

The RealReal

INVESTOR PRESENTATION

February 2020



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.

Forward-looking statements are neither historical facts nor assurances of future performances. Forward-looking statements are based on information available at the time those statements are made or on management’s good faith beliefs and assumptions as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in, or suggested by, the forward-looking statements. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this presentation and the accompanying oral presentation may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. These risks and uncertainties include statements regarding our future financial performance, financial condition and prospects, such as our financial guidance for future periods; our ability to achieve and maintain future profitability; the market demand for authenticated pre-owned luxury goods and new and pre-owned luxury goods in general, economic and industry trends, projected growth or trend analysis; our ability to attract and retain consignors and buyers; and our ability to increase the supply of luxury goods offered through our marketplace. The forward-looking statements contained in this presentation are also subject to risks and uncertainties, including those more fully described in the Company’s filings with the Securities and Exchange Commission (the “SEC”), including the Company’s prospectus filed pursuant to Rule 424(b) under the Securities Act of 1933, as amended, on June 28, 2019, in our Quarterly Report on Form 10-Q for the period ended June 30, 2019 and September 30, 2019, in our Form 10-K for the fiscal year ended December 31, 2019 that will be filed following our earnings release for such period, and other risks and uncertainties discussed in any subsequent reports that we file or furnish with the SEC from time to time. The forward-looking statements should be considered in light of these risks and uncertainties. These risks and uncertainties could cause actual results, performance or achievement to differ materially and adversely from those anticipated or implied in the forward-looking statements. Except as required by law, The RealReal does not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

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.

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 RealReal

Q4 Highlights



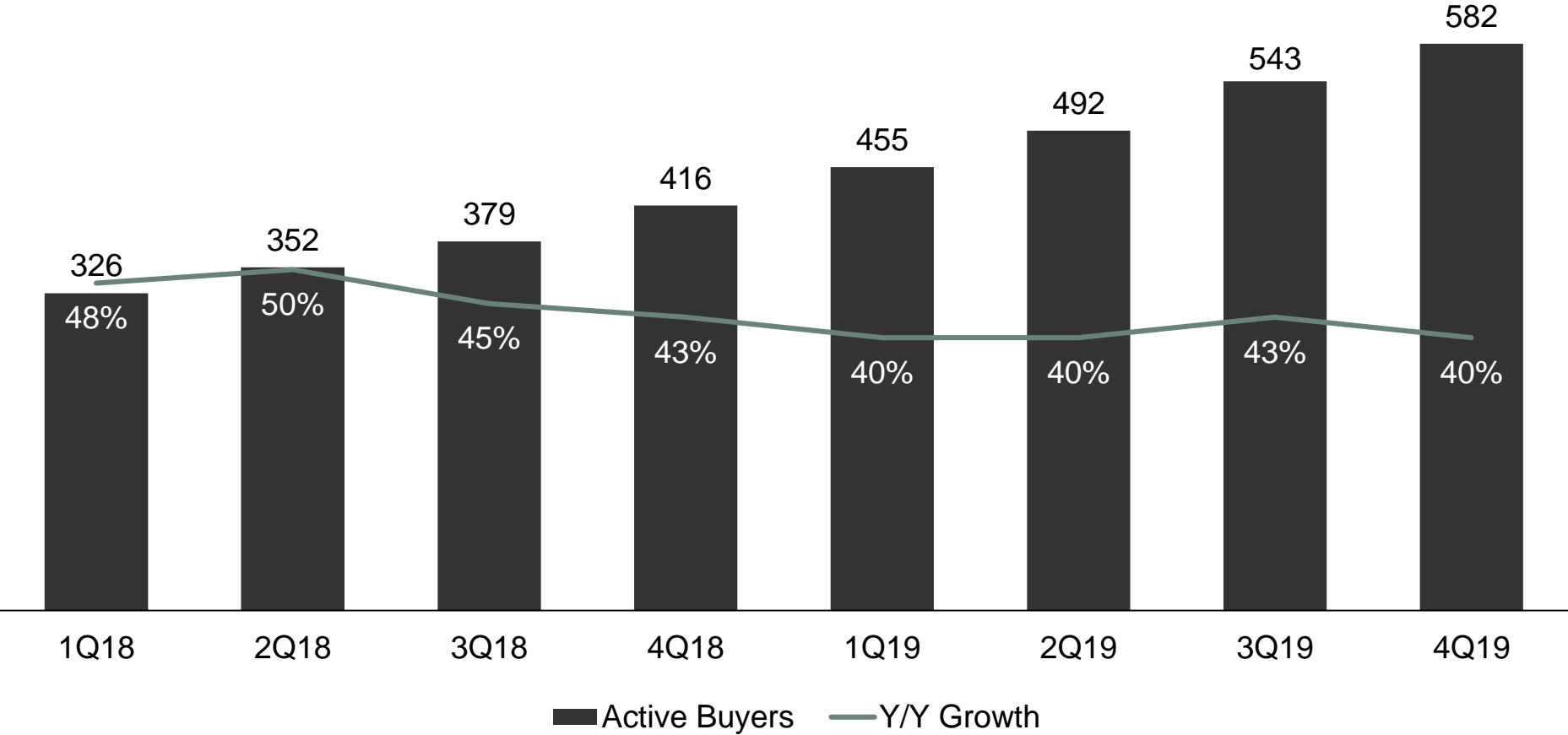
Q4 Highlights

- GMV of \$303.0 million, +39% Y/Y; Marketing spend down 14% Y/Y and BAC improved ~30% Y/Y
- 82.9% of GMV from repeat buyers
- Revenue of \$97.3 million, +57% Y/Y
- ~17% Y/Y Adj. EBITDA margin leverage
- ~11% Y/Y Ops. & Tech leverage driven by automation, outbound ops., and fixed exp. leverage
- ~9% Y/Y Marketing leverage
- 2019 contribution profit per order of \$19.72, +126% Y/Y
- Pledged to become carbon neutral in 2021

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

Q4 TTM Active Buyer Growth +40% Y/Y

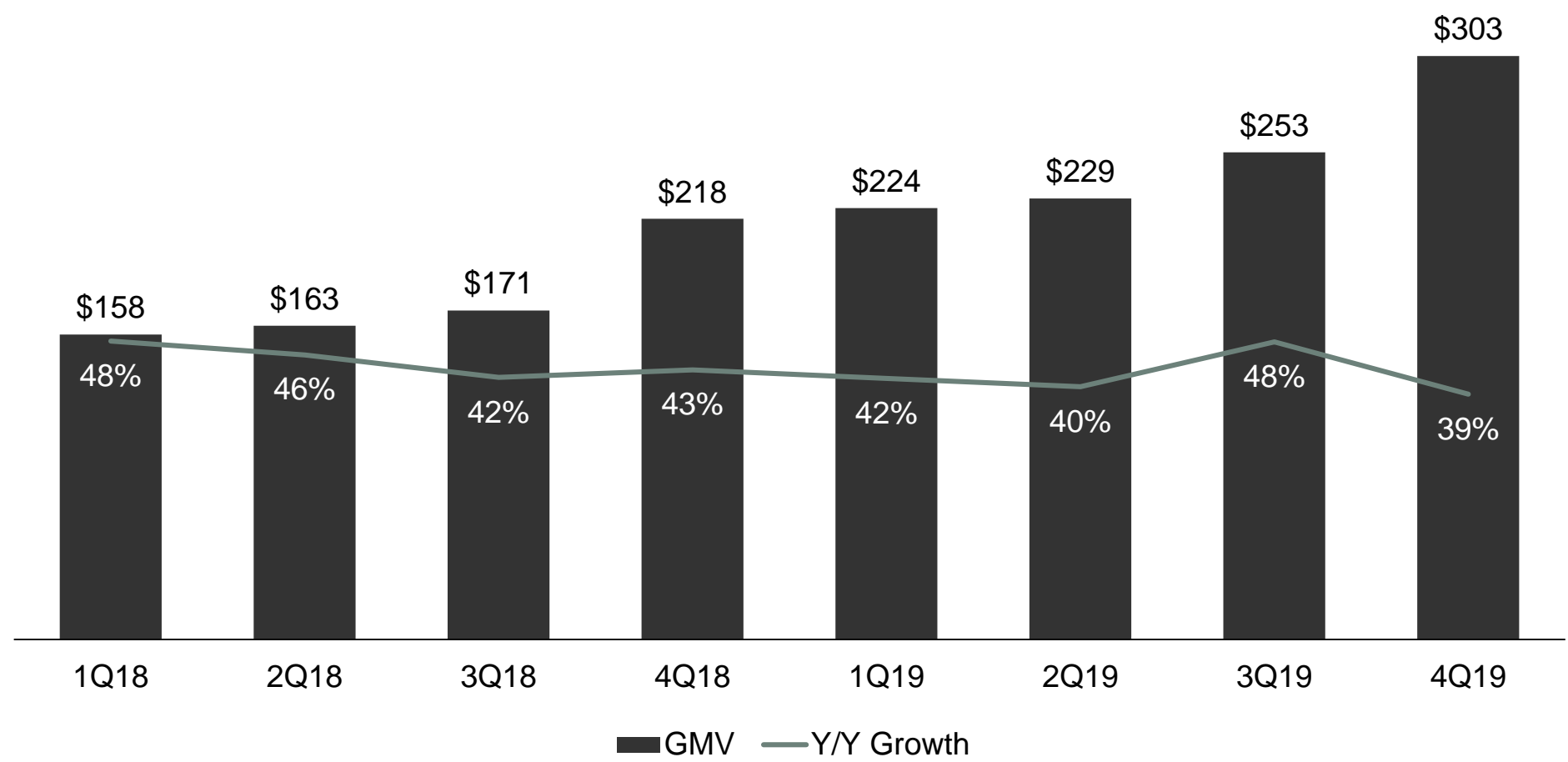
(in thousands)



TTM Active buyer growth increased 40% Y/Y; Added 39K active buyers in Q4 with TV the largest source of active buyer growth

