

The RealReal



Q1 2023
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, disruptions in the financial industry, inflation and the COVID-19 pandemic, our ability to achieve anticipated savings in connection with our real estate reduction plan and associated workforce reduction, and our financial guidance, timeline to profitability, 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, inflation, macroeconomic uncertainty, disruptions in the financial industry, geopolitical instability, inflation, macroeconomic uncertainty, geopolitical instability, 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, 2022 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. 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 (Adjusted EBITDA as a percentage of revenue). 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).

Strategy of Re-focusing on Higher-margin Consignment Starting to Deliver Results



In Q1, consignment revenue grew 22% and direct revenue declined 49%, consistent with our strategy and drove gross margin of 63.4% (+980 bpts Y/Y)

Revenue exceeded mid-point and Adjusted EBITDA exceeded high-end of our guidance; GMV +4% and revenue -3% versus Q1 2022



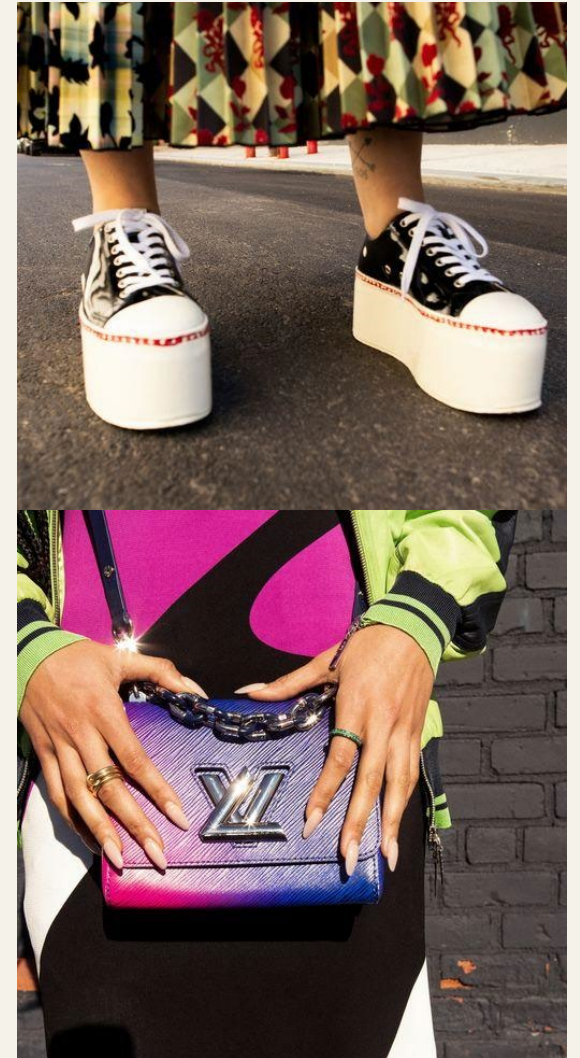
\$247 million of cash & cash equivalents on the balance sheet at quarter end; company-owned inventory balance of \$31 million, down \$43 million Y/Y

Branded Fine Jewelry Men's, and Women's Ready to Wear were the fastest growing categories in Q1 2023



First Quarter Business Highlights and Key Takeaways

- **Reported Q1 2023 Financial Results**
 - GMV +4% and revenue -3% Y/Y
 - Consignment revenue +22% and direct revenue -49% Y/Y
 - Gross margins increased +980 basis points compared to prior year period
 - Adjusted EBITDA losses narrowed compared to prior year period
- **Key Initiatives Starting to Drive Improved Results**
 - 1) Update our consignor commission structure
 - 2) Improve efficiency and cut costs
 - 3) Optimize product pricing
 - 4) Capitalize on potential new revenue streams
- **Provided Q2 and Full Year 2023 Guidance**
 - Q2 and full year 2023 guidance provided for GMV, Total Revenue and Adjusted EBITDA
- **Timeline to Profitability**
 - On track to achieve Adjusted EBITDA profitability for full year 2024



Improved Adjusted EBITDA Losses; Solid Balance Sheet

Q1 2023 Results

- GMV of \$444 million, an increase of 4% year-over-year
- Total Revenue of \$142 million, a decrease of 3% year-over-year
- Gross Profit of \$90 million, an increase of \$11 million year-over-year and Gross Margin of 63.4% compared to 53.6% in Q1 2022
- Adjusted EBITDA of \$(27.3) million, or (19.2)% of Total Revenue compared to \$(35.3) million, or (24.1)% in Q1 2022

Balance Sheet

- Ended Q1 2023 with \$247 million of cash & cash equivalents and \$31 million of inventory, net



Q2 and Full Year 2023 Financial Guidance

	Q2 2023	FY 2023
GROSS MERCHANDISE VALUE (GMV)	\$400 - \$430 million	\$1.7 - \$1.8 billion
TOTAL REVENUE	\$125 - \$135 million	\$535 - \$565 million
ADJUSTED EBITDA	\$(29) - \$(25) million	\$(75) - \$(65) 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

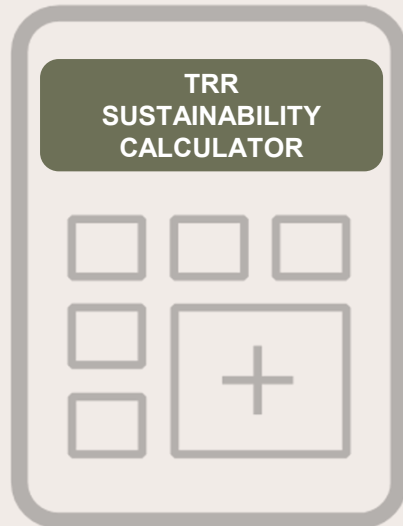
Marketplace with Deep Competitive Moat

- 32+ 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
55,000 metric tons

WATER SAVINGS
since inception
2.8B 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

50%

Female Board Members



Appendix

Non-GAAP Reconciliation

	<u>Three Months Ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Adjusted EBITDA Reconciliation:		
Net loss	\$ (82,500)	\$ (57,412)
Depreciation and amortization	7,821	6,364
Interest income	(2,053)	(98)
Interest expense	2,667	2,664
Provision for income taxes	86	—
EBITDA	<u>(73,979)</u>	<u>(48,482)</u>
Stock-based compensation	8,991	12,514
CEO transition costs ⁽¹⁾	159	—
Payroll taxes expense on employee stock transactions	44	205
Legal settlement	1,100	304
Restructuring charges ⁽²⁾	36,388	—
Other (income) expense, net	—	139
Adjusted EBITDA	<u><u>\$ (27,297)</u></u>	<u><u>\$ (35,320)</u></u>

(1) The CEO transition charges for the three months ended March 31, 2023 consists 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 on June 6, 2022.

(2) The restructuring charges for the three months ended March 31, 2023 consists of impairment of right-of-use assets and property and equipment, severance related charges, and other administrative charges, including legal and consulting expenses. See "Note 10 - Restructuring" in the notes to the unaudited financial statements for disclosure regarding the restructuring expenses incurred.

The RealReal