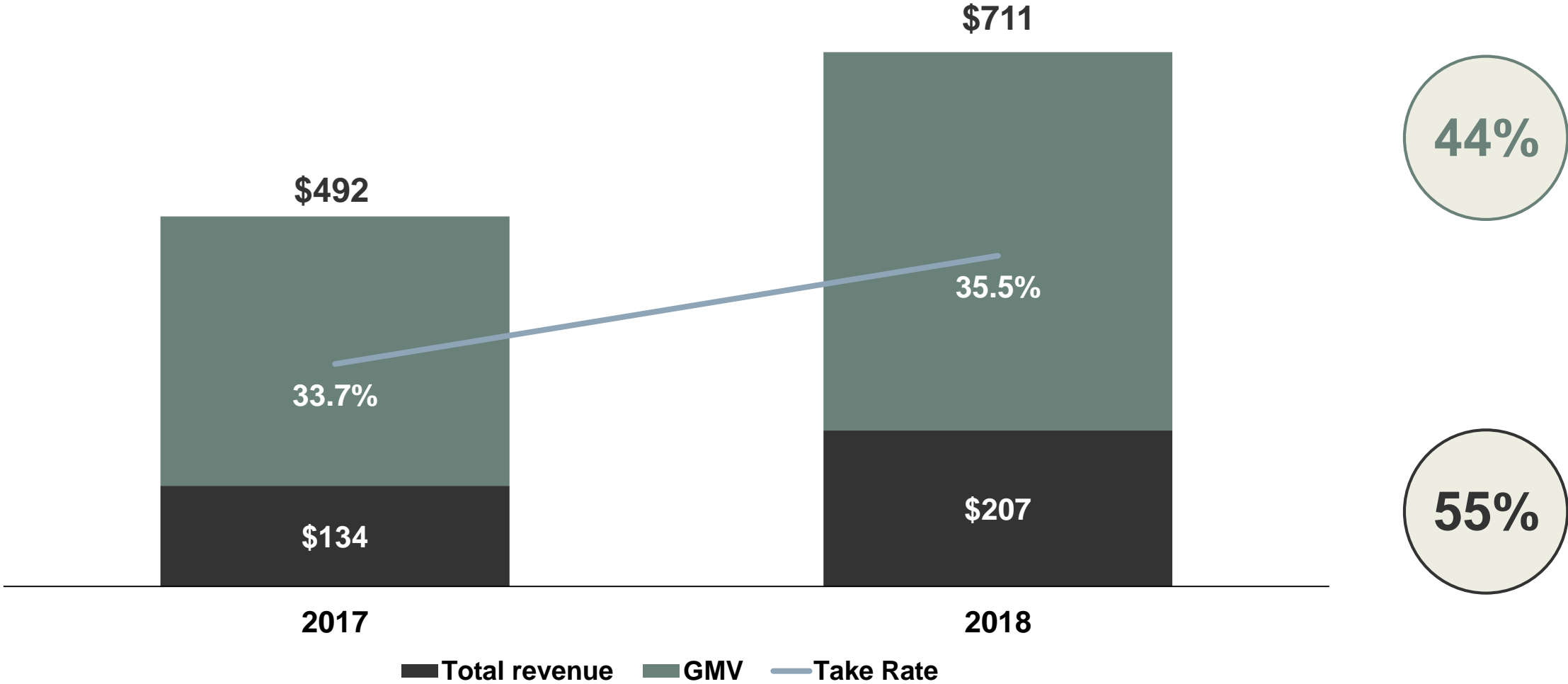


RETAIL STORES

Strong Top Line Growth

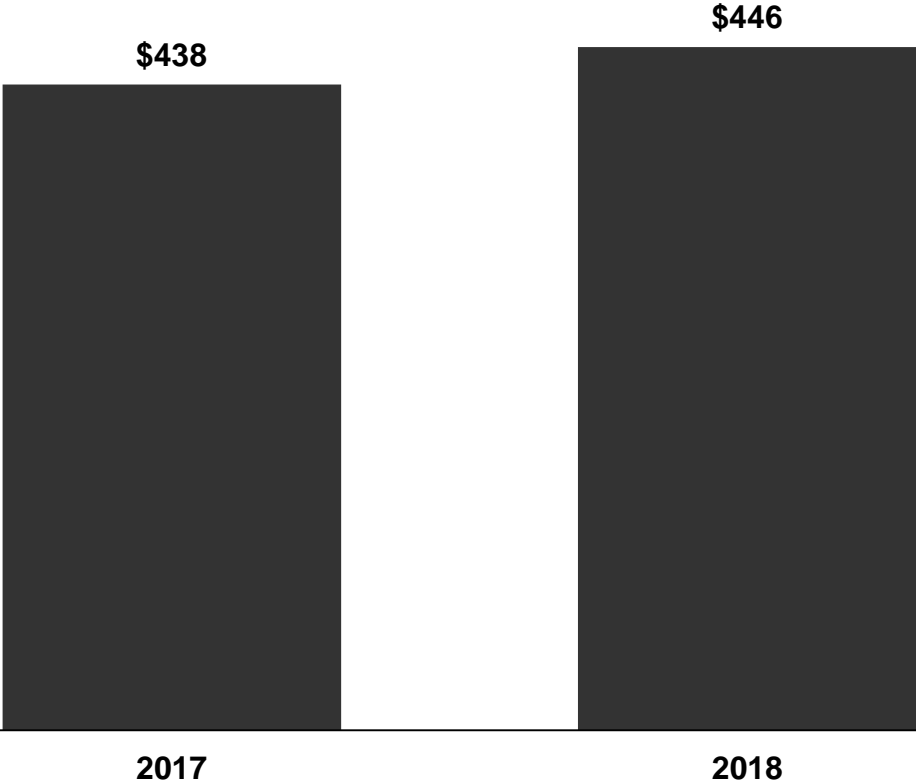
