

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 22, 2022

The RealReal, Inc.
(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-38953
(Commission
File Number)

45-1234222
(IRS Employer
Identification No.)

**55 Francisco Street Suite 600
San Francisco, CA 94133**
(Address of Principal Executive Offices, including Zip Code)

(855) 435-5893
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.00001 par value	REAL	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

THE REALREAL ANNOUNCES VISION 2025 FINANCIAL TARGETS AT INVESTOR DAY 2022

The Company is Targeting Gross Merchandise Value of \$5+ Billion,
Total Revenue of \$1.5+ Billion and Positive Adjusted EBITDA of \$100+ Million in 2025

SAN FRANCISCO, March 22, 2022 — The RealReal (Nasdaq: REAL)—the world’s largest online marketplace for authenticated, resale luxury goods —today announced its Vision 2025 financial targets and will host its Investor Day later today.

“We are pleased to host our Investor Day at our Phoenix Authentication Center and showcase many of our technology innovations across our operations, including authentication and dynamic pricing. We look forward to discussing in-depth our long-range financial targets, which we are referring to as Vision 2025,” said Julie Wainwright, founder and CEO of The RealReal.

Robert Julian, CFO at The RealReal stated, “As we previously committed, we are targeting positive Adjusted EBITDA for full year 2024, based on strong top-line growth, operational excellence and fixed-cost management. Our Vision 2025 for The RealReal is \$5+ billion of Gross Merchandise Value (GMV), \$1.5+ billion of Total Revenue and \$100+ million of positive Adjusted EBITDA. We look forward to providing more details later today at our Investor Day event.”

The virtual portion of the Investor Day event will feature presentations from The RealReal executive team and a question-and-answer session.

Vision 2025 Long-Range Financial Targets for Full Year 2025

Based on market conditions as of March 22, 2022, we are providing long-term targets for GMV, Total Revenue and Adjusted EBITDA, which is a Non-GAAP financial measure.

- GMV of \$5.0+ billion
- Total Revenue of \$1.5+ billion
- Adjusted EBITDA of \$100+ million

We have not reconciled forward-looking Adjusted EBITDA to net income (loss), the most directly comparable GAAP measure, 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).

Live Webcast of Investor Day

Registration for the live webcast of the Investor Day management presentation and question-and-answer session is available at investorday.therealreal.com. The live webcast is scheduled to begin today at 10:00 a.m. Pacific Time (1:00 p.m. Eastern Time) and will run approximately two hours and forty-five minutes. A replay of the webcast, along with the Investor Day management presentation materials, will be available at investor.therealreal.com.

About The RealReal, Inc.

The RealReal is the world's largest online marketplace for authenticated, resale luxury goods, with more than 25 million members. With a rigorous authentication process overseen by experts, The RealReal provides a safe and reliable platform for consumers to buy and sell their luxury items. We have hundreds of in-house gemologists, horologists and brand authenticators who inspect thousands of items each day. As a sustainable company, we give new life to pieces by thousands of brands across numerous categories—including women's and men's fashion, fine jewelry and watches, art and home—in support of the circular economy. We make selling effortless with free virtual appointments, in-home pickup, drop-off and direct shipping. We do all of the work for consignors, including authenticating, using AI and machine learning to determine optimal pricing, photographing and listing their items, as well as handling shipping and customer service. At our 19 retail locations, including our 16 shoppable stores, customers can sell, meet with our experts and receive free valuations.

Investor Relations Contact:

Caitlin Howe
Vice President, Investor Relations
IR@therealreal.com

Press Contact:

Erin Santy
Head of Communications
pr@therealreal.com

Forward Looking Statements

This press release contains 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 timeline to profitability, 2025 vision and long-range financial targets. 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, 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 authentication and fulfillment operations, labor shortages and other reasons.

More information about factors that could affect the company'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, 2021 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 press release, which are based on information available to the company on the date hereof. The company assumes no obligation to update such statements.

Non-GAAP Financial Measures

This press release contains Adjusted EBITDA, which is a non-GAAP measure.

We do not, nor do we suggest that investors should, consider non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Investors should also note that non-GAAP financial measures we use may not be the same non-GAAP financial measures, and may not be calculated in the same manner, as that of other companies, including other companies in our industry.

Adjusted EBITDA is a key performance measure that our management uses to assess our operating performance. Because Adjusted EBITDA facilitates internal comparisons of our historical operating performance on a more consistent basis, we use this measure as an overall assessment of our performance, to evaluate the effectiveness of our business strategies and for business planning purposes. Adjusted EBITDA may not be comparable to similarly titled metrics of other companies.

We calculate **Adjusted EBITDA** as net loss before interest income, interest expense, other (income) expense net, provision (benefit) for income taxes, depreciation and amortization, further adjusted to exclude stock-based compensation, employer payroll tax on employee stock transactions, and certain one-time expenses. The employer payroll tax expense related to employee stock transactions are tied to the vesting or exercise of underlying equity awards and the price of our common stock at the time of vesting, which may vary from period to period independent of the operating performance of our business. Adjusted EBITDA has certain limitations as the measure excludes the impact of certain expenses that are included in our statements of operations that are necessary to run our business and should not be considered as an alternative to net loss or any other measure of financial performance calculated and presented in accordance with GAAP.

In particular, the exclusion of certain expenses in calculating Adjusted EBITDA facilitates operating performance comparisons on a period-to-period basis and, in the case of exclusion of the impact of stock-based compensation and the related employer payroll tax on employee stock transactions, excludes an item that we do not consider to be indicative of our core operating performance. Investors should, however, understand that stock-based compensation and the related employer payroll tax will be a significant recurring expense in our business and an important part of the compensation provided to our employees. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

TheRealReal



2022
INVESTOR
DAY

Welcome and Opening Remarks

Caitlin Howe

Vice President, Investor Relations



TheRealReal



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 the COVID-19 pandemic, and our financial guidance, timeline to profitability, 2025 vision and long-range financial 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, 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, 2021 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, Adjusted EBITDA Margin, Total Operating Expense (excluding SBC) and Operating Income/(Loss) (excluding SBC). 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, Adjusted EBITDA Margin, Total Operating Expense (excluding SBC) and Operating Income/(Loss) (excluding SBC) to the most directly comparable GAAP measures of Net Income (Loss), Net Income (Loss) as a percentage of Total Revenue, Total Operating Expense and Operating 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), Net Income (Loss) as a percentage of Total Revenue, Total Operating Expense and Operating Income/(Loss).

