



# The Real Real

Q1 2025  
FINANCIAL RESULTS

May 8, 2025

# 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," "target," "contemplate," "project," "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 recent geopolitical events, and uncertainty surrounding macroeconomic trends, financial guidance, anticipated growth in 2025, the anticipated impact of generative AI, and medium-term 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 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, 2024 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](http://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.

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, Free Cash Flow, and Adjusted EBITDA Margin (Adjusted EBITDA as a percentage of revenue). These non-GAAP measures are presented for supplemental information 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 outcomes 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).

# Changing The Way People Shop For the Better

- ✓ **Trusted market leader** in luxury resale across diverse categories & brands
- ✓ **Tenured sales team** nurtures highly-engaged community of buyers & consignors
- ✓ **Rich data and technology expertise** driving pricing and authentication
- ✓ **Full-service approach** reduces friction for consignors and unlocks supply
- ✓ **Capital-light** consignment business model with attractive margins



# Clear and Focused Strategy



UNLOCK SUPPLY  
THROUGH  
GROWTH PLAYBOOK

DRIVE  
OPERATIONAL  
EFFICIENCY

OBSESS  
OVER  
SERVICE

**SUPPORTED BY PROPRIETARY TECHNOLOGY AND DATA**

# Proprietary Technology and Data Is A Key Differentiator



## 13+ YEARS OF RICH DATA

Including luxury item images and attributes, pricing/transactions, and customer behavior

PROPRIETARY  
OPERATIONAL SYSTEMS



ADVANCED AI  
AND ANALYTICS

SOPHISTICATED  
PRICING ALGORITHMS

BEST-IN-CLASS  
AUTHENTICATION

AUTOMATED  
WORKFLOW

PERSONALIZED  
EXPERIENCE

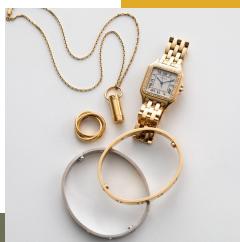
# Q1 2025 Key Highlights



## HEALTHY SUPPLY AND STRONG GROWTH



## DRIVING OPERATIONAL EFFICIENCY



## ENHANCED PROFITABILITY

- GMV +9% and Revenue +11% YoY in line with expectations
- Active buyers increased 7% on a trailing 12-month basis
- Highest new consignor growth in over 2 years
- Success in expanding our consignment network through partnership programs and dropship

- Launched Athena, our AI-driven intake process, in February with 10% of items processed via Athena
- Athena reduced processing time; in some cases by up to 20% compared to LY
- Algorithmic pricing modules now applied to 85%+ of items; progress on extending algorithmic pricing to discounting

- Adjusted EBITDA of \$4.1M marks the 3rd consecutive quarter of positive Adjusted EBITDA
- Gross margin of 75%, up 40 bps YoY; direct revenue gross margin improved significantly year-over-year
- Operating Expenses improved 410 bps in the quarter compared to the prior year period

# Q1 Financial Summary

## GMV (\$M)

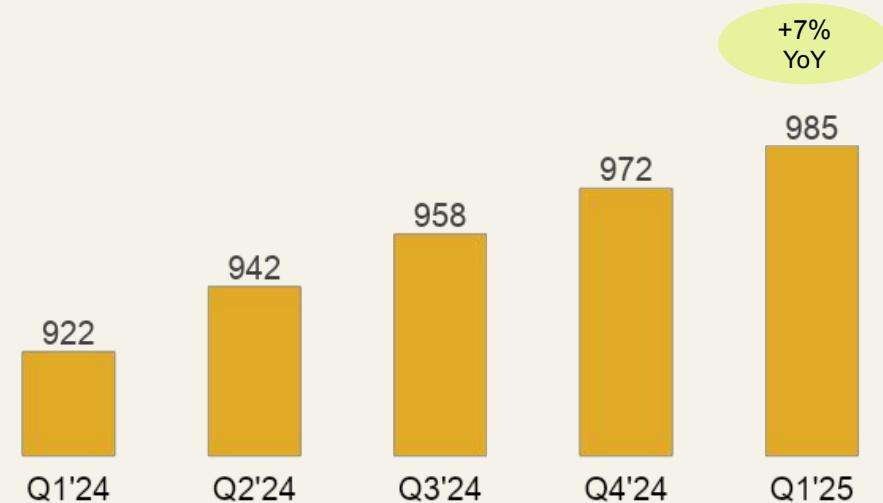
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**GMV of \$490M, increased 9% year-over-year with fine jewelry sales showing particularly strong growth in Q1'25**

## ACTIVE BUYERS (000s)

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**Active Buyers increased 7% year-over-year on a trailing 12-month basis**