Q4 GMV Growth +39% Y/Y

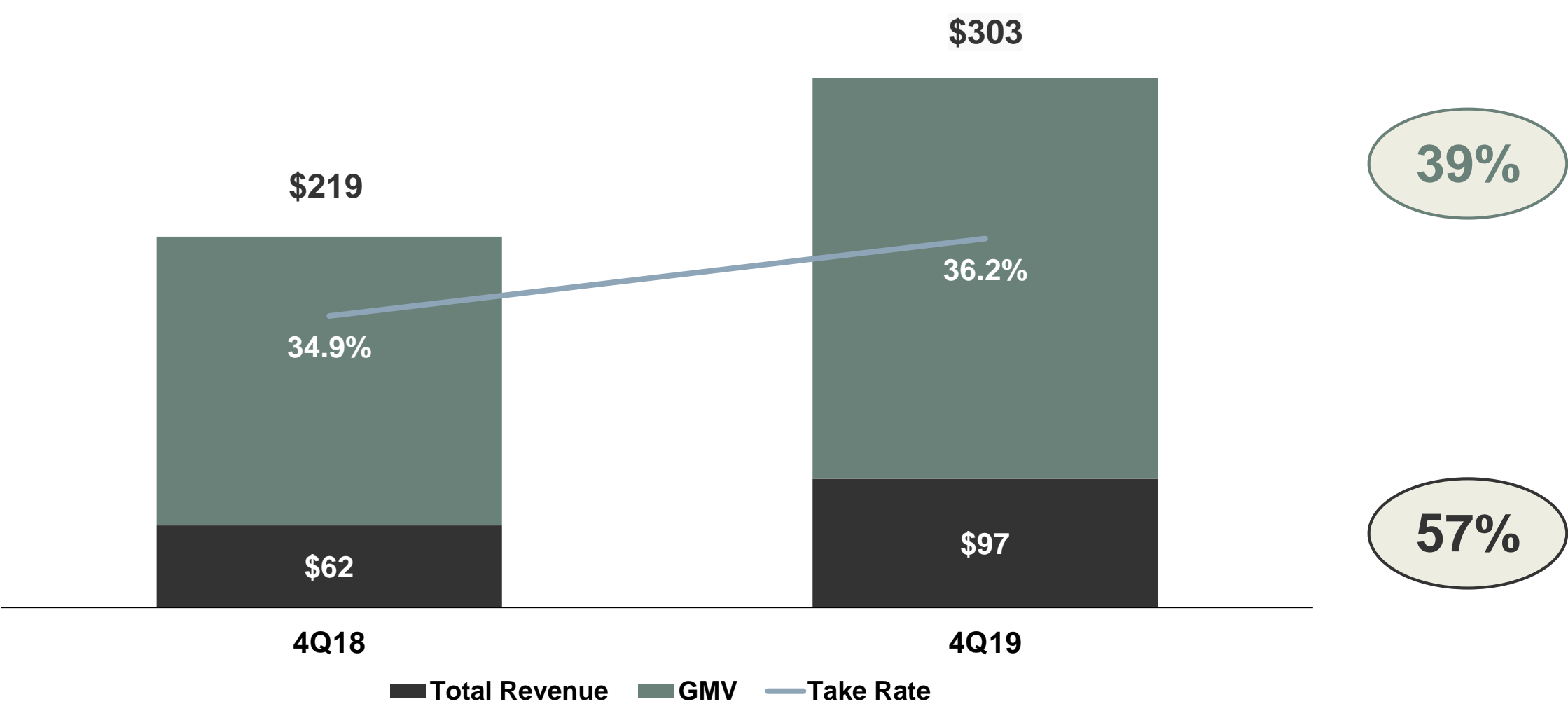
(\$MM)



GMV growth increased 39% Y/Y despite a Y/Y reduction in marketing spend

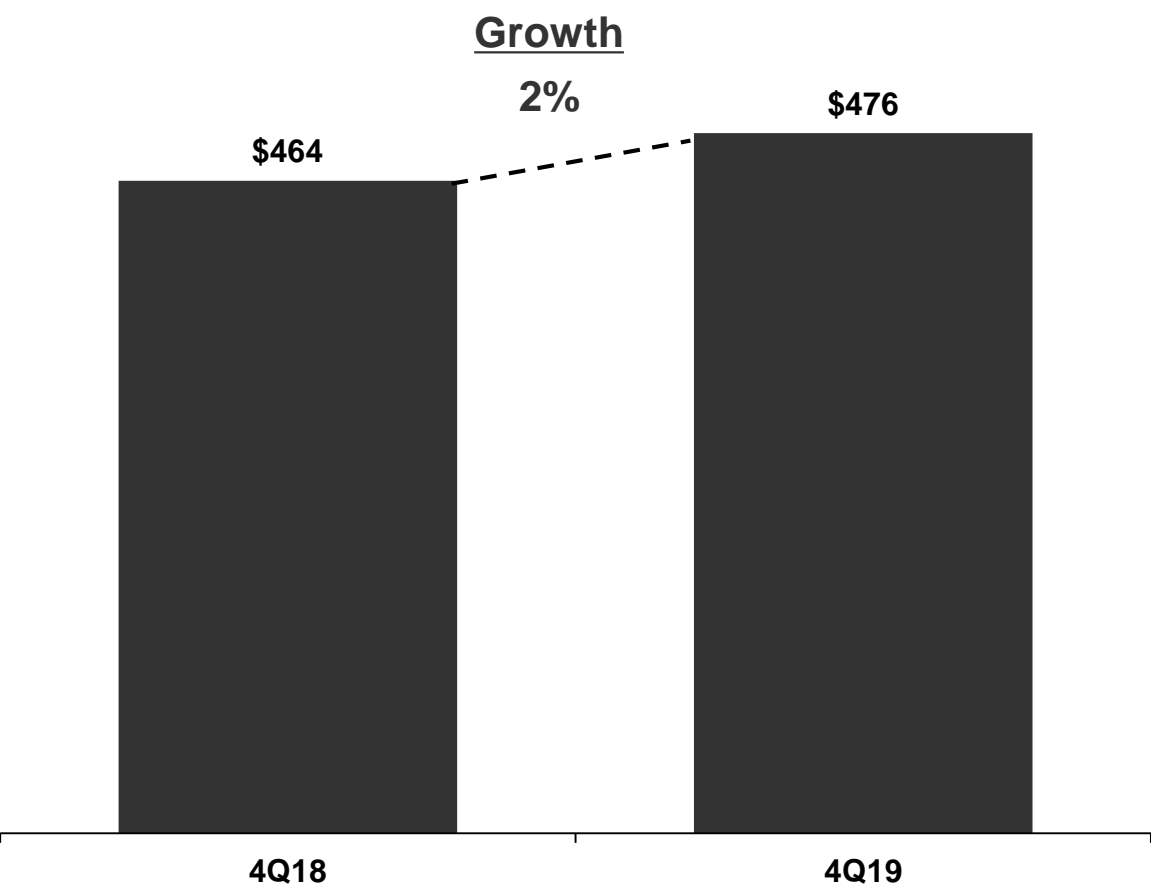
Q4 Take Rate Increased 130bps Y/Y

(\$ in millions)



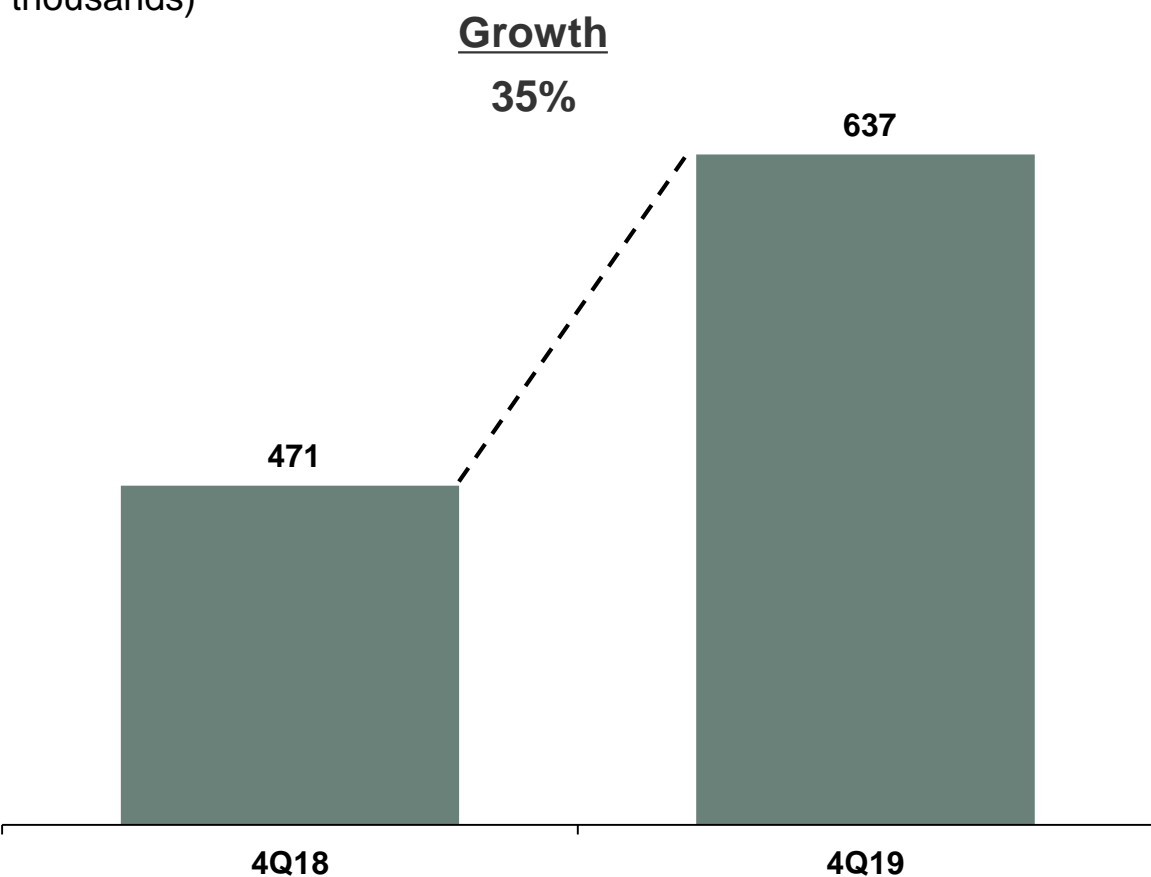
GMV Growth Driven By Order Growth and Higher AOV

Average order value (AOV)



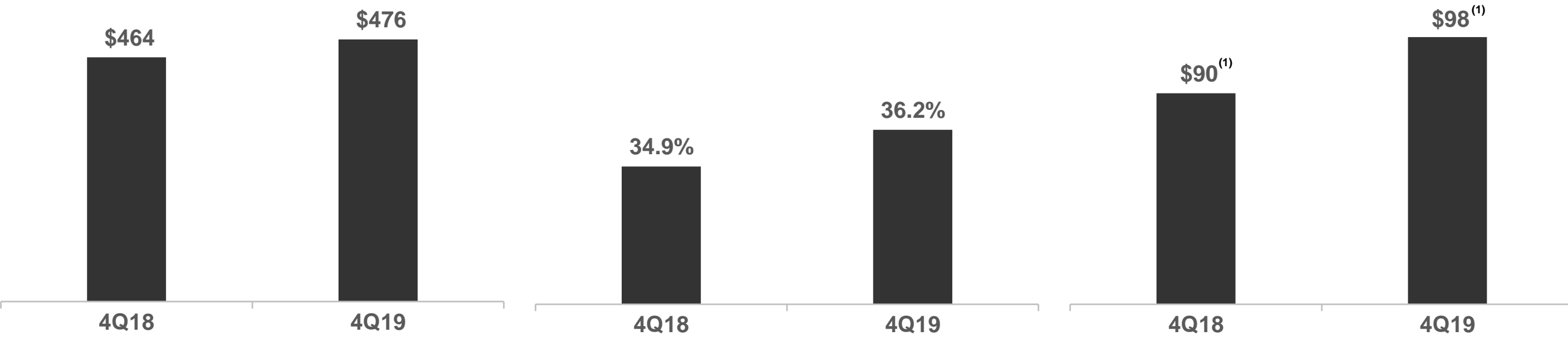
Number of orders

(in thousands)