Today's Agenda

10:00 am

Welcome and Opening Remarks

Caitlin Howe
Vice President, Investor Relations

10:05 am

Company Overview & Strategy | ESG

Julie Wainwright
Chief Executive Officer, Founder and Chairperson

10:35 am

Sales, Marketing, Operational, & Commercial Excellence

Rati Sahi Levesque
President

Orr Shakked
Chief Marketing Officer

Jessica Fortier
Senior Vice President, Operations

Rachel Vaisman
Vice President, Merchandising Operations

Chris Brossman
Vice President, Machine Learning and Data

Courtney Casabat
Senior Director, Merchandise Planning and Pricing

11:20 am

Break

11:35 am

Financial Overview

Robert Julian
Chief Financial Officer

11:55 am

Closing Remarks

Julie Wainwright
Chief Executive Officer, Founder and Chairperson

12:00 pm

Q&A Session

Julie Wainwright
Chief Executive Officer, Founder and Chairperson

Rati Sahi Levesque
President

Robert Julian
Chief Financial Officer



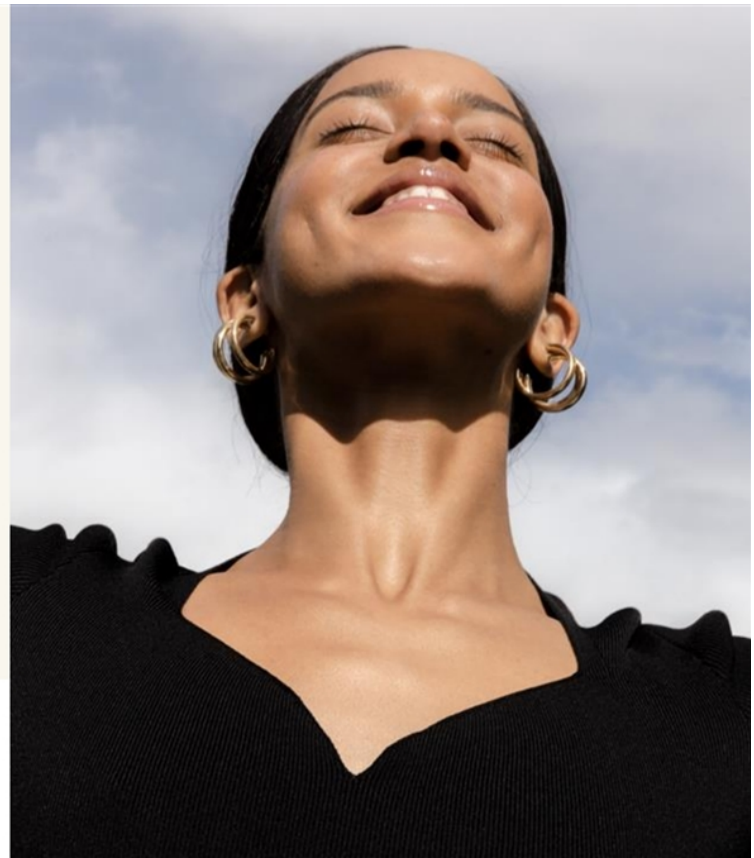
Company Overview, Vision & Strategy

Julie Wainwright

Chief Executive Officer, Founder and Chairperson



TheRealReal



The RealReal Snapshot¹ (NASDAQ: REAL)

<p>2011 Founded</p>	<p>June 2019 IPO Date</p>	<p>3,000+ Employees</p>	<p>3.0M 2021 Orders</p>		
	<p>\$754M Market Cap²</p>	<p>~\$1.5B 2021 GMV</p>	<p>\$467M 2021 Revenue</p>		
<p>2M+ Customers</p>	<p>62 NPS Score³</p>	<p>25M+ Total Members</p>	<p>84% GMV from Repeat Buyers</p>	<p>~\$2.5B Cumulative Commission Payouts</p>	

(1) As of 12/31/21, unless otherwise specified. (2) As of 3/21/22. (3) 2021 Buyer Net Promoter Score compared to NPS score average of 40 for e-commerce industry.

#1 Largest Online Marketplace for Authenticated, Resale Luxury Goods

TheRealReal

Key Messages | Investment Thesis

LARGE TAM

- Nearly \$200B worth of luxury supply in U.S. homes*
- Total addressable market (TAM) expected to grow due to secular tailwinds, including sustainability fueling wide acceptance of resale

LEADER IN NASCENT LUXURY RESALE MARKET

- World's largest online luxury resale marketplace with potential for even greater market share
- Resale becoming more broadly accepted and embraced by consumers and companies

DEEP COMPETITIVE MOAT

- Proprietary technology and data
- Breadth of categories
- Powerful flywheel drives retention and reduces BAC
- Full-service for consignors
- Expert authentication for buyers
- 25M+ members with high engagement

(*) Bain & Company Luxury Goods Worldwide Market Study, 2021, Frost & Sullivan Total Addressable Market assessment for the Luxury Resale Market, and Company estimates.

TAM is Large and Propelled by Strong Secular Tailwinds

~\$700B

World-wide luxury goods available for resale¹

~\$196B

US luxury goods available for resale^{1,2}



5.3 years

Average time consumers keep luxury products¹

~\$37B

Annual new supply of luxury goods for resale³

COVETED UNIQUE OFFERINGS AND AND SUSTAINABILITY DRIVE RESALE PURCHASES³

Top reasons for choosing pre-owned over new-product*

% respondents naming this a top-two reason to buy pre-owned (new and pre-owned product buyers)



* Why do you occasionally buy pre-owned products instead of new products?

SHIFTS IN CONSUMER MINDSET AND BEHAVIORS³

“What’s clear is that **luxury resale is here to stay**... these patterns have been accelerated by the pandemic, by digitization, and by the so-called ‘generational headwind’: younger buyers (**Generation Z and Millennials**) are significantly more willing than Generation X and older to purchase pre-owned products.”

“While the trade is still largely off-line, **online platforms are growing** very much faster... with a predicted **expansion of 20-30% per annum.**”

ACHIM BERG, ET. AL.,
MCKINSEY & COMPANY, RETAIL PRACTICE

(1) Frost & Sullivan Total Addressable Market assessment for the Luxury Resale Market, and Company estimates.
(2) Bain & Company Luxury Goods Worldwide Market Study, 2021.

(3) McKinsey & Company, Retail Practice Report, November 2021, and Company estimates.

OUR MISSION

Extend the Life Cycle of Luxury

Expertly crafted items are designed to last a lifetime – they can change hands countless times and still retain their beauty and value. We bring expertise and enthusiasm to our mission of extending the life of luxury goods and enable more people to own and appreciate them while giving their original owners the opportunity to maximize the value of their investments.

Make Well. Buy Well. Resell.

OUR VISION

**A Real Community Dedicated to a
More Sustainable Future**

TRR is empowering our tens of millions of members to contribute to a more sustainable future and growing a vital community around the circular economy. Luxury is both our platform and our passion. We believe our work has the power to affect wider social change to move us toward a world where all consumption is conscious consumption.

