

The RealReal

*Make Well. Buy Well.
Resell.*



Extend the lifecycle

Q1 Earnings Presentation

May 2024

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 and the Israel-Hamas war, and uncertainty surrounding macroeconomic trends, the debt exchange, and our financial guidance, timeline to profitability, and anticipated growth in 2024 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, 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, 2023 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).

The RealReal

Make Well. Buy Well. Resell.

Committed to a
More Sustainable Future
by Extending the
Lifecycle of Luxury Fashion

Who We Are

Leading Online Marketplace for
Authenticated, Resale Luxury Goods
with **\$1.7bn of annual GMV¹**

What We Do

Unlock Supply through Unmatched
Sales Motion, Trust, and a Community
of over **36 million members²**

Why We Win

Consignors

- ✓ Full-Service, Luxury Selling Experience
- ✓ Sophisticated, Data-Driven Pricing
- ✓ Efficient Authentication
- ✓ Growing Appetite for High-End Resale

Buyers

- ✓ Coveted, Hard-to-Find SKUs
- ✓ Trusted Reputation for Rigorous Authentication Built Over 13+ Years
- ✓ Curated Online Experience Based on History of First-Party Data

1. Represents 2023 full year actual gross merchandise value.

2. As of March 31, 2024. Members include buyers and sellers, defined as any user who has registered an email address on our website or downloaded our mobile app.

Business Update

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Focus on Core Delivering Strong Results



*In Q1'24, **GMV +2% Y/Y** and **consignment revenue +13% Y/Y** and **direct revenue -49% Y/Y**, which resulted in **total gross margin of 74.6%** (+1100 bpts Y/Y)*

***Q1'24 GMV and Adjusted EBITDA** exceeded the high-end of our Q1 guidance range; **Total Revenue** exceeded the midpoint of our guidance range*



***Average Order Value** increased 8% Y/Y and at **\$538**, driven by higher average selling prices (ASP) Y/Y and an increase in units per transactions (UPT) Y/Y*

***\$181 million of cash and cash equivalents and restricted cash¹** on the balance sheet at quarter end; **inventory of \$21 million**, down \$1 million compared to the end of Q4'23*



¹We did not renew our \$50 million revolver with PacWest. Starting in the second quarter of 2023, \$15 million in letter 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.

Business Highlights and Key Takeaways

- **Better Than Anticipated Financial Results in Q1'24**
 - Q1 GMV +2% Y/Y
 - Total revenue +1% Y/Y
 - Consignment revenue +13% Y/Y
 - Q1 Gross margins increased +1100 basis points Y/Y
- **Delivering Profitable Growth**
 - Focused growth model on core consignment business
 - Return to overall GMV and revenue growth with all-time high gross margin rate for REAL
 - Significantly improved bottom-line results compared to PY
- **Driving Efficiencies and Improved Client Experience**
 - More opportunity to invest and innovate across our supply chain
 - Significant opportunity to use AI and automation in sales, marketing and authentication operations
 - Our highest priority use cases: pricing, sales and authentication



Financial Update

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Adjusted EBITDA Improves; Balance Sheet Remains Solid

Profit and Loss Statement: Q1 2024

- GMV of \$452 million, an increase of 2% year-over-year
- Total Revenue of \$144 million, an increase of 1% year-over-year
- Gross Margin of 74.6% compared to 63.4% in Q1 2023
- Adjusted EBITDA of \$(2.3) million, or (1.6)% of Total Revenue compared to \$(27.3) million, or (19.2)% in Q1 2023

Balance Sheet: As of End of Q1 2024

- \$181 million of cash and cash equivalents, and restricted cash
- \$21 million of inventory, net, a decrease of \$1 million versus end of 2023



Q1 2024 Key Financial Metrics¹

	Three Months Ended March 31,	
	2024	2023
	(In thousands, except AOV and percentages)	
GMV	\$ 451,941	\$ 444,366
NMV	\$ 334,815	\$ 327,805
Consignment revenue	\$ 115,648	\$ 102,643
Direct revenue	\$ 12,709	\$ 24,953
Shipping services revenue	\$ 15,443	\$ 14,308
Number of orders	840	891
Take rate	38.4 %	37.4 %
Active buyers	922	1,014
AOV	\$ 538	\$ 499

¹Active buyers is trailing twelve months active buyers.

Q2 and Full Year 2024 Financial Guidance

	Q2 2024	FY 2024
GROSS MERCHANDISE VALUE (GMV)	\$420 - \$450 million	\$1.81 - \$1.87 billion
TOTAL REVENUE	\$135 - \$145 million	\$580 - \$605 million
ADJUSTED EBITDA	\$(6) - \$(3) million	\$(5) - \$8 million ¹

¹Midpoint of guidance range is \$1.5 million and represents a \$1.5 million increase from midpoint of guidance range provided on February 29, 2024.

Appendix

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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 March 31,	
	2024	2023
Adjusted EBITDA Reconciliation:		
Net loss	\$ (31,101)	\$ (82,500)
Depreciation and amortization	8,309	7,821
Interest income	(2,069)	(2,053)
Interest expense	3,751	2,667
Provision for income taxes	71	86
EBITDA	(21,039)	(73,979)
Stock-based compensation	7,120	8,991
CEO transition costs ⁽¹⁾	—	159
Payroll taxes expense on employee stock transactions	56	44
Legal settlement	—	1,100
Restructuring charges ⁽²⁾	196	36,388
Gain on extinguishment of debt ⁽³⁾	(4,177)	—
Change in fair value of warrant liabilities ⁽⁴⁾	15,583	—
Adjusted EBITDA	\$ (2,261)	\$ (27,297)

(1) The CEO transition charges for the three months ended March 31, 2023 consists of 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, employee severance charges, and other charges, including legal and transportation expenses. See "Note 10 - Restructuring" in the notes to the unaudited financial statements for disclosure regarding the restructuring expenses incurred.

(3) The gain on extinguishment of debt for the three months ended March 31, 2024 reflects the difference between the carrying value of the Exchanged Notes and the fair value of the 2029 Notes.

(4) The change in fair value of warrant liabilities for the three months ended March 31, 2024 reflects the remeasurement of the warrants issued by the Company in connection with the Note Exchange in February 2029.

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