Top Line Leverage

Leverage drivers



AOV

AOV increased 2% Y/Y driven by higher ASPs; AOV was an all-time record

Take Rate

Up 130bps Y/Y; Increase driven by Take Rate changes implemented in February 2019

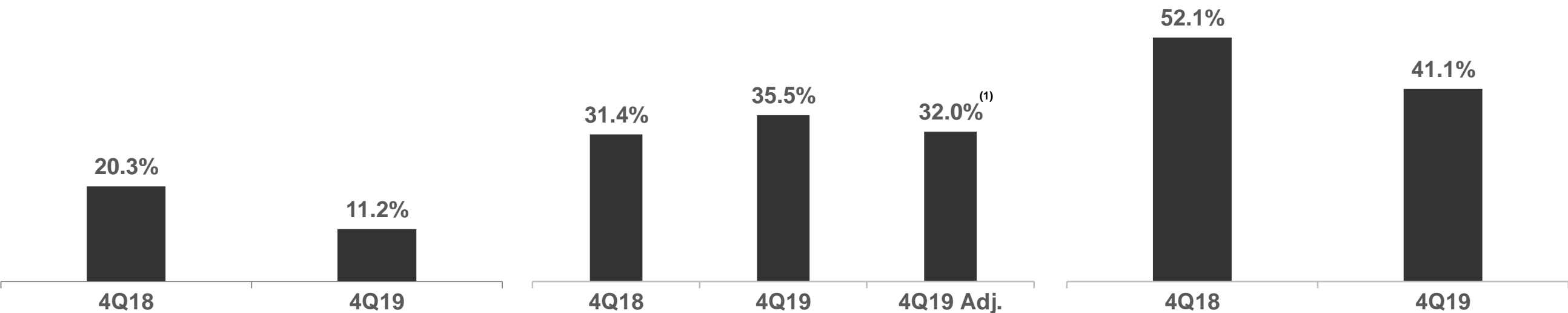
Gross Profit Per Order

Up 10% Y/Y; Increase driven by higher AOV, Take Rates and shipping leverage; Gross Profit per Order was an all-time record

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

Operating Leverage Controls

Operating Expenses (% of Revenue)



Marketing

Healthy retention trends and a ~30% Y/Y decline in BAC; ~900bps Y/Y leverage

SG&A

Investments in public company costs, sales headcount and a \$3.2 million donation to establish the TRR Foundation

Ops & Tech

Leverage driven by automation, improved outbound efficiencies and fixed expense leverage; ~11% Y/Y leverage

Note: Buyer Acquisition Cost or BAC for a given period is comprised of our total advertising spend divided by the number of buyers acquired in that period
(1) Excluding the \$3.2 million donation to establish The RealReal Foundation and \$0.3 million in abandoned offering costs, SG&A as a percent of revenue was 32.0% in 4Q19..

1Q and Full Year 2020 Outlook

- We expect Q1 GMV of \$291 million to \$295 million, +30-32% Y/Y
- We expect 2020 GMV of \$1,315 million to \$1,345 million, +30-33% Y/Y
- We expect Q1 EBITDA margin loss percent in the range of 24.0% to 26.0%
- We expect 2020 EBITDA margin loss percent in the range of 15% to 16%
- 2020 EBITDA outlook implies 700-800bps Y/Y margin expansion vs. 540bps in 2019

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

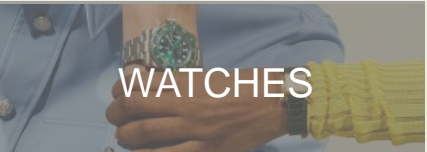
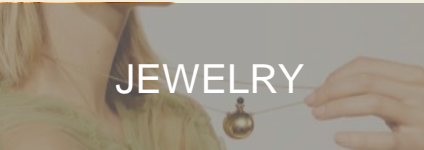
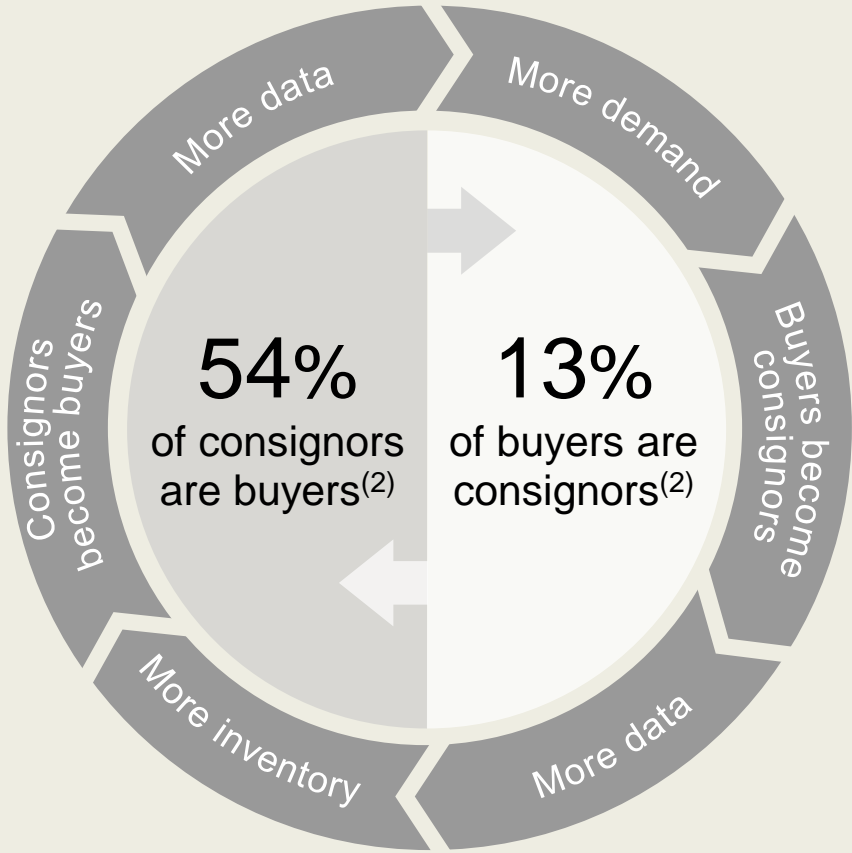
Largest Online Marketplace for Authenticated, Consigned Luxury Goods with Powerful Flywheel Driving Growth

\$1.0 billion
GMV⁽¹⁾

\$318 million
Total Revenue⁽¹⁾

582K
TTM Active
Buyers⁽¹⁾

\$455
AOV⁽¹⁾



81%
of 2019 GMV from
repeat consignors

83%
of 2019 GMV from
repeat buyers

Note: Average Order Value (AOV).
(1) Represents 2019 result.
(2) As of December 31, 2019.

Luxury Market is Enormous and Propelled by Strong Tailwinds

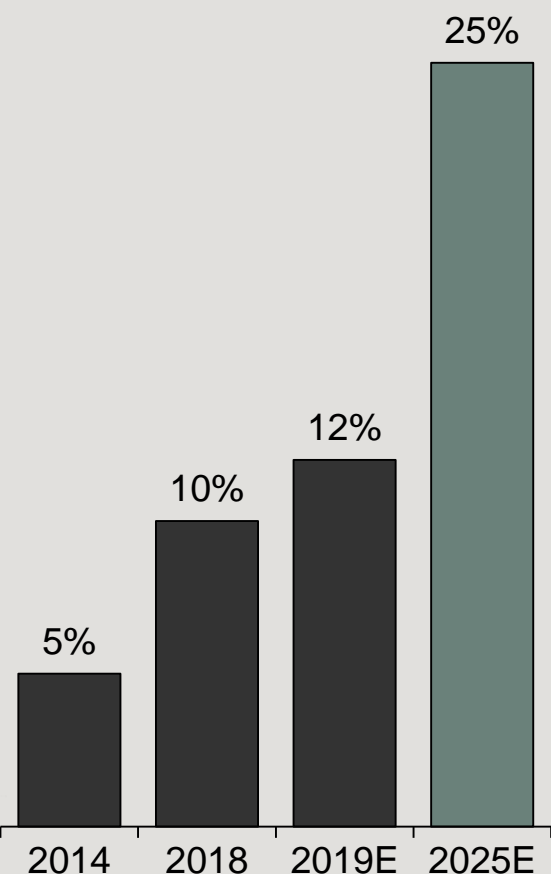
\$309 billion

2019 Estimate
global personal
luxury goods market

- > 6% '96 –'19
Estimated CAGR
- > Resilient to
economic cycles

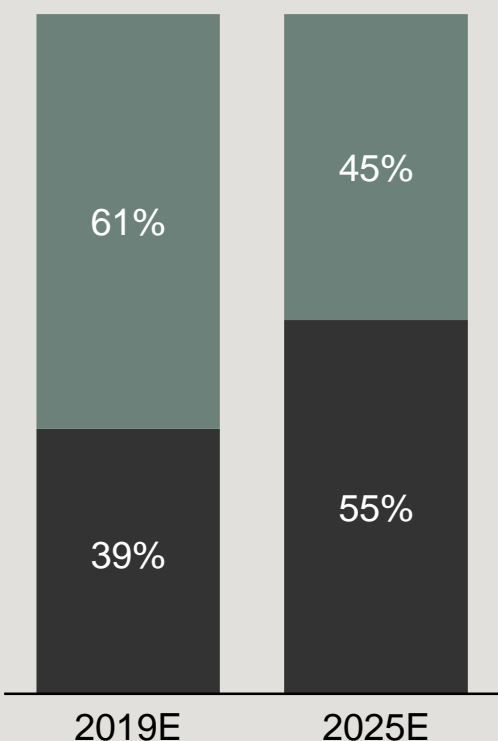


Luxury retail is
shifting online⁽¹⁾



Younger generations are
driving growth⁽¹⁾

■ Gen Z & Millennials ■ All other



Focus on
sustainability

~50%

of our overall consignor base
cite environmental impact or
extending the lifecycle of luxury
as key motivators for
consigning⁽²⁾

Note: EUR converted to USD at an exchange rate of USD1.1013 / EUR as of the date of the release of the Bain & Company study on November 28, 2019.
(1) Global online personal luxury goods market share according to Bain & Company, Inc., Worldwide Luxury Market Monitor, November 2019 and November 2018.
(2) According to The RealReal customer survey results.