(\$ in millions)

2018 GROWTH



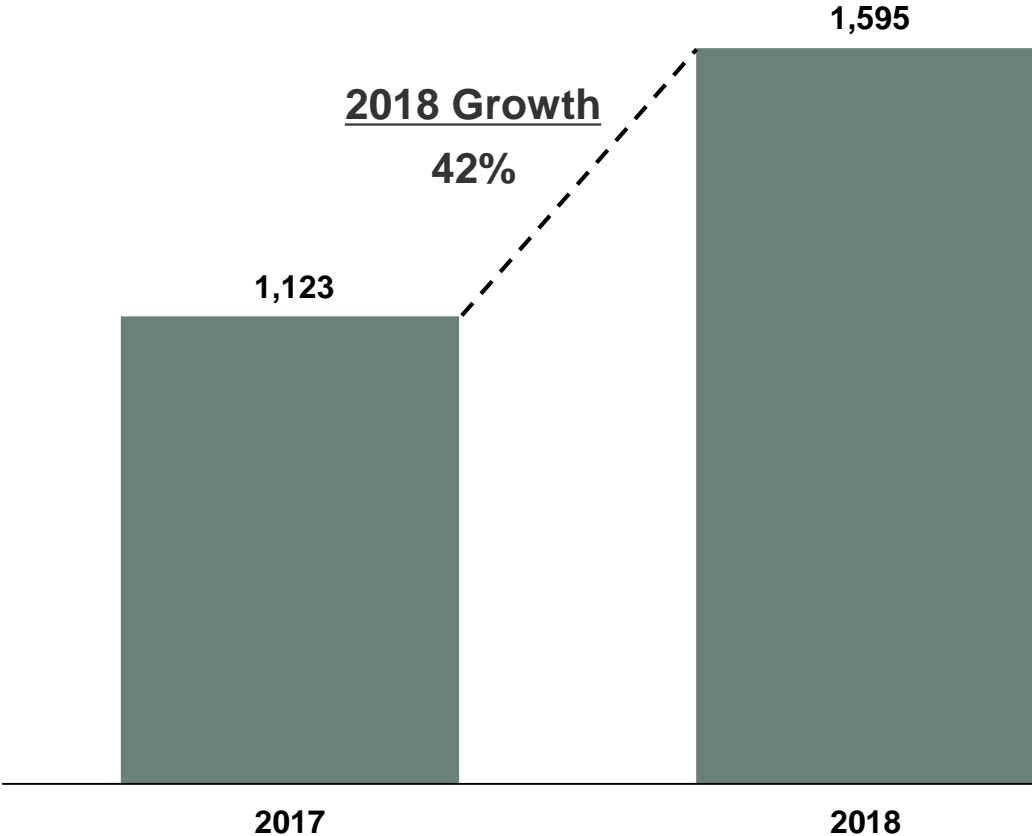
Driving GMV Growth

Average order value (AOV)