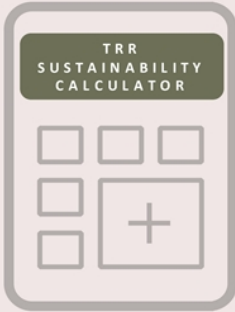
The Future of Fashion is Circular



ESG is Ingrained in Our Culture and Strategy

Environmental

Pioneering and enabling circular economy, and extending the lifecycle of luxury products



CARBON SAVINGS
since inception
23,603
metric tons

WATER SAVINGS
since inception
1.1B 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

63%

Female Board Members



Experienced and Diversified Board of Directors

		COMMITTEES						COMMITTEES			
		Audit	Compensation	Corp. Gov	D&I			Audit	Compensation	Corp. Gov	D&I
	Julie Wainwright Founder, CEO, Chairperson, The RealReal	●					James Miller CTO, Wayfair	●			
	Caretha Coleman Principal, Coleman Consulting		●		●		Karen Katz Former CEO, Neiman Marcus Group	●			
	Carol Melton Former EVP of Global Public Policy, Time Warner Inc.			●			Niki Leondakis CEO, CorePower Yoga		●	●	●
	Chip Baird III Co-Founder, Managing Partner, GreyLion Capital LP		●	●	●		Rob Krolik General Partner, CFO, Burst Capital	●			

SKILLS MATRIX

Public Company Executive	38%
Strategic Global Business Leader	38%
Technology / Innovation	25%
Retail Marketing / Branding	50%
Operational Excellence	75%
Finance / Risk Management	25%

BOARD ATTRIBUTES

~59 Years
Average Age

88%
Independent

Data above as of 12/31/21.

Experienced Leadership Team Focused on Execution



Julie Wainwright

CHIEF EXECUTIVE OFFICER, FOUNDER & CHAIRPERSON



Rati Sahi Levesque

PRESIDENT



Robert Julian

CHIEF FINANCIAL OFFICER



Orr Shakked

CHIEF MARKETING OFFICER



Jessica Fortier

SVP, OPERATIONS



Michael Sewell

SVP, ENGINEERING



Samantha McCandless

SVP, MERCHANDISING



Rachel Vaisman

VP, MERCHANDISING OPERATIONS



Christopher Brossman

VP, MACHINE LEARNING



Courtney Casabat

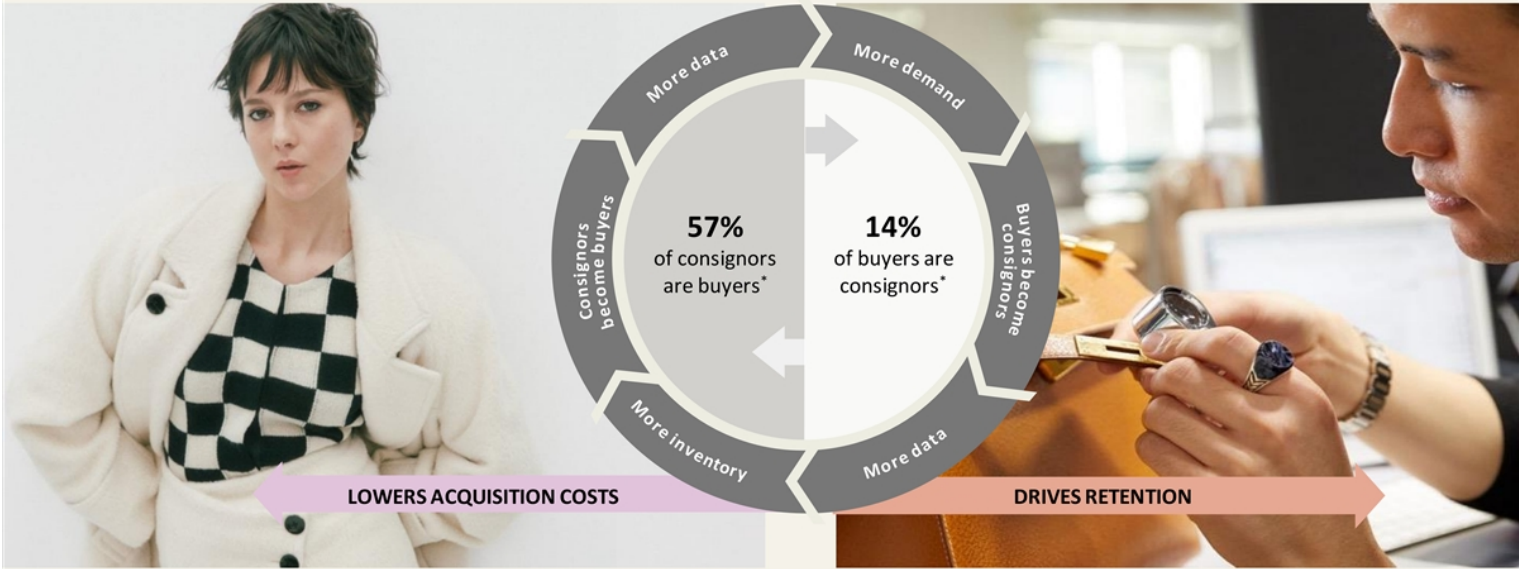
SR. DIRECTOR, MERCH PLANNING & PRICING

We Are the Leader in Our Industry

	TheRealReal	PRIMARY COMPETITION*		
		Brick & Mortar Consignment Shops	High End Auction Houses (e.g., Sotheby's/Christie's)	Do Nothing/Hold on to Luxury Goods
CIRCULAR ECONOMY/ SUSTAINABILITY	High	Medium	Medium	N/A
AOV (Average Order Value)	High	High	High	N/A
PRODUCT BREADTH	High	Medium	Low	N/A
AUDIENCE ENGAGEMENT	High	Low	Low	N/A
TECHNOLOGY-DRIVEN	High	Low	Low	N/A
SERVICE LEVEL	High	High	High	N/A

(*) Assigned values denote how we view our competition

Powerful Flywheel: Reduces Buyer Acquisition Costs (BAC) and Drives Retention Among Buyers and Consignors



Capturing Positive Operating Leverage from Marketing and Repeat Rate

(*) h 2021

Clear Strategy and Path to Profitability in 2025



Continue to Grow Top-line
Target 30%+ per year (over prior year)



Drive Operational Excellence
and continuous improvement



Control Fixed Costs
remain relatively flat (~grow with inflation)

Key Takeaways | Investment Thesis

LARGE TAM

- Nearly \$200B worth of luxury supply in U.S. homes*
- Total addressable market (TAM) expected to grow due to secular tailwinds, including sustainability fueling wide acceptance of resale

LEADER IN NASCENT LUXURY RESALE MARKET

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Operational & Commercial Excellence