Our TAM is Large and Attractive



The Real Real

\$198 billion

US luxury goods available for resale

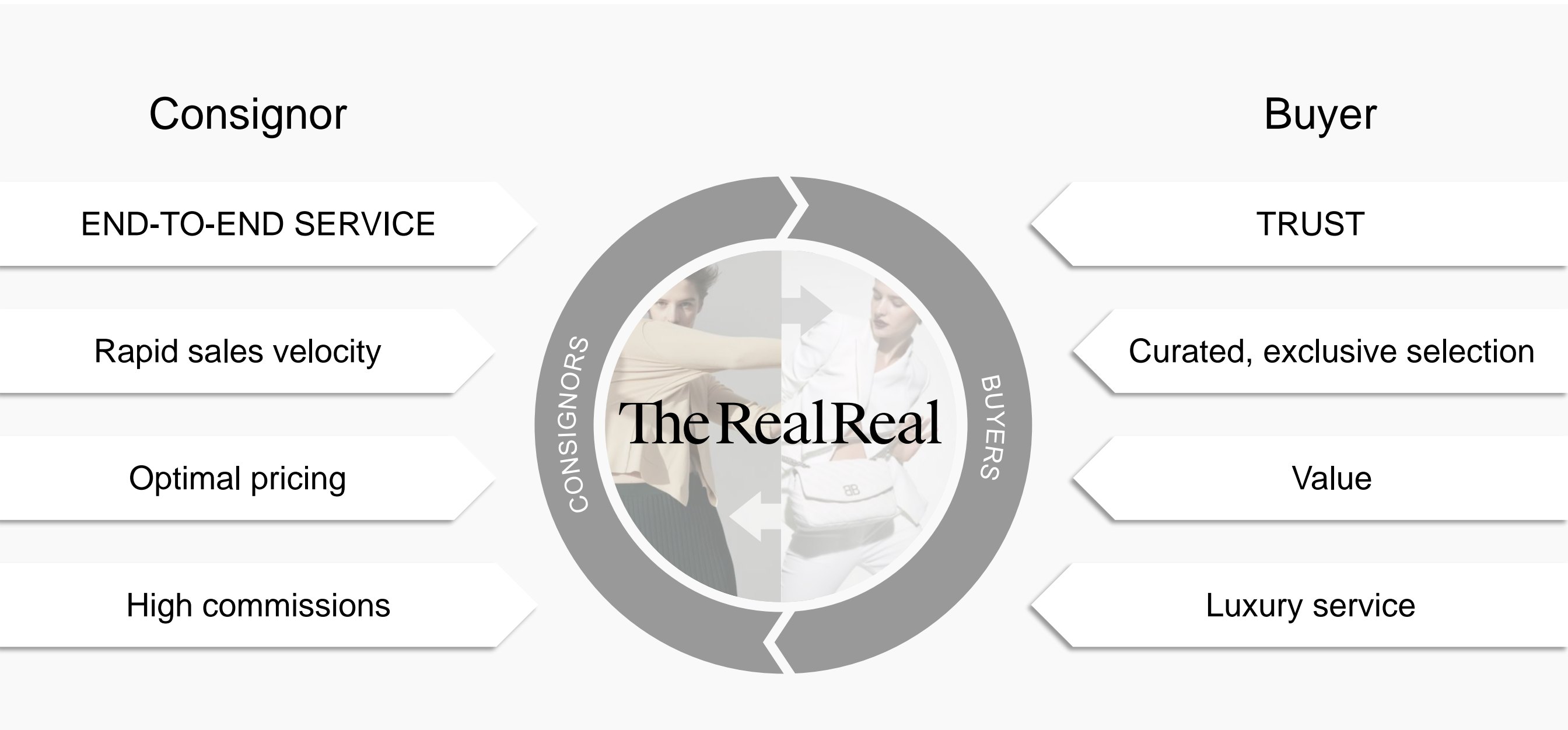
5.3 years

Average time consumers
keep luxury products

~\$37 billion

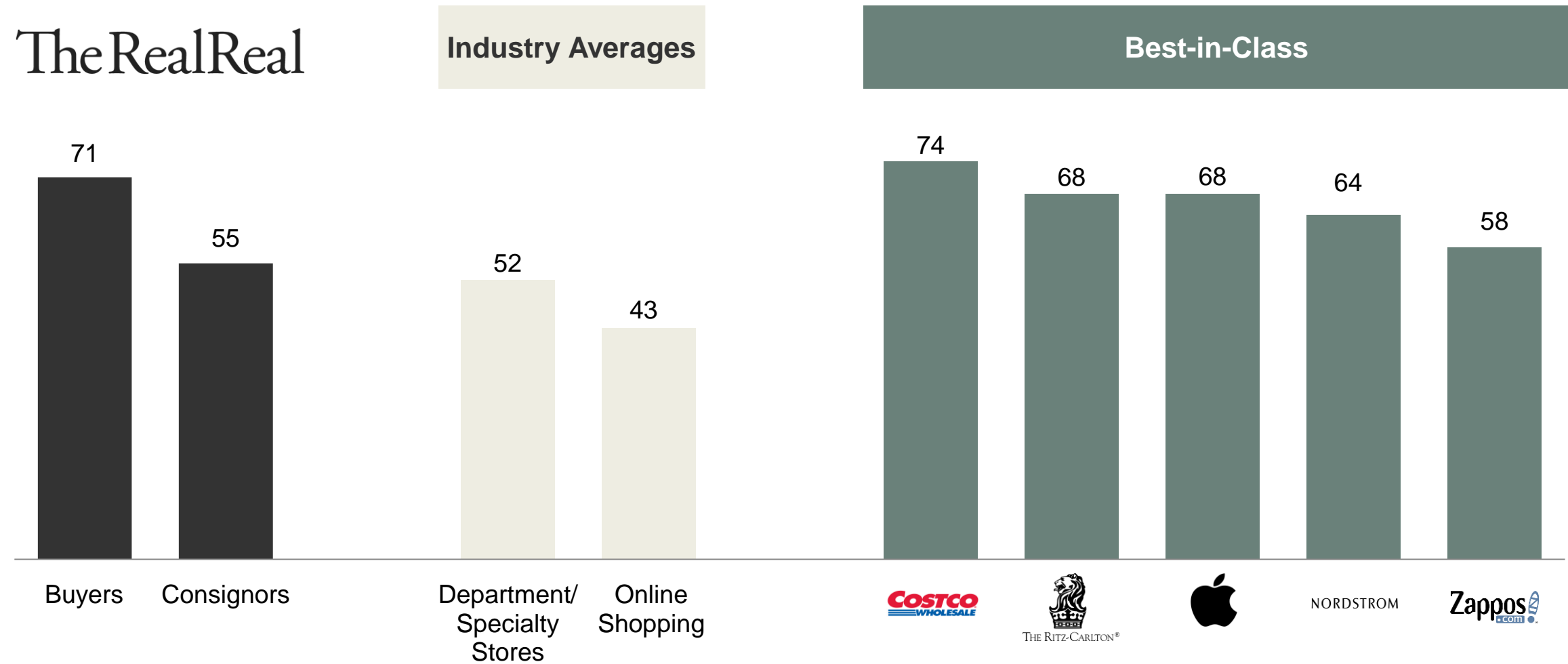
Annual new supply of
US luxury goods for resale

We Offer a Superior Marketplace for Consignors and Buyers



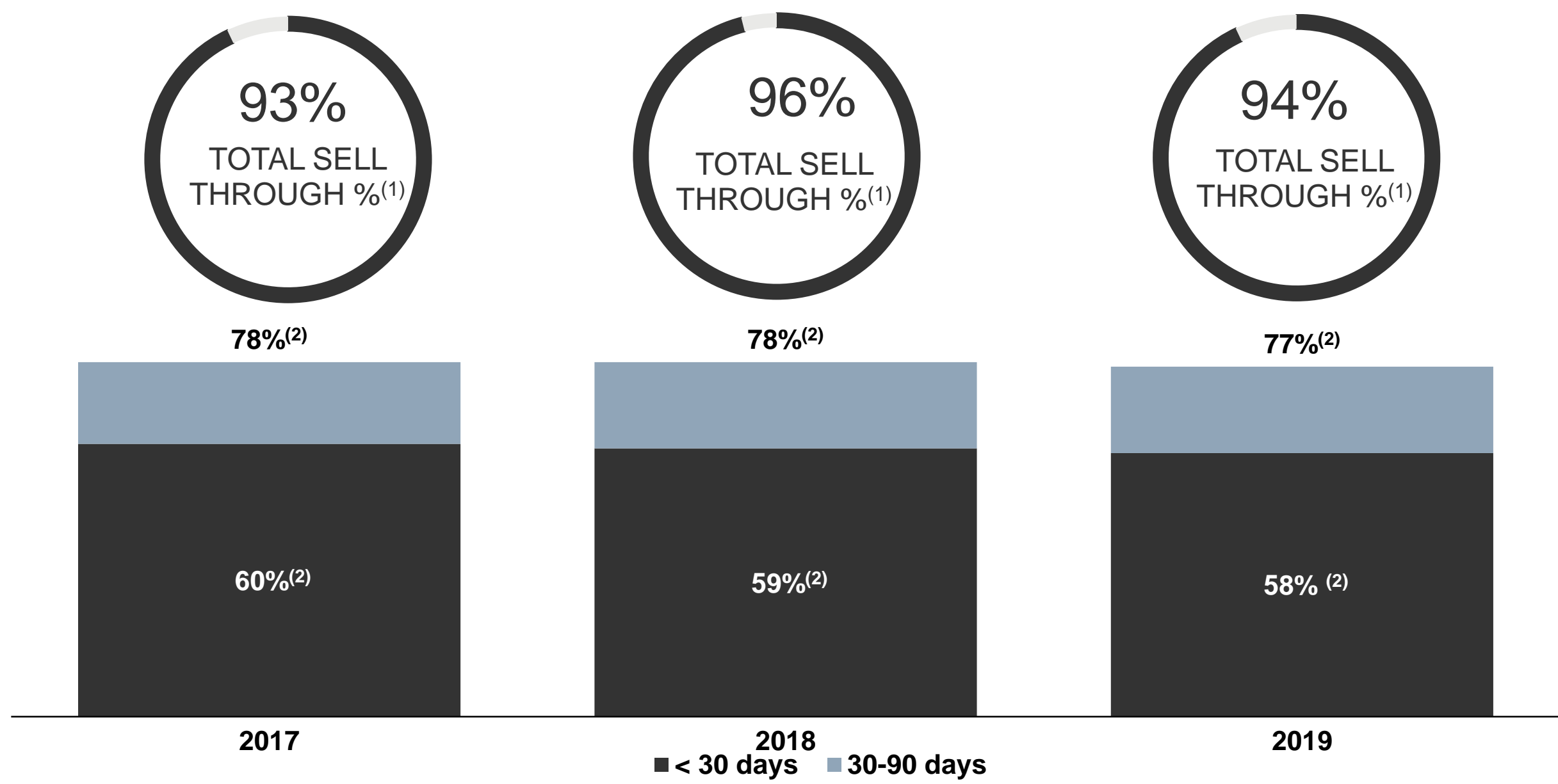
Our NPS Compares Favorably with Best-in-Class Consumer Companies