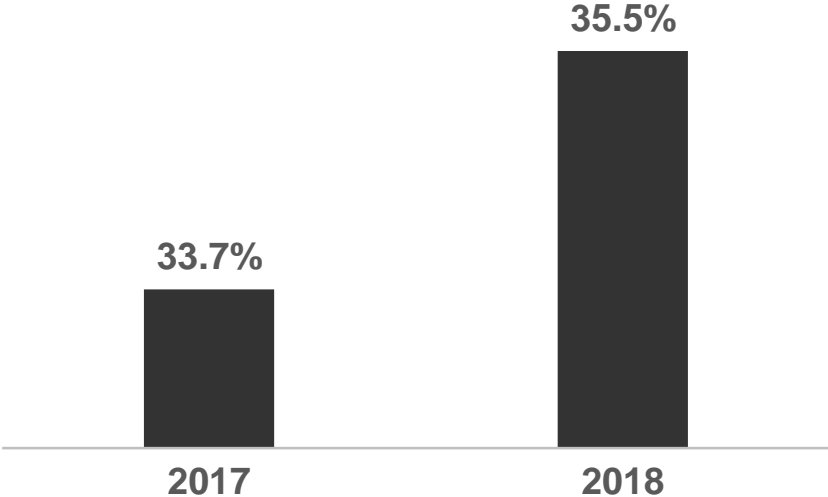
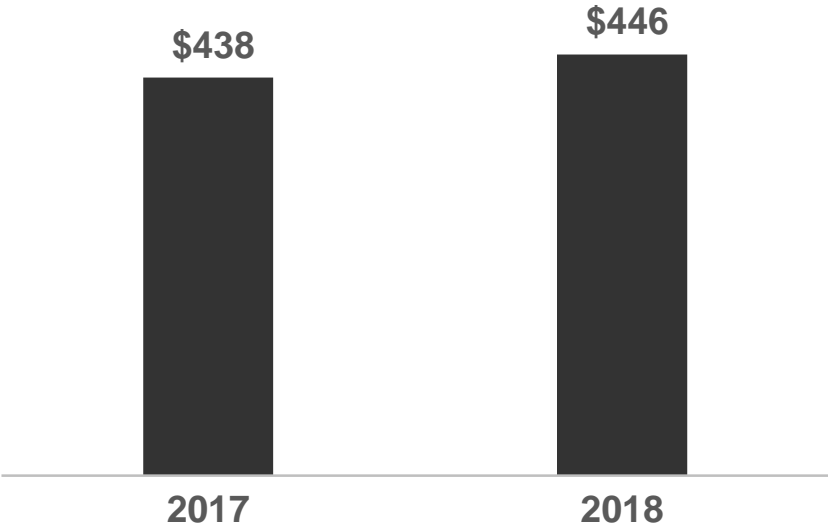
Number of orders

(Thousands)



Top Line Leverage

Leverage drivers



AOV
Driven by higher average price of items sold and greater number of items per order

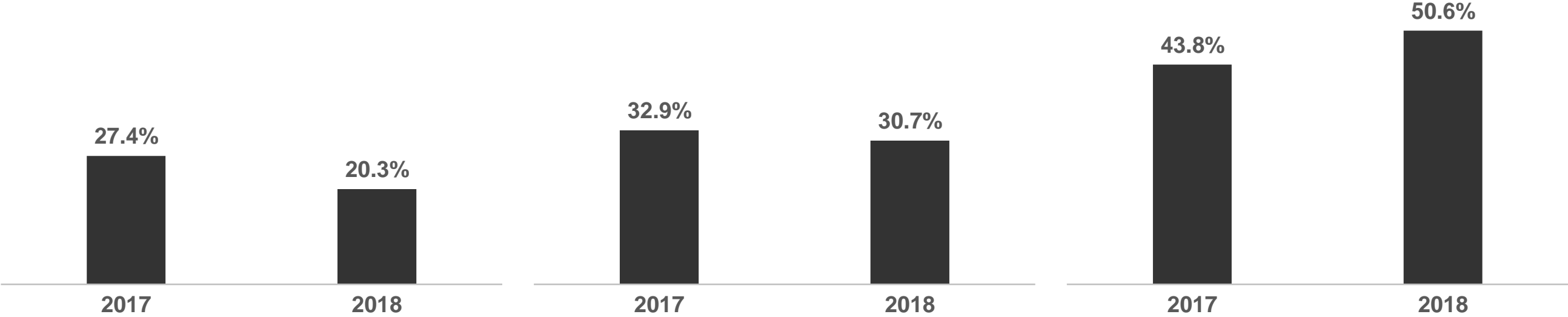
Take Rate
Driven by Take Rate changes

Gross Profit Per Order
Increases primarily due to improvements in AOV, Take Rate and shipping rates