Rati Sahi Levesque
President



TheRealReal



Key Messages | Operational & Commercial Excellence



WORLD-CLASS SALES TEAM

is the cornerstone of our omni-channel strategy for generating supply

CONTINUOUS IMPROVEMENT IN OPERATIONS

leads to variable cost productivity, a key element to attaining profitability

PERFORMANCE MARKETING

and high retention rates drive down our buyer acquisition cost (BAC)

PROPRIETARY DATA AND TECHNOLOGY

to power our competitive advantages across the business

TheRealReal

1 SALES TEAM

Our Omnichannel Approach to Supply Generation

3 OPERATIONS

Building Trust and Delivering Excellent Service Efficiently at Scale



2 MARKETING

How We Generate Consignor Opportunities

4 TECHNOLOGY

How We Stand Out from the Competition

In-Home Sales Team is Our Most Valuable Supply Channel



FRictionless EXPERIENCE

- In-home appointments generate majority of supply
- Convenience for consignor: meet them where they are
- Multi-modal optionality reduces friction (virtual, vans)

DYNAMIC COMMISSION GRID GRID OPTIMIZES SUPPLY

- Drives high-value supply
- Based on product sell-through and micro-trends
- Drives sales team efficiencies

SALES TEAM IS INCREASING EFFICIENCY

- Consistent annual mid-single digit efficiency gains
- On-track to grow sales team ~20-30% in FY 2022

Brick & Mortar Drove 30% of New Consignors*

- **19 brick and mortar locations:**
 - 16 shoppable stores
 - 11 neighborhood
 - 5 flagship
 - 3 luxury consignment offices
- Neighborhood stores are **highest return on invested capital*** in our brick & mortar fleet
- Stores provide a **halo effect**, driving a **GMV lift of as much as +11%*** in geographical area
- Customers who shop our stores **spend 30%+ more*** than the average customer annually, with fewer items returned



(*) In 2021

Stores are a Powerful Supply Generation Tool

TheRealReal

1 SALES TEAM

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2 MARKETING

How We Generate Consignor Opportunities

4 TECHNOLOGY

How We Stand Out from the Competition

Performance Marketing

Orr Shakked
Chief Marketing Officer



TheRealReal

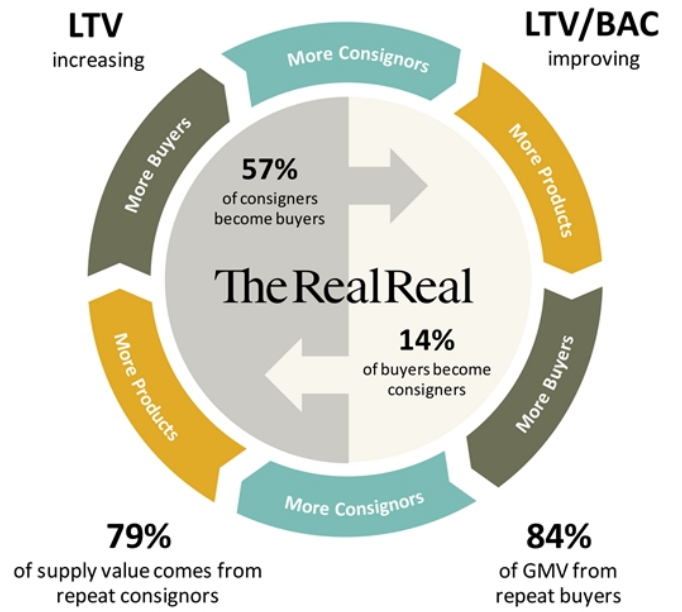


Performance Marketing, High Retention and Flywheel Effect Drive Efficiencies

Buyer Acquisition Costs Continue to Decline

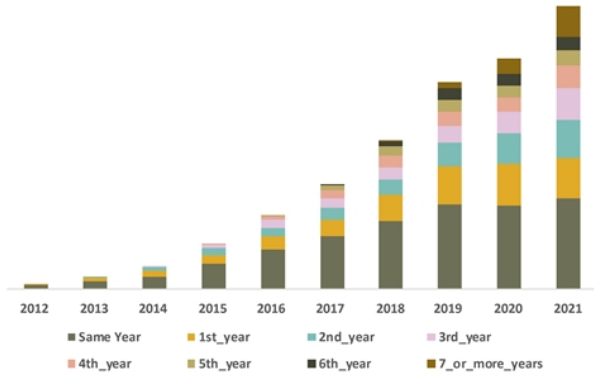


GMV From Repeat Customers on the Rise

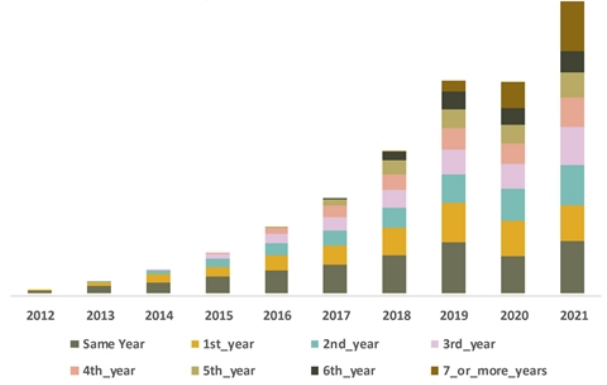


Active Customers and Consignors Continue to Grow

Active Customers
By Time Since Join



Active Consignors
By Time Since Join



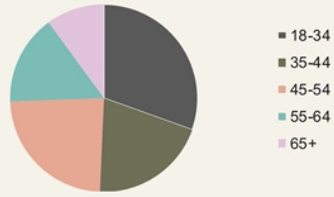
REAL's Marketplace Retains and Grows Customers and Consignors

We Attract a Valuable, Younger, and Diverse Audience*

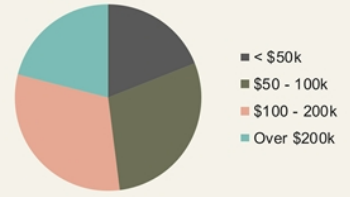
Buyers - Gender



Buyers - Age



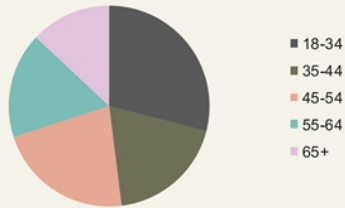
Buyers - Income



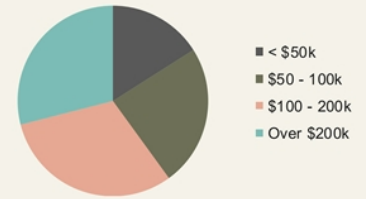
Consignors - Gender



Consignors - Age



Consignors - Income



(*) As of Q2 2021

Our NPS is Best in Class among Peers

% Likelihood to Recommend - NPS Rating (among Ever Used that Brand)



Q12a_1: On a scale from 0 to 10, where 0 means "not at all likely" and 10 means "extremely likely", how likely are you to recommend purchasing through each of the following stores to a friend or colleague?
Q13b_1: On a scale from 0 to 10, where 0 means "not at all likely" and 10 means "extremely likely", how likely are you to recommend selling or consigning through The RealReal to a friend or colleague?
Sample Size Aware of brand: N= 799 The RealReal, N=371 Poshmark, N=199 ThredUp
Based on 2021 Awareness Study fielded by Lisa Miller & Associates – national sample of luxury buyers + TRR shoppers

Customers and Consignors are Highly Engaged

In 2021...