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



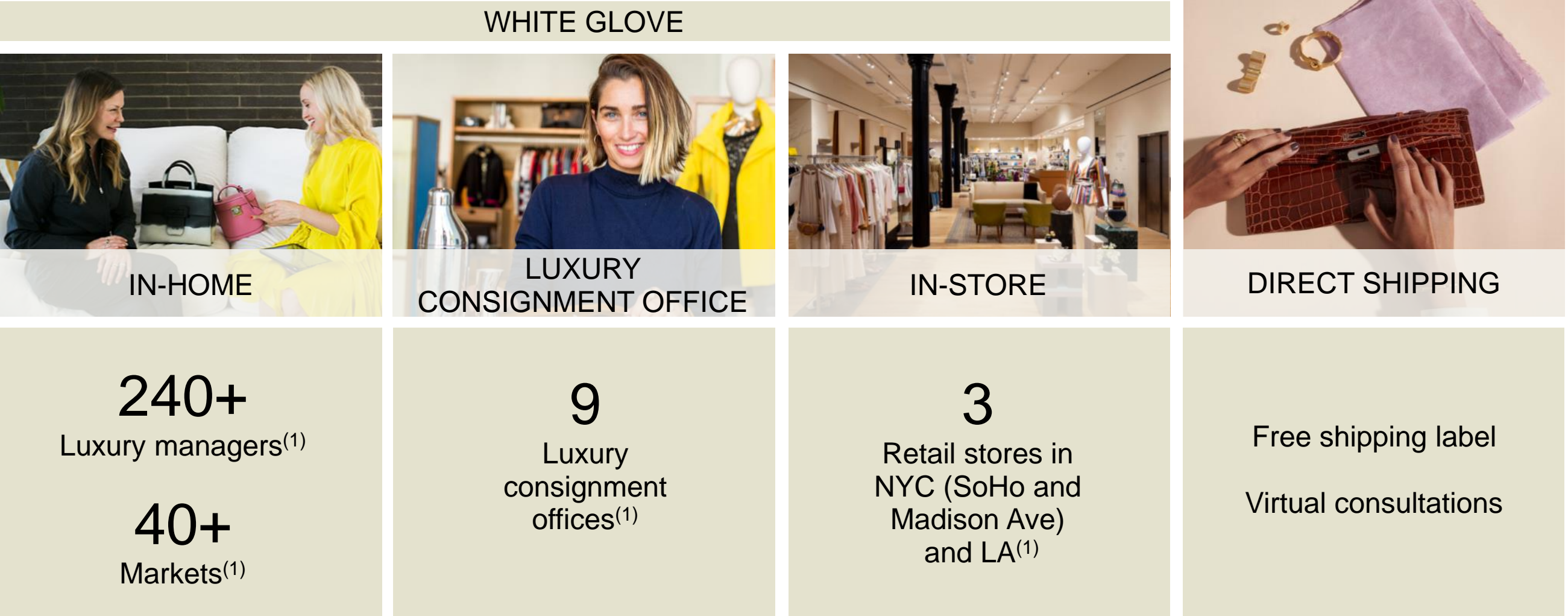
(1) Reflects TRR 2019 NPS scores and NICE Satmetrix U.S. Consumer 2018 and 2019 data

Supply Drives the Business and Essentially Everything Sells



(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

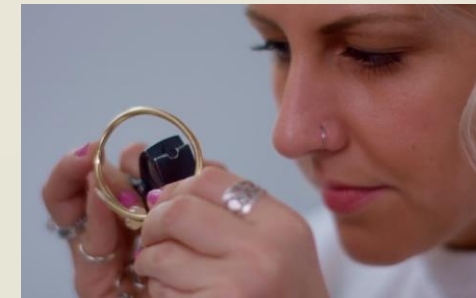
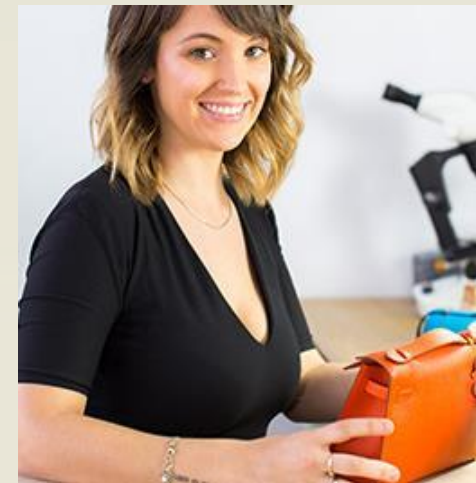


(1) As of December 31, 2019.

Trust: We Authenticate Every Item on Our Marketplace

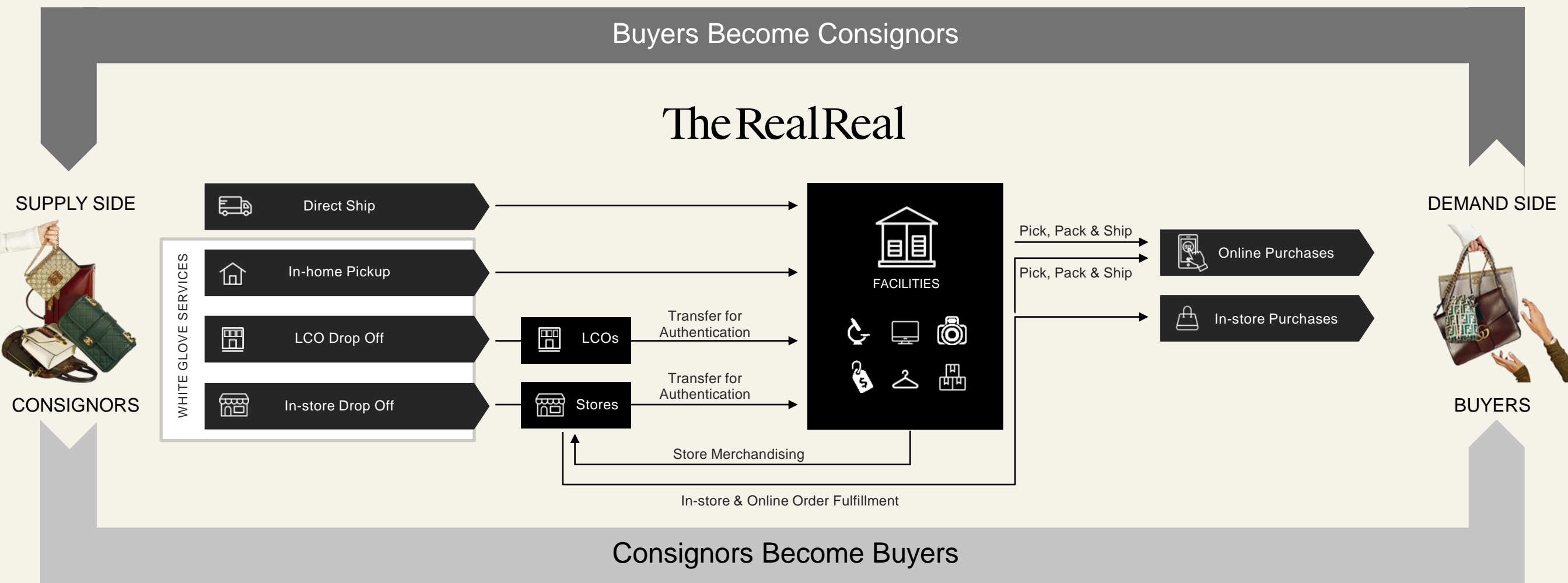
150+

Highly trained brand
authenticators,
gemologists, horologists
and art curators ⁽¹⁾



Note: As of December 31, 2019.

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



Note: Luxury Consignment Office (LCO).

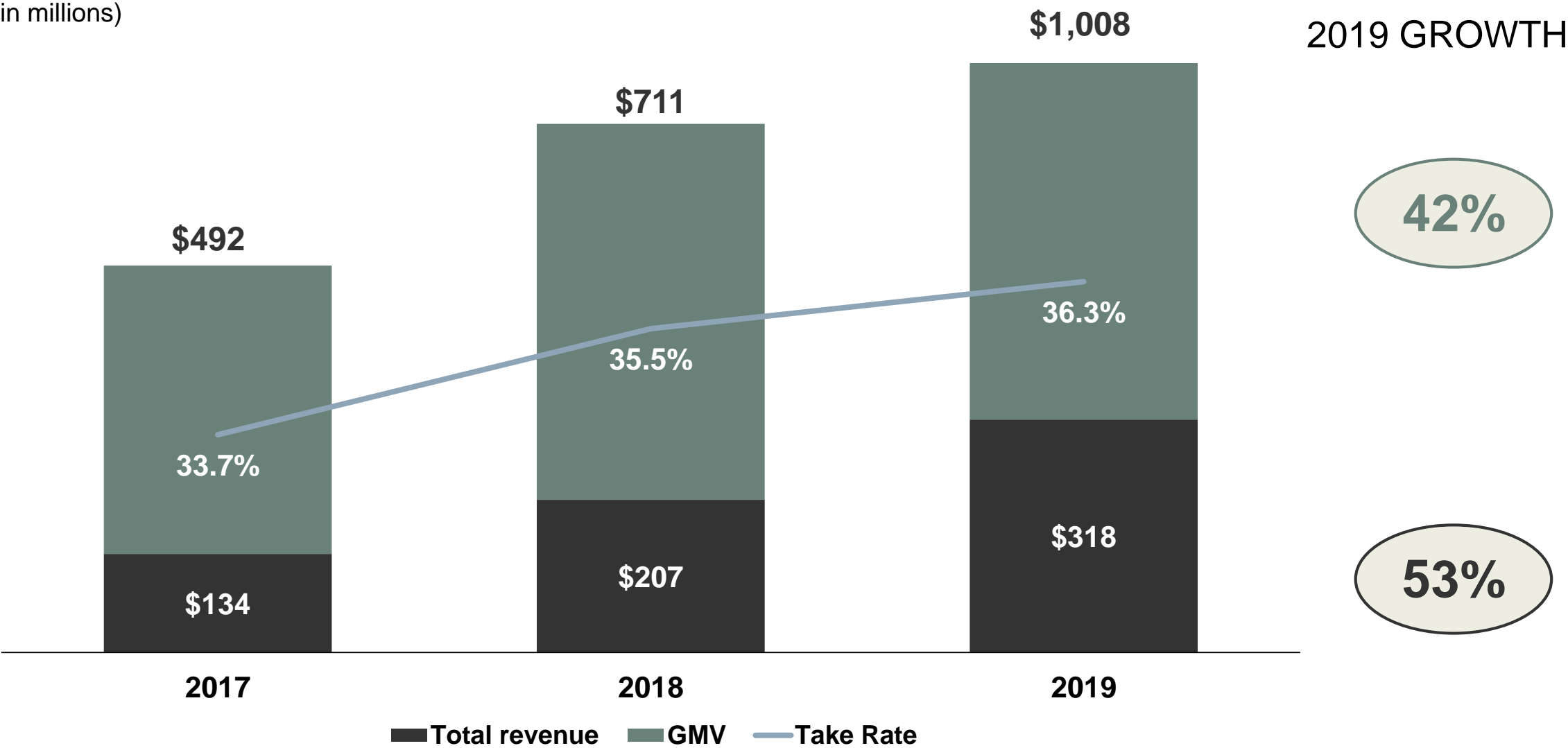
Massive Proprietary Data Asset and Analytics Capabilities