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

Operating Leverage Controls

Operating Expenses (% of Revenue)



Marketing
Leverage driven by healthy retention trends and declining BAC

SG&A
Leverage driven by scale despite investments in our sales team and public company expenses

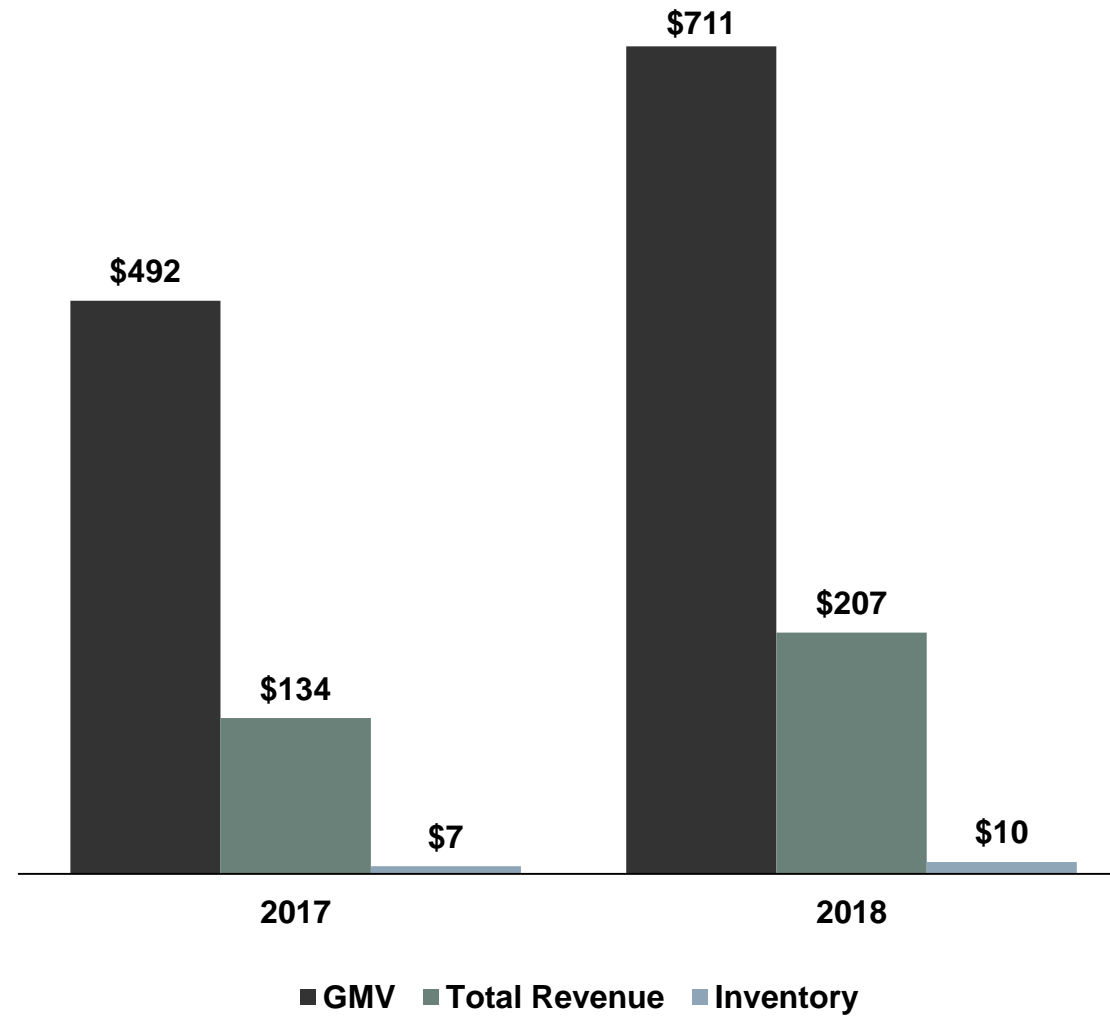
Ops & Tech
Recent investments in technology, new fulfillment capacity, retail stores, and merchandising operations

Note: BAC for a given period is comprised of our total advertising spend divided by the number of buyers acquired in that period.