Customers:

- Average annual visits per active customer: 127
- Average time per visit: 19 minutes
- Percent of customers who “obsess” (or favorite) items: 69%
- Average "obsesses" per customer: 11

Consignors:

- Average site visits per active consignor: 214
- Average length per visit: 12 minutes



1 SALES TEAM

Our Omnichannel Approach to Supply Generation

3 OPERATIONS

Building Trust and Delivering Excellent Service Efficiently at Scale



2 MARKETING

How We Generate Consignor Opportunities

4 TECHNOLOGY

How We Stand Out from the Competition

Operational Excellence & Continuous Improvement

Jessica Fortier

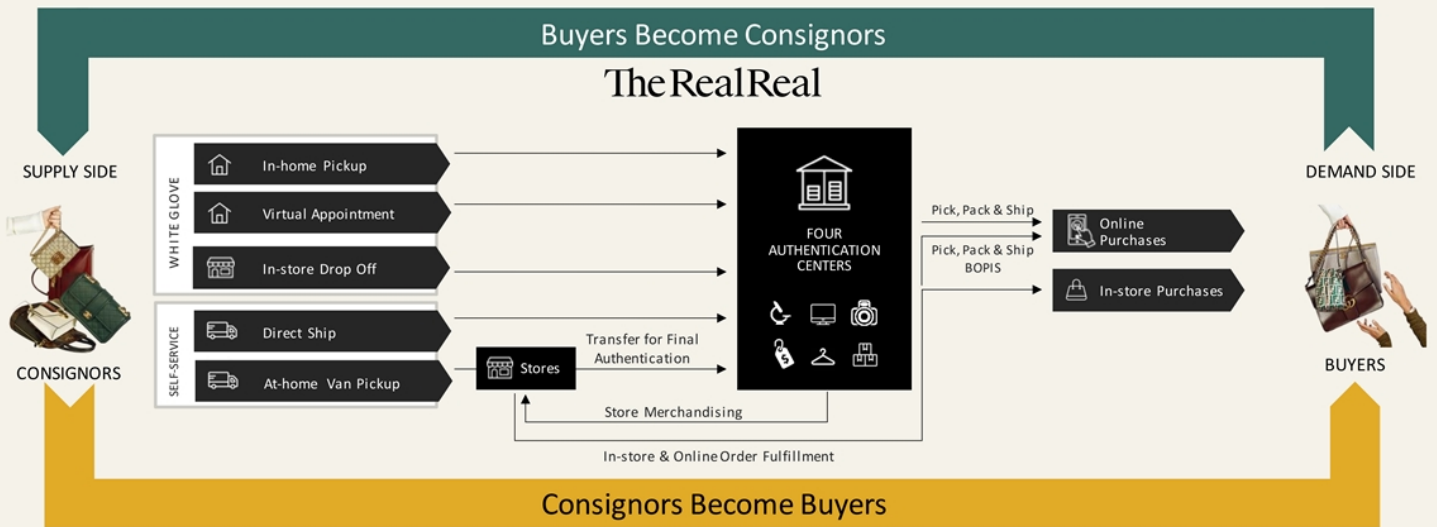
SVP, Operations



TheRealReal

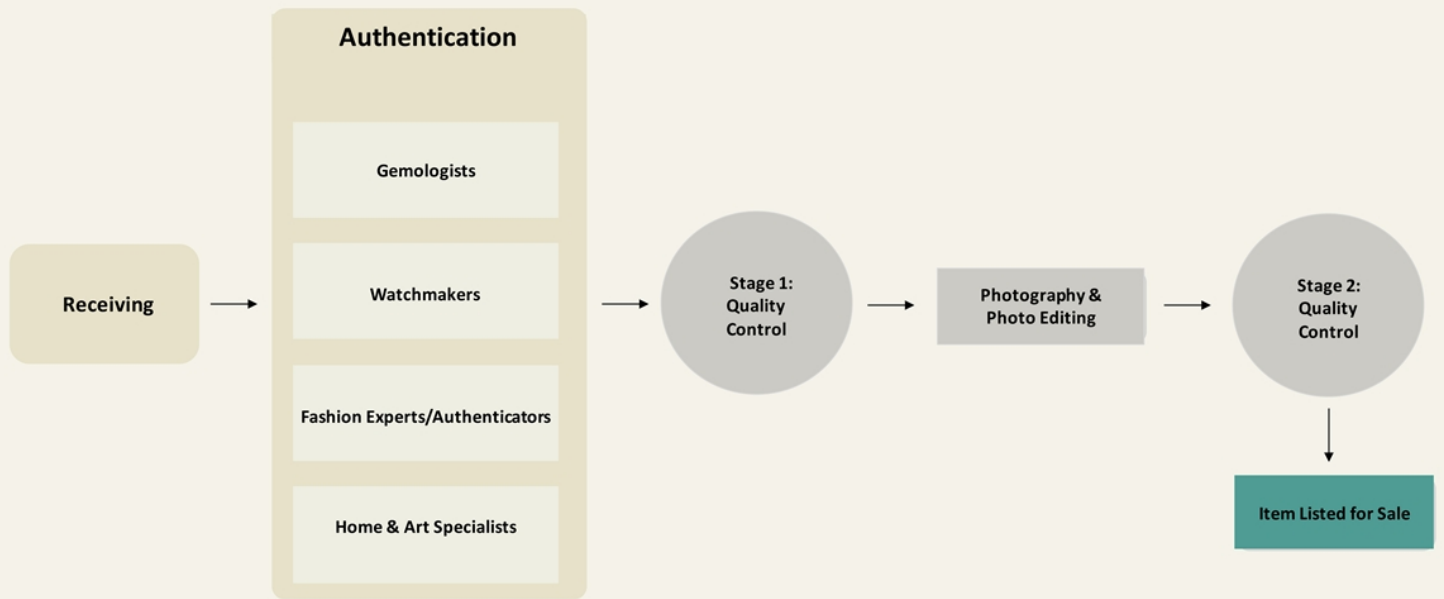


Our Single-SKU Inventory Model is Differentiated and Difficult to Replicate



In 2021, over **25,000** unique items processed per day (>2X 2019 volume)