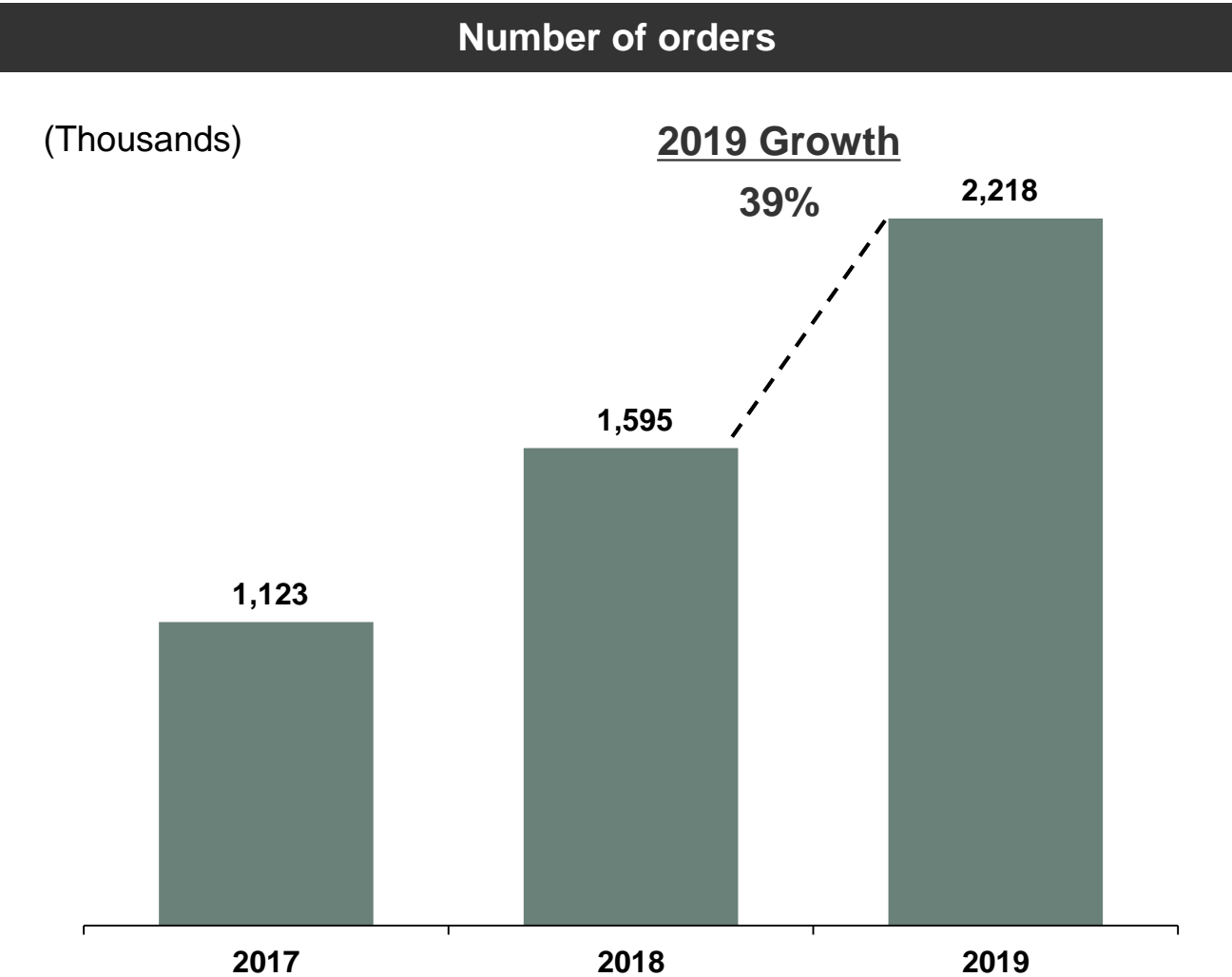
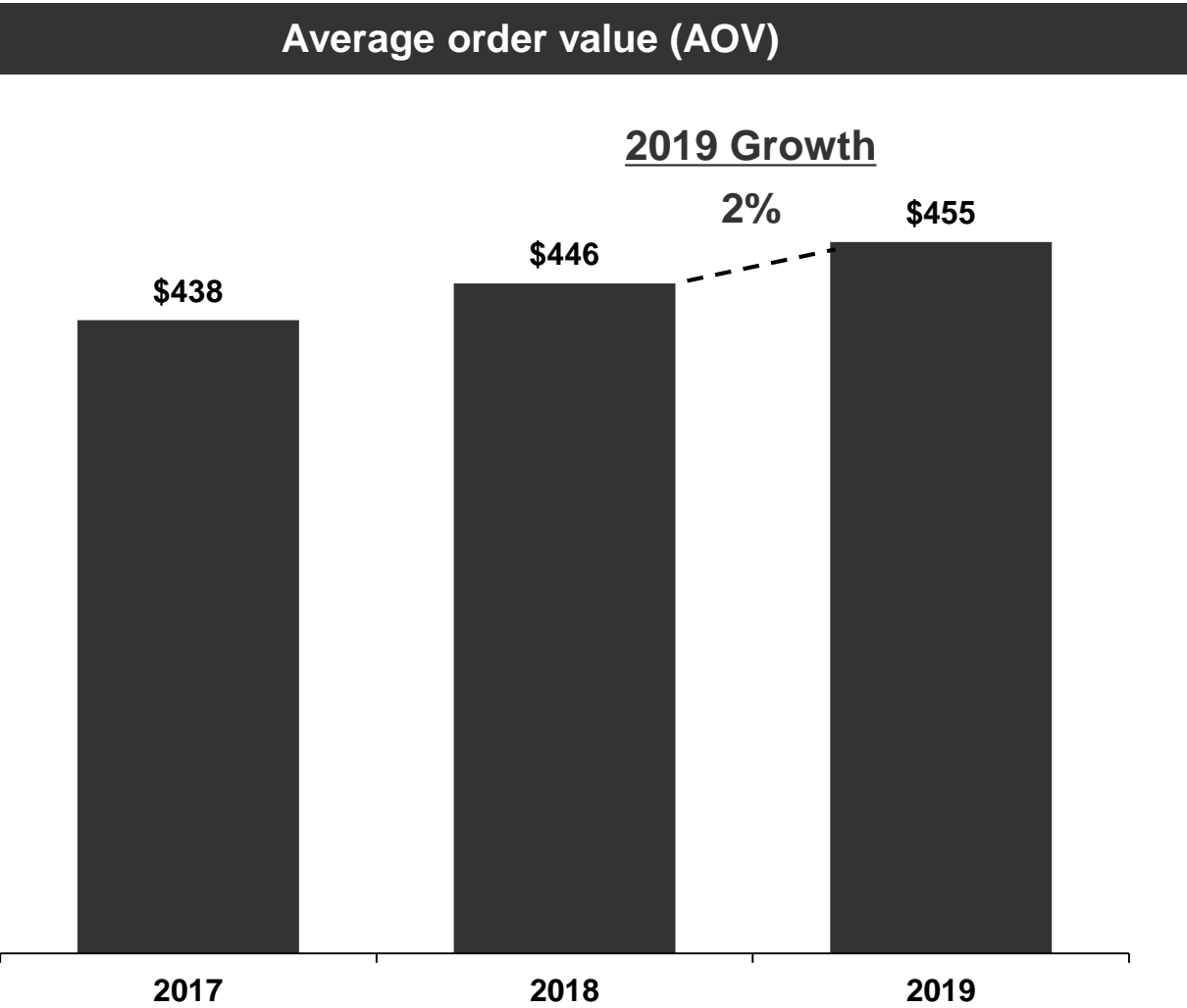
(1) As of December 31, 2019.
(2) Represents 2019 Result

Strong Revenue Growth Driven By GMV Growth and Take Rate

(\$ in millions)

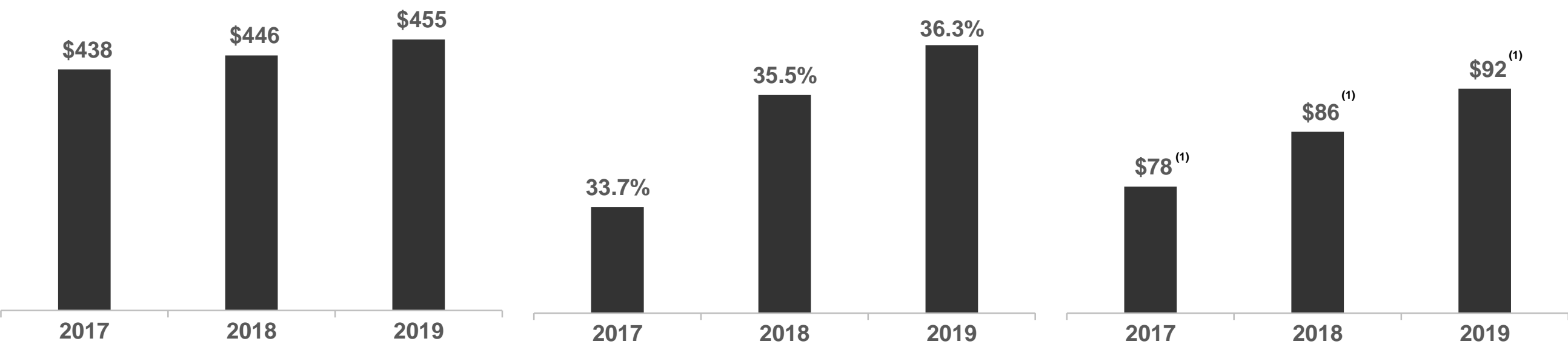


GMV Growth Driven By Order Growth and Higher AOV



Top Line Leverage

Leverage drivers



AOV

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

Take Rate

Up 80bps Y/Y in 2019 Driven by Take Rate changes

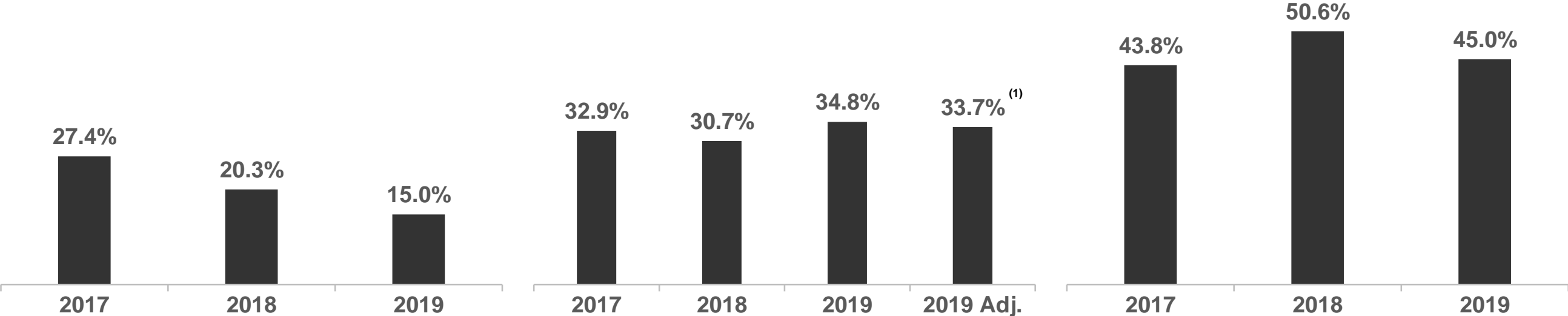
Gross Profit Per Order

Up 7% Y/Y in 2019; Increases due to improvements in Take Rate, AOV, and shipping leverage