# Q1 Financial Summary

## REVENUE (\$M)



## ADJUSTED EBITDA (\$M)

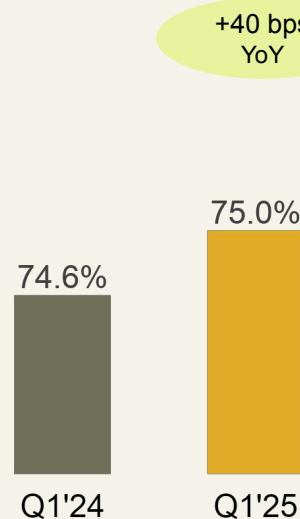


**Revenue, +11% year-over year,  
was driven by healthy supply trends  
and strong sell-through**

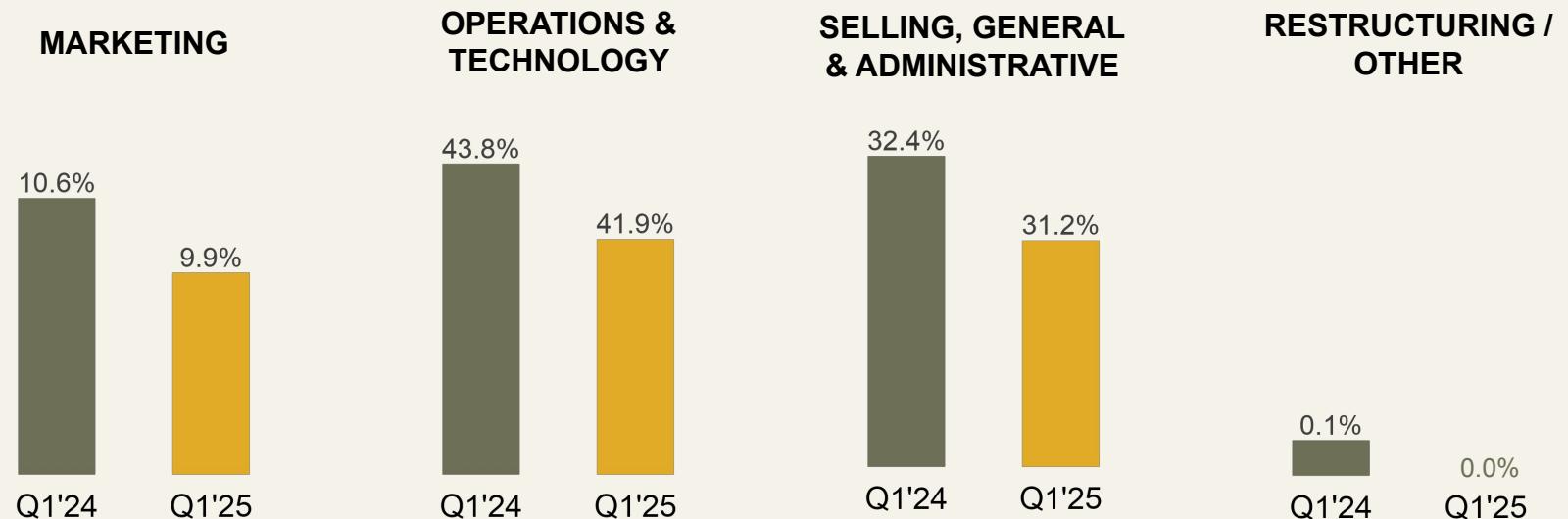
**Adjusted EBITDA improved  
\$6M or 410 basis points as a  
% of revenue year-over-year**

# Q1 Financial Summary

## GROSS MARGIN



## OPERATING EXPENSES (% of Total Revenue)



**Gross Margin +40 bps year-over-year due to operating efficiencies**

**Total Operating Expenses leveraged by 410 bps. Excluding stock-based compensation, operating expenses leveraged 370 bps driven by AI-led efficiency efforts and increased automation**

# 2025 Outlook

**Q2 2025**

**\$476M - \$486M**

**GMV**

**\$157M - \$161M**

**REVENUE**

**\$3.0M - \$4.0M**

**ADJUSTED  
EBITDA**

**Full Year 2025**

**\$1.96B - \$1.99B**

**\$645M - \$660M**

**\$20M - \$30M**



# Key Advantages and Differentiators



## LEADER IN LUXURY RESALE INDUSTRY

scaled platform with strong brand equity and rich data assets



**A LARGE AND GROWING TAM** supported by unique positioning and strong secular tailwinds



**DIFFERENTIATED MODEL** built on foundation of trust, expertise and unmatched end-to-end service



## FOCUSED STRATEGY & POWERFUL FLYWHEEL

unlocking supply, driving efficiencies, and obsessing over service



**AT AN INFLECTION POINT** poised for sustained growth, improved profitability and consistent cash flow

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# Appendix

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# Q1 2025 Obsession Trends



## Branded Jewelry

Cartier  
Van Cleef & Arpels  
Bulgari  
Tiffany



## Mid-tier Handbags

Loewe  
The Row  
Miu Miu  
Balenciaga



## Trending RTW\* Brands

Prada  
Brunello  
Zimmerman  
Khaite



## Top Jewelry Collections

Cartier Love  
Juste un Clou &  
Panthere  
Van Cleef Alhambra  
Bulgari Serpenti