Robust Authentication Process is a Key Differentiator



Proprietary Technology Combined with Process Improvements Drive Optimization



We Know Authentic

- Expertise: Large US employer of gemologists, and hundreds of other experts
- Accuracy: Proprietary authentication tools and databases of 10M+ items

Over 100k fakes rejected



Single SKU Platform at Scale

- Platform: Custom platform built for unique single-SKU luxury environment
- Automation: Proprietary technology and data science utilized across item acceptance, photography, retouching, listing and pricing

7% warehouse unit cost savings since 2019



We Make it Easy

- Platform: In-home and self-service powered by sales, retail and van network
- Speed: Item listing automation reducing time to sell and per unit cost

Up to 5 days of total processing time/item saved due to copy and retouching automation in 2021

What's Ahead

Authentication Leadership at Scale

- Employer of choice for experts; experts in training
- Predictive risk-management and authentication automation

Automation Driving World-Class Service

- Specialized support for high-volume consignors
- Expand self-service, including AI-powered interactions

Cost Optimization Improving Unit Economics

- Grow supply with reduced cost per unit
- Warehouse densification and automation

Unrivaled Luxury Resale Expertise and Scale



1 SALES TEAM

Our Omnichannel Approach to Supply Generation

3 OPERATIONS

Building Trust and Delivering Excellent Service Efficiently at Scale



2 MARKETING

How We Generate Consignor Opportunities

4 TECHNOLOGY

How We Stand Out from the Competition

Proprietary Technology in Authentication

Rachel
Vaisman

VP, Merchandising Operations

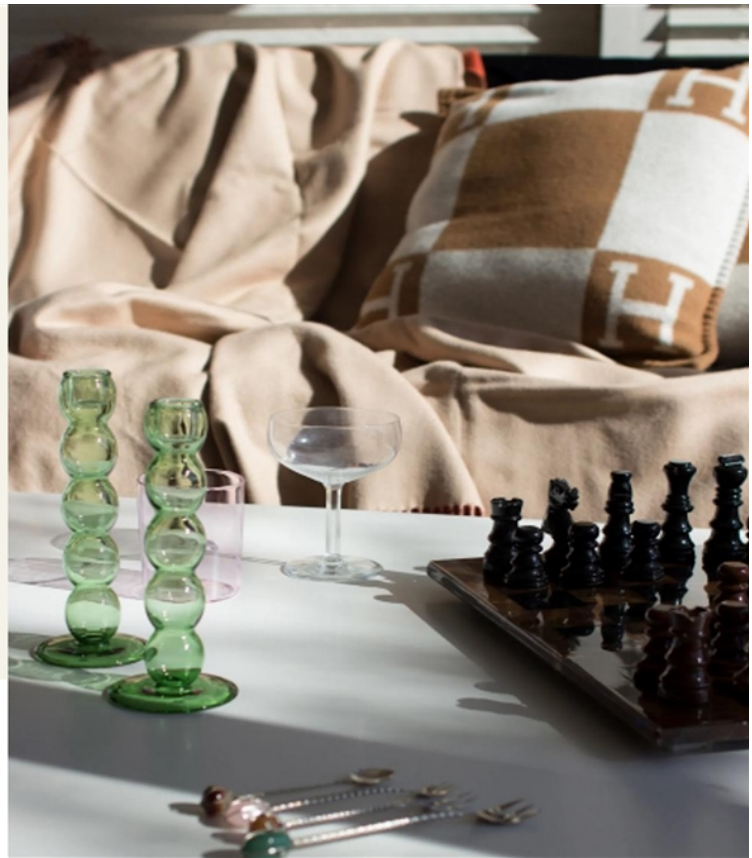


Christopher
Brossman

VP, Machine Learning



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New Authentication Technologies Applied to Handbags in 2022

Proprietary Technology Enables Authentication at Scale

OPERATIONAL EFFECTIVENESS

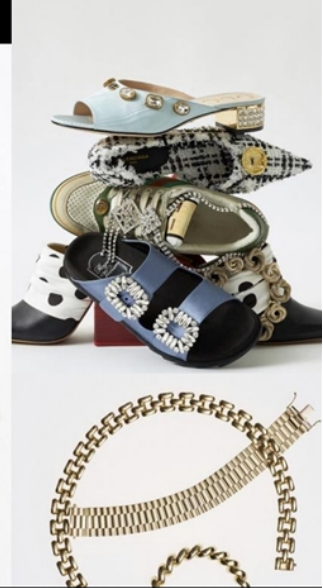
Route items most likely to be counterfeited to our experienced expert authenticators increasing catch rate

COST EFFICIENCY

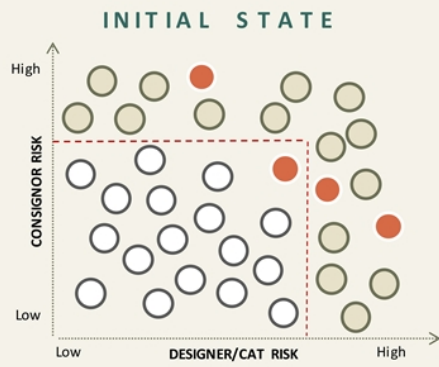
Unlock authentication at scale using a less specialized workforce

GOAL

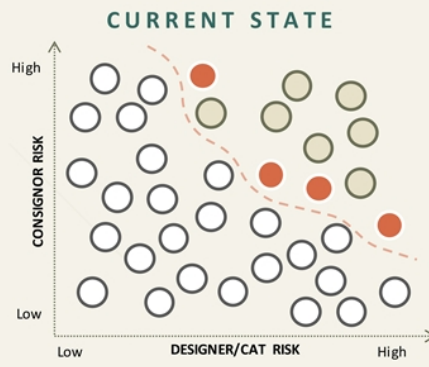
Increase operational efficiency and maintain authentication integrity



Intelligent Authentication Routing with Proprietary SHIELD Technology



Risk screening based on simple heuristics, impacting authenticator scalability



Intelligent screening on 50+ attributes drives authentication accuracy at scale

- Item reviewed by Authenticator
- Item reviewed by Expert Authenticator
- Fake item

MACHINE LEARNING MODEL: SHIELD

Proprietary data from 10+ years of authenticating as well as historical product databases

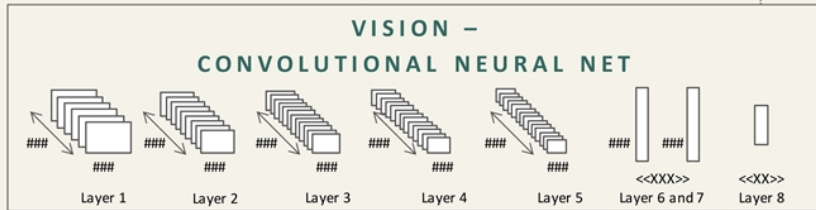
Utilizes historic information of the consignor, product, location data, combined with 360° view of shopping/consigning behavior