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

Operating Leverage Controls

Operating Expenses (% of Revenue)



Marketing

‘19 leverage driven by healthy retention trends and a ~20% Y/Y decline in BAC; ~500bps Y/Y leverage in 2019

SG&A

‘19 deleverage driven by investments in public company costs, headcount and a \$3.2 million donation to establish the TRR Foundation

Ops & Tech

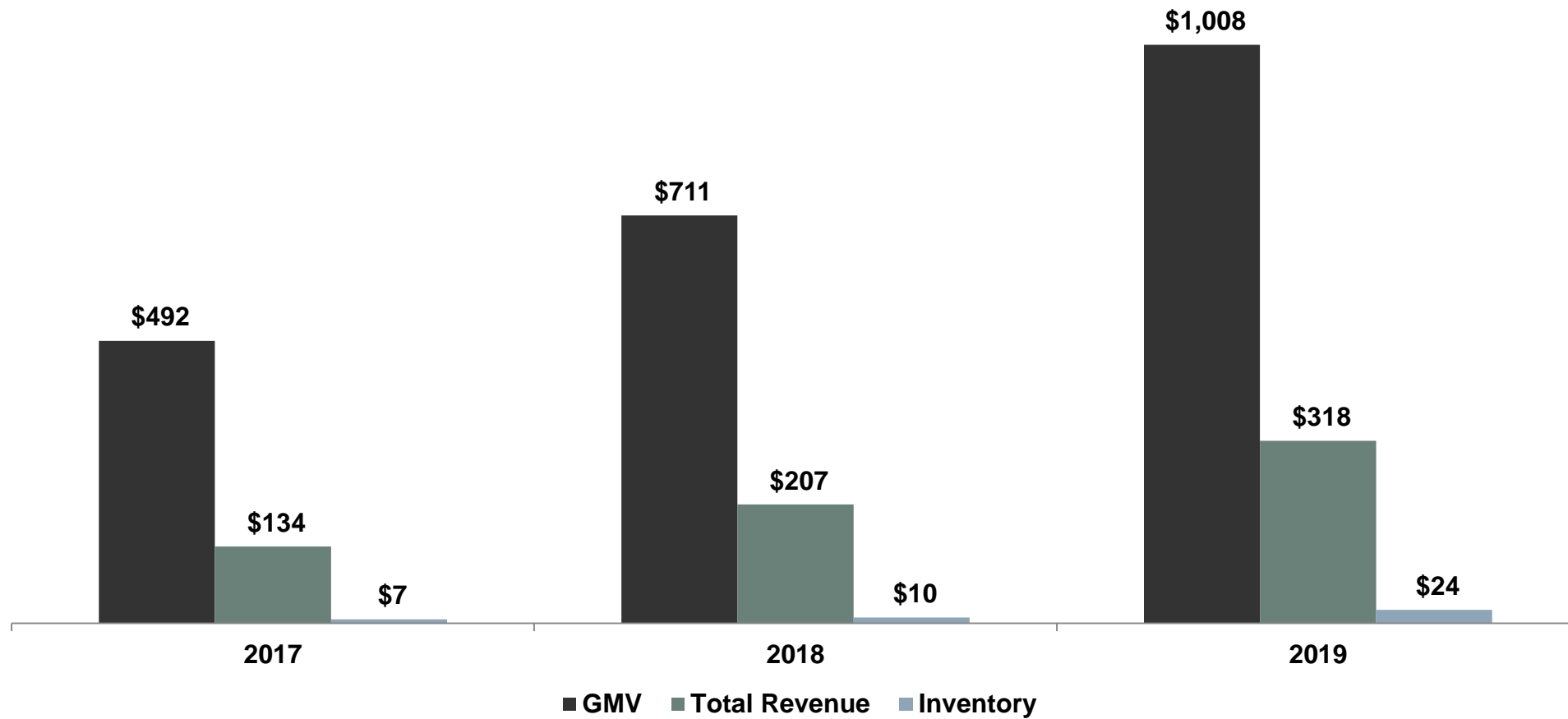
‘19 leverage driven by automation, improved outbound efficiencies and fixed expense leverage; ~550bps Y/Y leverage in 2019

Note: Buyer Acquisition Cost or BAC for a given period is comprised of our total advertising spend divided by the number of buyers acquired in that period.
(1) Excluding the \$3.2 million donation to establish The RealReal Foundation and \$0.3 million in abandoned offering costs, SG&A as a percent of revenue was 33.7% in 2019

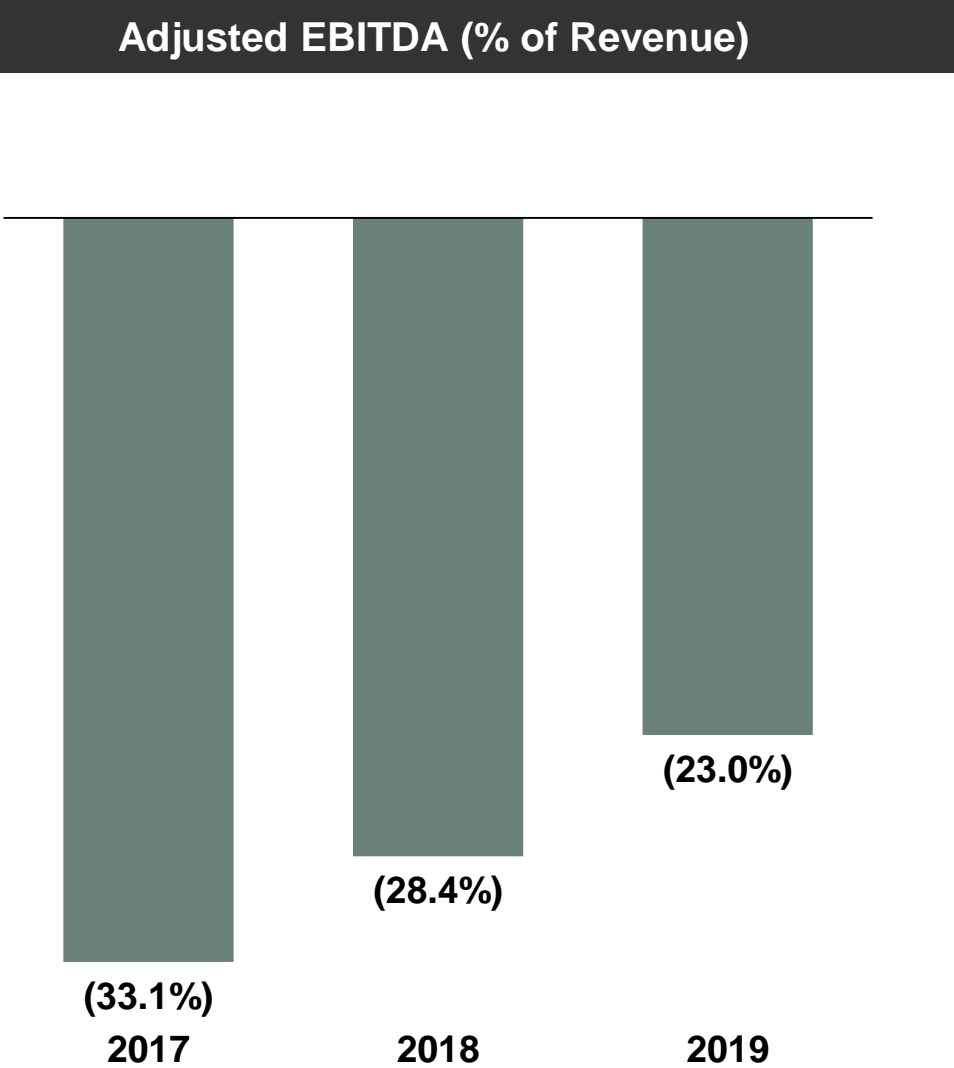
Capital Efficient Marketplace Model

GMV, Total Revenue and Inventory

(\$ in millions)



We Are Driving Toward Profitability



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	Ops & Tech	SG&A	
	Improving BAC	Process automation	Sales team productivity	
Fixed Expense Leverage	Ops & Tech	SG&A	Marketing	
	Rent and headcount	Headcount and public company expenses	Headcount	

2019 Contribution Profit Per Order

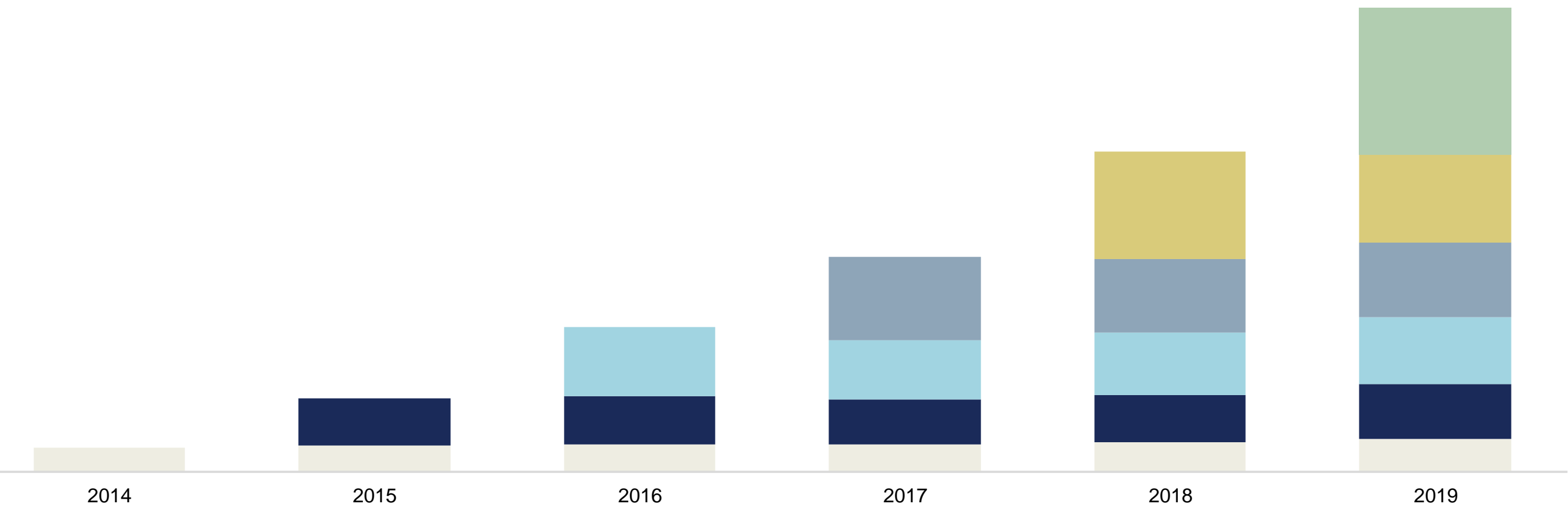
	2019	2018	Y/Y
AOV	\$454.7	\$445.6	+2%
Gross Profit	\$91.6	\$85.8	+6%
Variable Expenses	\$71.9	\$77.1	-7%
Contribution Profit	\$19.7	\$8.7	+126%
Contribution Margin	13.8%	6.7%	+704bps
Fixed Expenses	\$52.6	\$45.6	+15%
EBITDA	(\$32.9)	(\$36.9)	11%

Note: Contribution Profit is a non-GAAP financial measure that is calculated as gross profit per order minus variable expenses including variable marketing, operations, sales and merchandising expenses. Fixed expenses include occupancy, general & administrative, technology, marketing headcount, and certain operations and merchandising headcount costs. .

