The RealReal

Q3 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,” "target," "contemplate,” "project," “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 the savings plan we implemented in February 2023, our ability to efficiently drive growth in consignors and buyers through our marketing and advertising activity, our ability to successfully implement our growth strategies and their capacity to help us achieve profitability or generate sustainable revenue and profit, 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, public health emergencies 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).

REAL’s Strategy Delivering Significant Progress in Results

***Total Revenue** and **Adjusted EBITDA exceeded** the high-end of our Q3 guidance range; **GMV exceeded** the mid-point of our Q3 guidance*

*In Q3, **consignment revenue +10%** Y/Y and **direct revenue -49%** Y/Y, which resulted in **gross margin of 70.6%** (+1053 bpts Y/Y)*

***Average Order Value increased 11% Y/Y** and at **$513**, driven by higher average selling prices (ASP) Y/Y and partially offset by decrease in units per transactions (UPT) Y/Y*

***$187 million of cash** and cash equivalents and restricted cash[1] on the balance sheet at quarter end; **net inventory of $25 million**, down $18 million vs. YE 2022*

[1]We did not renew our $50 million revolver with PacWest. Starting in the second quarter of 2023, $15.8 million in letters of credit collateral for office leases previously backed by the PacWest revolver is now secured by cash and classified as restricted cash on the balance sheet.

Third Quarter Business Highlights and Key Takeaways

- **Reported Q3 2023 Financial Results**
  - GMV -8% and revenue -7% Y/Y
  - Consignment revenue +10% Y/Y and direct revenue -49% Y/Y
  - Gross margins increased +1053 basis points compared to prior year period
  - Best quarter of Adjusted EBITDA since the company's IPO in 2019

- **Key Initiatives Driving Improved Financial Results**
  1) Grow profitable supply
  2) Improve efficiency
  3) Pursue new revenue streams

- **Provided Q4 and Updated Full Year 2023 Guidance**
  - Q4 guidance provided for GMV, Total Revenue and Adjusted EBITDA
  - Updated full year 2023 guidance

- **Timeline to Profitability**
  - On track to achieve positive Adjusted EBITDA for full year 2024

Adjusted EBITDA Improves; Balance Sheet Remains Solid

Profit and Loss Statement: Q3 2023 Results

- GMV of $408 million, a decrease of 8% year-over-year
- Total Revenue of $133 million, a decrease of 7% year-over-year
- Gross Margin of 70.6% compared to 60.1% in Q3 2022
- Adjusted EBITDA of $(7.0) million, or (5.2)% of Total Revenue compared to $(28.2) million, or (19.7)% in Q3 2022

Balance Sheet: As of End of Q3 2023

- $187 million of cash and cash equivalents and restricted cash
- $25 million of inventory, net compared to $43 million at the end of last year and $63 million at the end of Q3 2022

Q4 and Full Year 2023 Financial Guidance

	Q4 2023	FY 2023
GROSS MERCHANDISE VALUE (GMV)	**$430 - $460 million**	**$1.705 - $1.735 billion**
TOTAL REVENUE	**$135 - $145 million**	**$540 - $550 million**
ADJUSTED EBITDA	**$(5) - $0 million**	**$(62) - $(57) 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

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

Appendix

Non-GAAP Reconciliation

The following table reflects the reconciliation of net loss to Adjusted EBITDA for each of the periods indicated (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Adjusted EBITDA Reconciliation:				
Net loss	$ (22,949)	$ (47,258)	$ (146,779)	$ (157,835)
Depreciation and amortization	7,744	7,195	23,530	20,255
Interest income	(2,260)	(1,002)	(6,717)	(1,360)
Interest expense	2,673	2,675	8,018	8,014
Provision for income taxes	47	63	247	96
EBITDA	(14,745)	(38,327)	(121,701)	(130,830)
Stock-based compensation (1)	8,536	10,841	26,293	37,020
CEO separation benefits (2)	—	—	—	902
CEO transition costs (3)	—	452	159	1,018
Payroll taxes expense on employee stock transactions	74	137	142	412
Legal fees reimbursement benefit (4)	—	(1,400)	—	(1,400)
Legal settlement	—	152	1,100	456
Restructuring (5)	(856)	—	37,396	275
Other (income) expense, net	—	(6)	—	(133)
Adjusted EBITDA	$ (6,991)	$ (28,151)	$ (56,611)	$ (92,280)

(1) The stock-based compensation expense for the nine months ended September 30, 2022 includes a one-time charge of $1.0 million related to the modification of certain equity awards pursuant to the terms of the transition and separation agreement entered into with our founder, Julie Wainwright, in connection with her resignation as Chief Executive Officer ("CEO") on June 6, 2022 (the "Separation Agreement").

(2) The CEO separation benefit charges for the nine months ended September 30, 2022 consists of base salary, bonus and benefits for the 2022 fiscal year, as well as an additional twelve months of base salary and benefits payable to Julie Wainwright pursuant to the Separation Agreement.

(3) The CEO transition charges for the three and nine months ended September 30, 2022 consist 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. The CEO transition charges for the nine months ended September 30, 2023 consists of retention bonuses for certain executives incurred in connection with our founder's resignation on June 6, 2022.

(4) During the three and nine months ended September 30, 2022, we received insurance reimbursement of $1.4 million related to a legal settlement expense.

(5) Restructuring for the three and nine months ended September 30, 2022 consists of employee severance payments and benefits. Restructuring for the three and nine months ended September 30, 2023 consists of impairment of right-of-use assets and property and equipment, employee severance charges, gain on lease terminations, and other charges, including legal and transportation expenses.

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