Attributes employed to predict likelihood of authenticity:

Previous Method: 2

New Machine Learning Model: 50+

Authenticate High Value/Risk Items with Proprietary VISION Model



Fake

Authentic



With images of the product, the **VISION Model** predicts **likelihood inauthenticity**

What's Next



SHIELD

Utilize intelligent routing for more supply categories leading to further labor and process efficiencies



VISION

Scale new ML techniques to cover 40% of handbag supply by the end of 2022



EFFICIENCY

Apply new technologies to all handbags and other categories to drive operational efficiencies

Automation enables more efficient scaling
of our business model



Dynamic Pricing

Courtney Casabat

Sr. Director, Merchandise Planning and Pricing



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Our Pricing Philosophy

Market price for our unique items driven by supply and demand dynamics

OUR PRICING IS DYNAMIC

Near real-time data informs pricing

WE PUT CONSIGNORS FIRST

Selling at optimal price drives repeat consignment

WE CREATE SALES VELOCITY*

60% of all items sell within 30 days

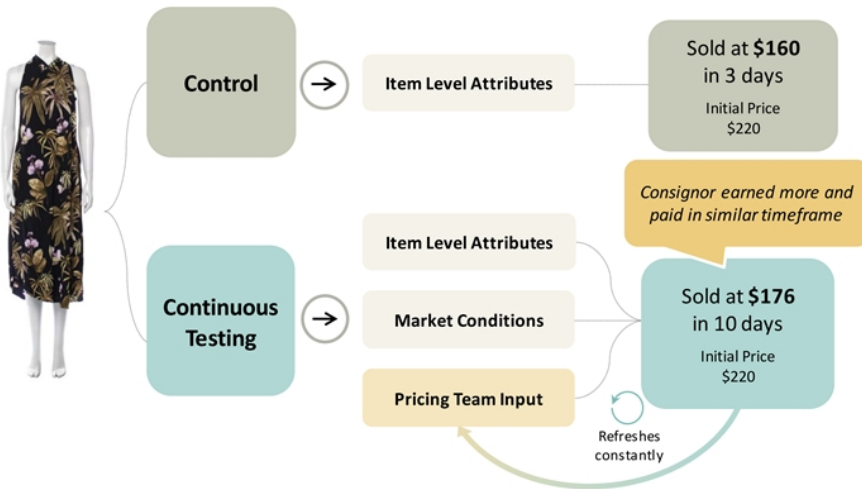
76% of all items sell within 90 days

(*) For Full Year 2021



Our Iterative Approach to Optimize Prices

MODEL INCORPORATES MORE DATA POINTS



MULTIPLE MARKET CONDITION VARIABLES

1

KEEP MODEL FRESH
with market demand
and historical selling data*

2

USE ELASTICITY TESTS
to incorporate customer price
sensitivity

3

MODEL FLEXIBILITY
Ability to adjust levers based on
business needs*

(*) Still under development

Operational & Commercial Excellence Wrap-Up

Rati Levesque
President



TheRealReal



Key Takeaways | Operational & Commercial Excellence

WORLD-CLASS SALES TEAM

is a cornerstone of our omni-channel strategy for generating supply

PERFORMANCE MARKETING

and high retention rates drive down our BAC

CONTINUOUS IMPROVEMENT

in operations leads to productivity gains and improved unit economics

PROPRIETARY DATA AND TECHNOLOGY

to power our competitive advantages in single-SKU capabilities, authentication, and pricing



Our Path to Profitability

Robert Julian
Chief Financial Officer



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Areas of Current and Continued Focus as New CFO

Key Observations as New CFO

- Differentiated business model with significant competitive advantages:
 - Full-service
 - Authentication
 - Data
 - Over 25 million members and growing
 - Powerful flywheel leading to lower BAC
- Talented team at all levels of the organization
- Business at an inflection point with significant opportunities to leverage fixed cost base and achieve Adj. EBITDA profitability

What is Changing?

- Focus on different and fewer metrics
- More holistic view following flow of the P&L (i.e. more focus on Revenue, Gross Margin, and Operating Expenses as a percent of Revenue)



Key Messages | Our Path to Profitability

Target Annual Top-line Growth of 30%+

Variable Cost Productivity

Fixed Cost Leverage

**Target Full Year Adj. EBITDA Profitability
in 2024**

**Vision 2025: GMV of \$5.0B+, Revenue of \$1.5B+
and Adj. EBITDA of \$100M+**



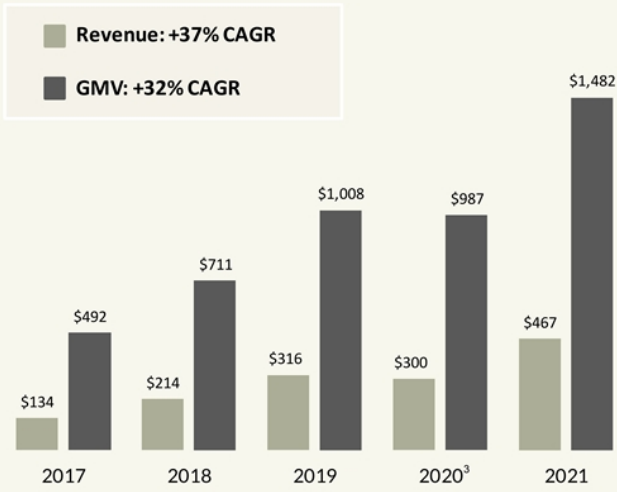
Strong Track Record of Top-Line Growth

GREATER WALLET SHARE
from younger generations as a result of our sustainability focus

STRONG HISTORICAL GROWTH
GMV and Revenue expansion

LARGE TAM
with historical & future growth opportunity

REVENUE & GMV (\$M)



~\$700B
World-wide luxury goods available for resale¹

\$196B
US luxury goods available for resale^{1,2}

(1) Frost & Sullivan Total Addressable Market assessment for the Luxury Resale Market and Company estimates
 (2) Bain & Company Luxury Goods Worldwide Market Study, 2021.
 (3) Denotes initial COVID-19 year