\* Ready to Wear

# KEY FINANCIAL METRICS

Quarter ended March 31	2025	2024
<i>(in M, except AOV and percentages)</i>		
GMV	\$490	\$452
NMV	\$371	\$335
Consignment Revenue	\$124	\$116
Direct Revenue	\$20	\$13
Shipping Services Revenue	\$16	\$15
Number of Orders	869	840
Take Rate	38.6%	38.4%
Active Buyers	985	922
AOV	\$564	\$538

# INCOME STATEMENT

Quarter ended March 31	2025	2024
(in \$000's)		
<b>Total revenue</b>	<b>\$160,033</b>	<b>\$143,800</b>
<u>Total cost of revenue</u>	<u>40,010</u>	<u>36,521</u>
<b>Gross profit</b>	<b>120,023</b>	<b>107,279</b>
<u>Total operating expenses</u>	<u>132,794</u>	<u>125,221</u>
<b>Loss from operations</b>	<b>(12,771)</b>	<b>(17,942)</b>
Change in fair value of warrant liability	42,503	(15,583)
Gain on extinguishment of debt	37,101	4,177
Interest income	1,374	2,069
Interest expense	(6,320)	(3,751)
<u>Other income (expense), net</u>	<u>608</u>	<u>0</u>
Loss before provision for income taxes	62,495	(31,030)
<u>Provision (benefit) for income taxes</u>	<u>95</u>	<u>71</u>
<b>Net loss attributable to common stockholders</b>	<b>\$62,400</b>	<b>(\$31,101)</b>

# BALANCE SHEET

1 of 2

	3/31/25	12/31/24
Cash and cash equivalents	\$139,602	\$172,212
Short-term investments		
Accounts receivable, net	27,750	13,961
Inventory	26,472	23,583
<u>Prepaid expenses and other current assets</u>	<u>14,323</u>	<u>22,913</u>
<b>Total current assets</b>	<b>208,147</b>	<b>232,669</b>
Property and equipment, net	97,608	94,443
Operating lease right-of-use assets	73,972	75,714
Restricted cash	14,859	14,911
<u>Other assets</u>	<u>5,781</u>	<u>5,358</u>
<b>Total assets</b>	<b>\$400,367</b>	<b>\$423,095</b>

## BALANCE SHEET

2 of 2

	3/31/25	12/31/24
Accounts payable	19,764	11,004
Accrued consignor payable	82,278	89,718
Operating lease liabilities, current portion	22,862	22,835
Other accrued and current liabilities	88,384	98,466
<u>Convertible senior notes, net, current portion</u>	<u>26,704</u>	<u>26,653</u>
<b>Total current liabilities</b>	<b>239,992</b>	<b>248,676</b>
Operating lease liabilities, net of current portion	82,527	85,790
Convertible senior notes, net	234,723	276,807
Long term debt, net	137,495	134,470
Warrant liabilities	36,081	78,584
Other noncurrent liabilities	5,618	6,144
<b>Total liabilities</b>	<b>\$736,436</b>	<b>\$830,471</b>
Total stockholders' deficit	(336,069)	(407,376)
<b>Total liabilities stockholders' deficit</b>	<b>\$400,367</b>	<b>\$423,095</b>

# FREE CASH FLOW

## RECONCILIATION OF GAAP TO NON-GAAP RESULTS

	Quarter Ended March 31	
(in \$000's)	2025	2024
<b>Net cash provided by (used in) operating activities</b>	<b>(\$28,270)</b>	<b>(\$3,467)</b>
<u>Purchase of property and equipment and capitalized proprietary software development costs</u>	<u>(7,578)</u>	<u>(5,321)</u>
<b>Free (negative) cash flow</b>	<b>(\$35,848)</b>	<b>(\$8,788)</b>

# ADJUSTED EBITDA

## RECONCILIATION OF GAAP TO NON-GAAP RESULTS

Quarter Ended March 31	2025	2024
(in \$000's, except percentages)		
<b>Net loss</b>	<b>\$62,400</b>	<b>(\$31,101)</b>
Depreciation and amortization	8,375	8,309
Net Interest expense	4,946	1,682
<u>Provision for income taxes</u>	<u>95</u>	<u>71</u>
<b>EBITDA</b>	<b>75,816</b>	<b>(21,039)</b>
Stock-based compensation	7,359	7,120
Payroll tax expense on employee stock transactions	539	56
Other <sup>(1, 2)</sup>	(37,101)	(3,981)
Change in fair value of warrant liability <sup>(3)</sup>	(42,503)	15,583
<u>One time expenses</u>	<u>0</u>	<u>0</u>
<b>Adjusted EBITDA</b>	<b>\$4,110</b>	<b>(\$2,261)</b>
Adjusted EBITDA (% of revenue)	2.60%	-1.60%

(1) The restructuring charges for the three months ended March 31, 2024 consist of employee severance related charges.

(2) The gain on extinguishment of debt for the three months ended March 31, 2025 reflects the difference between the carrying value of the Exchanged Notes and the fair value of the 2031 Notes. 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.

(3) The change in fair value of warrant liability for the three months ended March 31, 2025 and March 31, 2024 reflects the remeasurement of the warrants issued by the Company in connection with the Note Exchange in February 2024.

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