Capital Efficient Marketplace Model

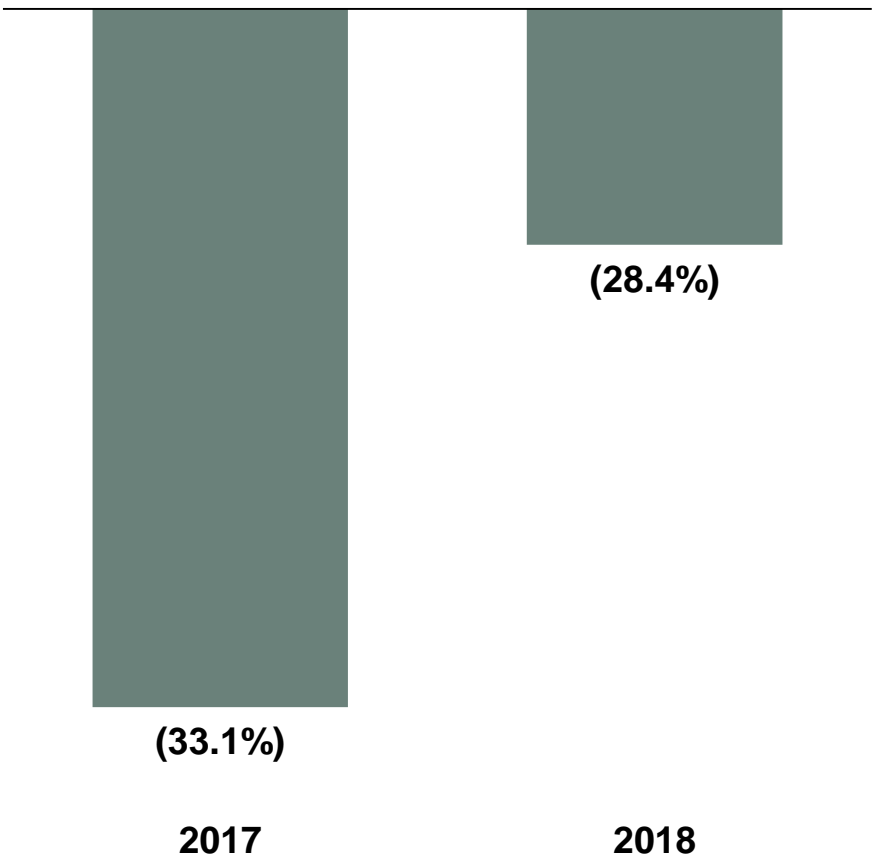
GMV, Total Revenue and Inventory

(\$ in millions)



We Are Driving Toward Profitability

Adjusted EBITDA (% of Revenue)



Drivers of operating leverage

Revenue Drivers	Strong Retention	Consignment Take Rate	AOV
Gross Margin Drivers	Shipping Expense	Consignment Take Rate	Direct Sales Mix
Variable Expense Leverage	Marketing Improving BAC	Ops & Tech Process automation	SG&A Sales team productivity
Fixed Expense Leverage	Ops & Tech Rent and headcount	SG&A Headcount and public company expenses	Marketing Headcount