Consistent Retention Across Buyer Cohorts

Annual GMV by Buyer Cohort Year
(\$ in millions)

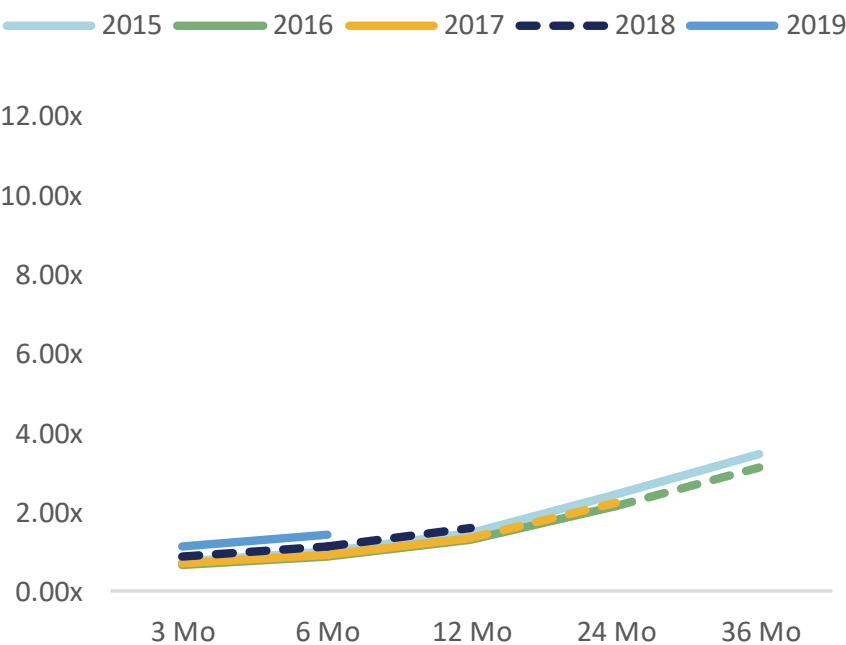
2014 2015 2016 2017 2018 2019



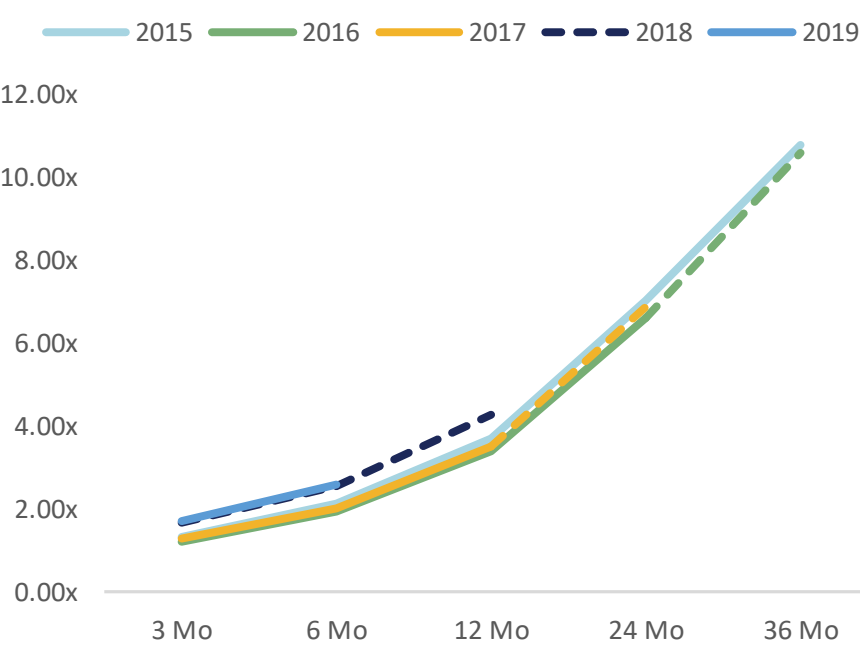
Note: Each cohort represents all buyers that first purchased across our online marketplace in the designated year and the aggregate GMV purchased by such cohort for the initial year and each year thereafter.

2019 Buyer LTV : BAC Payback Less Than 3 Months With Flywheel Enhancing The Network Effect of Our Marketplace

Buyer LTV : BAC – All Buyers



BLTV : BAC – Buyers who are also consignors



2019 BAC payback in less than 3 months

	Months				
	3 Mo	6 Mo	12 Mo	24 Mo	36 Mo
2015	0.73x	0.99x	1.48x	2.44x	3.48x
2016	0.67x	0.89x	1.29x	2.14x	3.14x
2017	0.71x	0.93x	1.34x	2.22x	
2018	0.88x	1.12x	1.59x		
2019	1.12x	1.42x			

Further acceleration of BAC payback

	Months				
	3 Mo	6 Mo	12 Mo	24 Mo	36 Mo
2015	1.34x	2.13x	3.68x	7.02x	10.77x
2016	1.21x	1.95x	3.38x	6.60x	10.61x
2017	1.29x	2.00x	3.51x	6.86x	
2018	1.67x	2.54x	4.29x		
2019	1.70x	2.58x			

Note: BLTV refers to cumulative gross profit attributable to purchases by buyers in a given period. BAC for a given period is comprised of our total advertising spend divided by the number of buyers acquired in that period. BLTV in the graph on the right includes only gross profit attributable to transactions in which the members participated as buyers and does not include gross profit attributable to transactions in which the member participated as a consignor.

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*



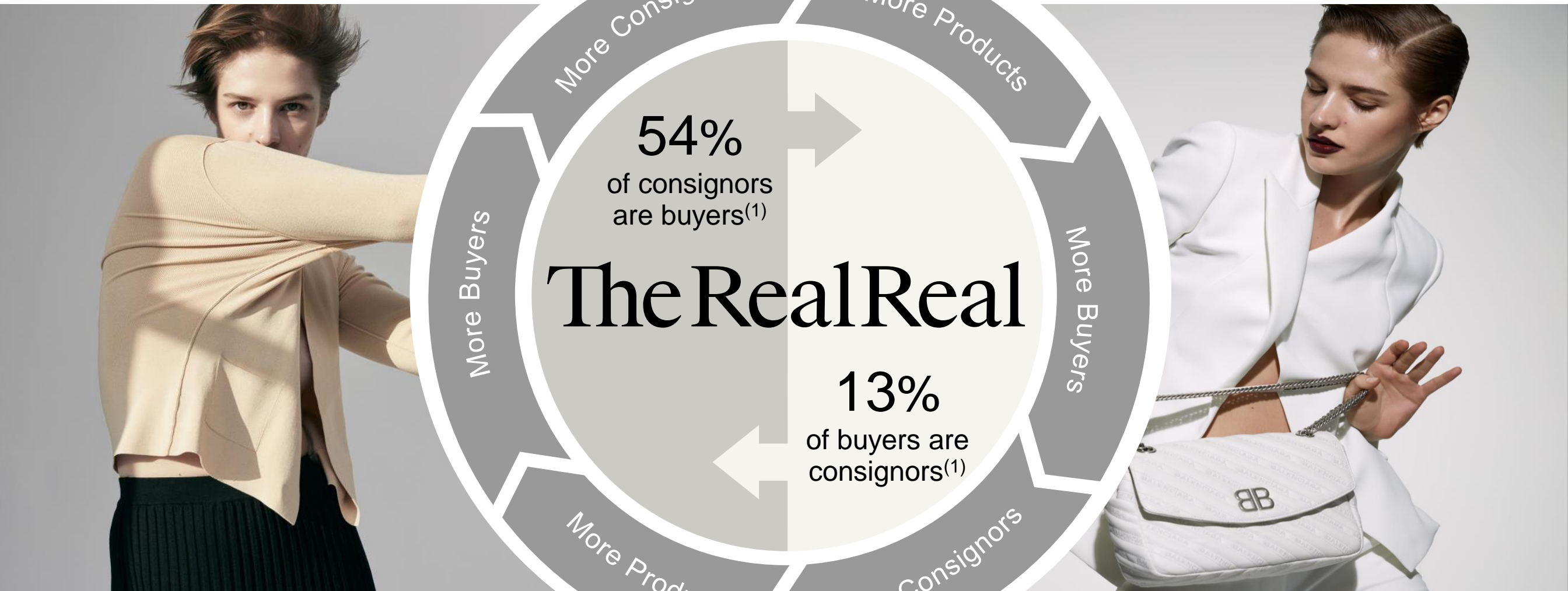
Marc Viale
SVP, Strategy and Growth



Dana Dufrane
General Counsel



Paul Bieber
Head of Investor Relations



(1) As of December 31, 2019.

The RealReal

Appendix



Reconciliation to Adjusted EBITDA

(\$ in millions)

FYE December 31

	2017	2018	2019
Net loss	(\$52.3)	(\$75.8)	(\$96.6)
Depreciation and amortization	5.6	9.3	13.4
Stock-based compensation expense	1.9	2.9	7.7
Compensation expense related to stock sales by current and former employees	—	0.8	0.8
Abandoned Offering Costs	—	—	0.3
Donation to TRR Foundation	—	—	3.2
Vendor service settlement	—	2.0	—
Interest income	(0.4)	(1.0)	(4.6)
Interest expense	0.8	1.2	0.6
Other expense, net	0.1	1.7	2.1
Provision for income taxes	0.1	0.1	0.1
Adjusted EBITDA	(\$44.3)	(\$58.9)	(\$73.0)

Reconciliation to Adjusted EBITDA

(\$ in millions)

FYE December 31	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
Net loss	(\$14.1)	(\$17.6)	(\$21.9)	(\$22.2)	(\$23.2)	(\$26.6)	(\$25.3)	(\$21.3)
Depreciation and amortization	2.0	2.1	2.4	2.8	2.8	3.2	3.5	3.9
Stock-based compensation expense	0.5	0.7	0.7	0.9	1.1	1.3	2.5	2.8
Compensation expense related to stock sales by current and former employees	—	—	0.8	—	0.8	—	—	—
Abandoned Offering Costs	—	—	—	—	—	—	—	0.3
Donation to TRR Foundation	—	—	—	—	—	—	—	3.2
Vendor service settlement	—	—	2.0	—	—	—	—	—
Interest income	(0.1)	(0.1)	(0.4)	(0.4)	(0.4)	(0.6)	(1.9)	(1.7)
Interest expense	0.2	0.5	0.2	0.2	0.1	0.1	0.1	0.0
Other expense, net	0.1	1.3	0.2	0.1	0.3	1.7	0.1	(0.0)
Provision for income taxes	—	—	0.0	0.1	—	0.1	0.0	0.0
Adjusted EBITDA	(\$11.3)	(\$13.1)	(\$15.9)	(\$18.5)	(\$18.5)	(\$20.9)	(\$20.9)	(\$12.7)

The RealReal