Fixed and Variable Costs Breakdown

2021 TOTAL OPERATING EXPENSE:
\$438M

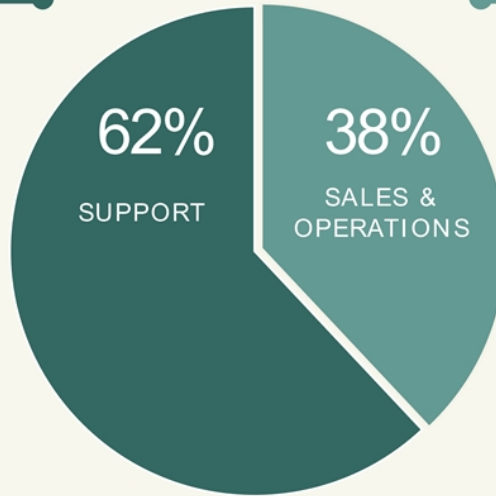
Primarily Fixed & Hybrid

Primarily Variable

- G&A Admin, Occupancy, Depreciation
- Finance
- Human Resources
- Legal
- Facilities & Loss Prevention
- Business Strategy & Analytics
- Marketing
- Merchandising
- Business Operations
- Product
- Technology

AREAS OF FOCUS

- Maintaining fixed costs at roughly 2021 level (~grow with inflation) until profitability achieved is expected to generate substantial operating expense leverage
- Leverage prior investments



- Sales
- Stores / Luxury Consignment Offices
- Customer Service
- Operations – Inbound, Authentication, and Outbound

AREAS OF FOCUS

- Continuous improvement and operational excellence expected to drive improved unit economics and variable cost productivity
- Assuming modest and achievable improvement over time

Leveraging Prior Investments

Enhancements to Infrastructure/Fixed Costs:

- Accelerated authentication center move from CA to AZ
- Accelerated neighborhood store strategy to drive supply acquisition
- Grew technology/development budget to cement and enhance data/technology advantage
- Scaled support functions, including finance, HR, legal, transportation/logistics



Optimizing Fixed Cost Base and Scaling for Growth



Path to Vision 2025

(in millions, except percentages)

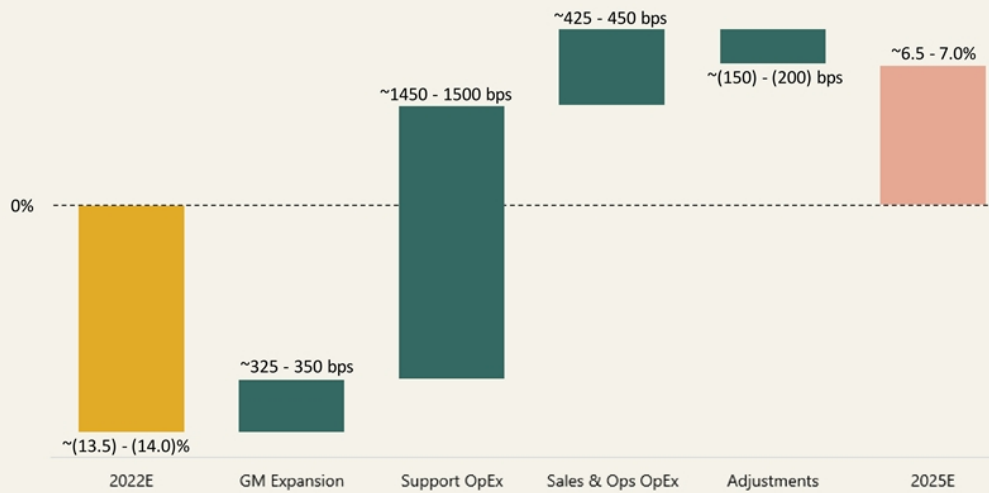
	FY 2021 Actual	FY 2022E Mid-point of Guidance	FY 2025E Vision
Gross Merchandise Value	\$1,482	\$2,050	\$5,000+
Total Revenue	\$468	\$650	\$1,500+
Gross Profit	\$273	\$390	\$950
as % of Revenue	58.4%	60.0%	63.3%
Total Operating Expense - excl. SBC	\$439	\$505	\$880
as % of Revenue	93.9%	77.7%	58.7%
Operating Income/(Loss) - excl. SBC	\$(166)	\$(115)	\$70
as % of Revenue	(35.5)%	(17.7)%	4.7%
Adj. EBITDA	\$(127)	\$(90)	\$100+
as % of Revenue	(27.1)%	(13.8)%	6.7%



Vision 2025: \$5.0B+ of GMV, \$1.5B+ of Revenue, and \$100M+ of Adj. EBITDA

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Target Adj. EBITDA Margin Bridge



Gross Margin Expansion: Direct Revenue to decrease as a percent of Total Revenue over time

Fixed Cost Leverage: Control fixed costs through leveraging prior investments and thoughtfully managing fixed cost growth

Variable Cost Productivity: Utilization of technology, automation and AI to improve unit economics

Projecting Significant Adj. EBITDA Margin Expansion by 2025

Strategic Capital Deployment Focused on Growth

STRONG FINANCIAL FOUNDATION

- \$418M in Cash and Cash Equivalents*
- Targeting Operating Cash Flow positive in 2025
- Convertible notes mature in 2025 and 2028

REINVEST FOR GROWTH

- Prioritize growth given significant near- and mid-term opportunities
- Modest incremental investment in technology and automation to drive operational efficiencies
- Modest incremental investment in sales force to generate supply
- Strategically assess opportunities for brick-and-mortar store expansion

REACH PROFITABILITY

- Targeting positive Adj. EBITDA in 2024
- Significant Cash on hand
- Positive Operating Cash Flow targeted for 2025

(*) As of 12/31/21

Key Takeaways | Our Path to Profitability

Target Annual
Top-line Growth
of 30%+

Variable Cost
Productivity

Fixed Cost
Leverage

Adj. EBITDA
Profitability in
2024

Vision 2025
GMV: \$5.0B+
Rev.: \$1.5B+
Adj. EBITDA:
\$100M+

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Q&A

Appendix

Non-GAAP to GAAP Reconciliation Tables

Reconciliation of Total Operating Expense to Total Operating Expense - excluding SBC (in millions):

	FY 2021
Total Operating Expense - GAAP	\$ (488)
Stock-based Compensation	49
Total Operating Expense - Non-GAAP	<u>\$ (439)</u>
as % of Revenue (Non-GAAP)	(93.9)%

Reconciliation of Loss from Operations to Operating Income/(Loss) - excluding SBC (in millions):

	FY 2021
Loss from Operations - GAAP	\$ (215)
Stock-based Compensation	49
Operating Income/(Loss) - Non-GAAP	<u>\$ (166)</u>
as % of Revenue (Non-GAAP)	(35.5)%

Reconciliation of Net Loss to Adjusted EBITDA and Adjusted EBITDA Margin (in millions):

	FY 2021
Net loss	(236)
Add (deduct):	
Depreciation and amortization	24
Stock-based compensation expense	49
Payroll taxes on employee stock transactions	1
Legal fees reimbursement benefit	(1)
Legal settlement	13
Restructuring charges	2
Interest income	(1)
Interest expense	22
Other expense, net	-
Provision for income taxes	-
Adjusted EBITDA	<u>\$ (127)</u>
Adjusted EBITDA Margin	(27.1)%