Innovative and Experienced Team



Julie Wainwright
*Founder, President
and Chief Executive Officer*



Matt Gustke
Chief Financial Officer



Rati Sahi Levesque
Chief Operating Officer



Len Eschweiler
Chief Revenue Officer



Fredrik Björk
Chief Technology Officer



Zaina Orbai
Chief People Officer



Josh Mahoney
*Chief Product Officer
SVP, Product Management*



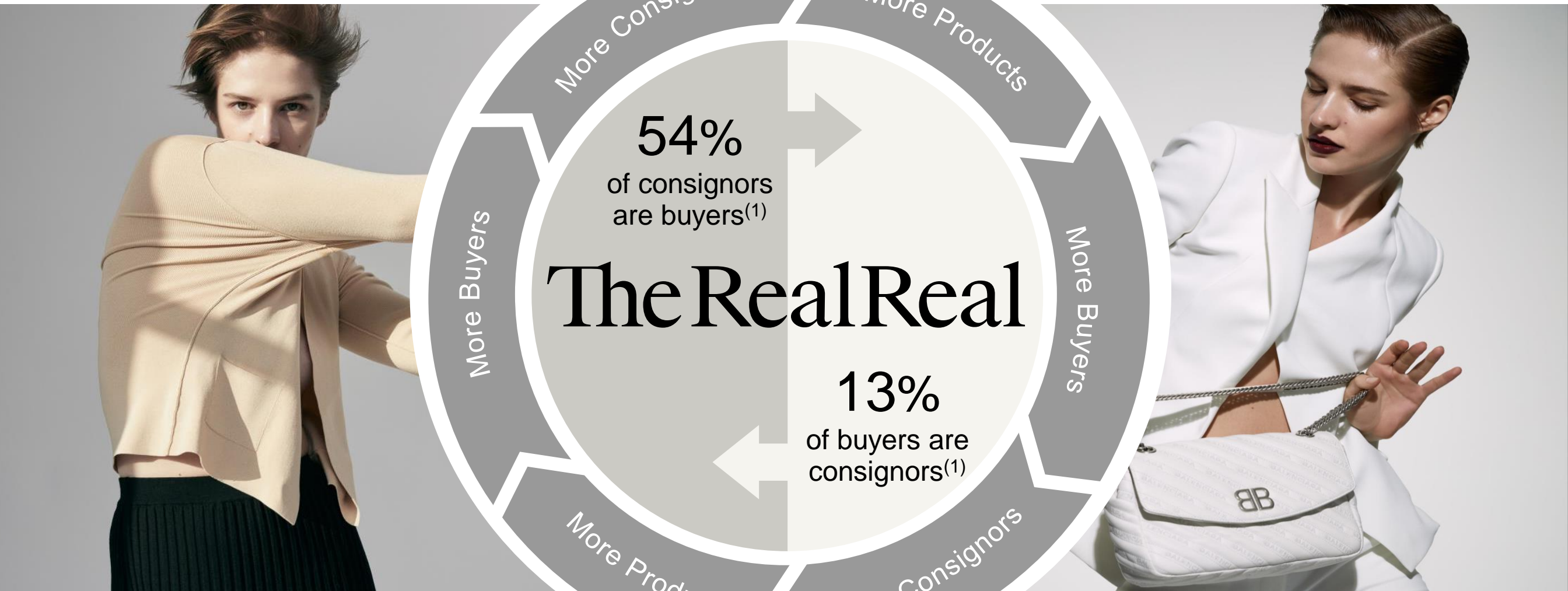
Marc Viale
SVP, Strategy and Growth



Dana Dufrane
General Counsel



Paul Bieber
Head of Investor Relations



More Consignors

More Products

54%
of consignors
are buyers⁽¹⁾

The RealReal

13%
of buyers are
consignors⁽¹⁾

More Buyers

More Buyers

More Products

More Consignors

(1) As of September 30, 2019.

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Appendix



We are a Differentiated Online Marketplace

- ✓ High AOV
- ✓ Coveted Goods
- ✓ Resilient Demand



- ✓ Consignment
- ✓ Authentication / Trust
- ✓ End-to-end Service Model
- ✓ High Take Rate

Reconciliation to Adjusted EBITDA

(\$ in millions)

FYE December 31

	2017	2018
Net loss	(\$52.3)	(\$75.8)
Depreciation and amortization	5.6	9.3
Stock-based compensation expense	1.9	2.9
Compensation expense related to stock sales by current and former employees	–	0.8
Vendor service settlement	–	2.0
Interest income	(0.4)	(1.0)
Interest expense	0.8	1.2
Other expense, net	0.1	1.7
Provision for income taxes	0.1	0.1
Adjusted EBITDA	(\$44.3)	(\$58.9)

Reconciliation to Adjusted EBITDA

(\$ in millions)

FYE December 31	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
Net loss	(\$14.1)	(\$17.6)	(\$21.9)	(\$22.2)	(\$23.2)	(\$26.6)	(\$25.3)
Depreciation and amortization	2.0	2.1	2.4	2.8	2.8	3.2	3.5
Stock-based compensation expense	0.5	0.7	0.7	0.9	1.1	1.3	2.5
Compensation expense related to stock sales by current and former employees	–	–	0.8	–	0.8	–	–
Vendor service settlement	–	–	2.0	–	–	–	–
Interest income	(0.1)	(0.1)	(0.4)	(0.4)	(0.4)	(0.6)	(1.9)
Interest expense	0.2	0.5	0.2	0.2	0.1	0.1	0.1
Other expense, net	0.1	1.3	0.2	0.1	0.3	1.7	0.1
Provision for income taxes	–	–	0.0	0.1	–	0.1	0.0
Adjusted EBITDA	(\$11.3)	(\$13.1)	(\$15.9)	(\$18.5)	(\$18.5)	(\$20.9)	(\$20.9)

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