



The RealReal
Q2 2025
Financial Results
August 7, 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, financial targets, goals 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 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. 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

14+ YEARS OF RICH DATA

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

PROPRIETARY
OPERATIONAL SYSTEMS



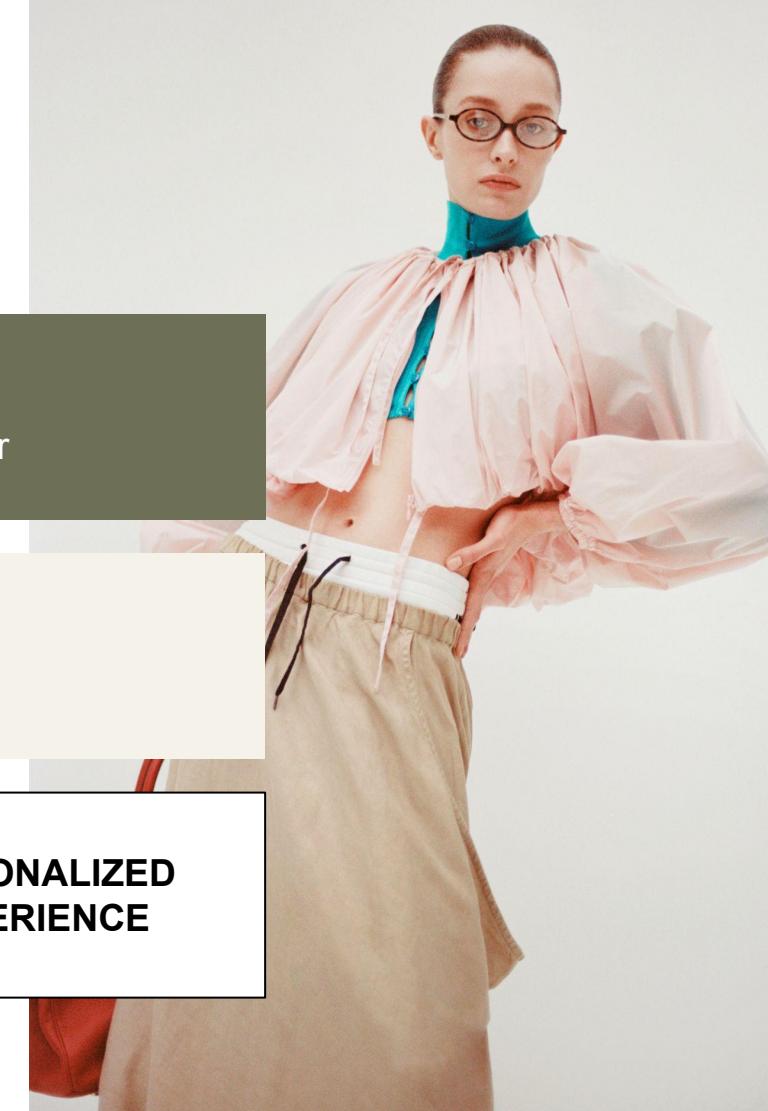
ADVANCED AI
AND ANALYTICS

SOPHISTICATED
PRICING ALGORITHMS

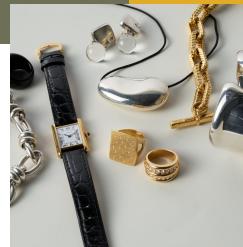
BEST-IN-CLASS
AUTHENTICATION

AUTOMATED
WORKFLOW

PERSONALIZED
EXPERIENCE



Q2 2025 Key Highlights



RECORD GMV, REVENUE, AND NEW CONSIGNORS



DELIVERING OPERATIONAL EFFICIENCIES



DRIVING PROFITABILITY

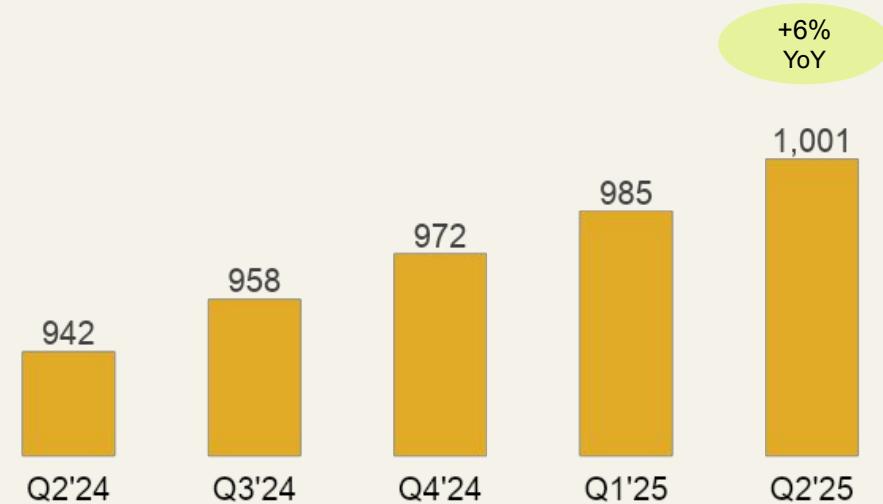
- Exceeded expectations with record GMV and Revenue
- Active buyers expanded 6% on a trailing 12-month basis, exceeding 1 million active buyers
- Focus areas for growth playbook:
 - New sales team compensation plan
 - Strategic high-value events in stores, and
 - Re-consign initiative
- AI-driven Athena intake at approximately 20% of units (on track for 30-40% by YE)
- Next phase of Athena: enabling listing automation, enhanced search, and reducing certain manual processes
- AI and automation efforts on track to cut processing cost / unit
- World-class authentication combines AI with human expertise
- Delivered Adjusted EBITDA ahead of expectations, with significant margin expansion
- Consignment gross margin of 89.3%, up 93 bpts YoY
- Raised Full Year 2025 Outlook:
 - GMV: \$2.030B - \$2.045B
 - Revenue: \$667M - \$674M
 - Adjusted EBITDA: \$29M - \$32M

Q2 Financial Summary

GMV (\$M)



ACTIVE BUYERS (000s)



GMV of \$504M, increased 14% year-over-year, driven primarily by growth in units and, to a lesser extent, mixing into higher value items

Active Buyers expanded to 1 million, up 6% on a trailing 12-month basis reflecting our market reach and leadership position within luxury resale

Q2 Financial Summary

REVENUE (\$M)



Revenue of \$165M increased 14% year-over-year. In Q2, we delivered our highest quarterly Revenue ever

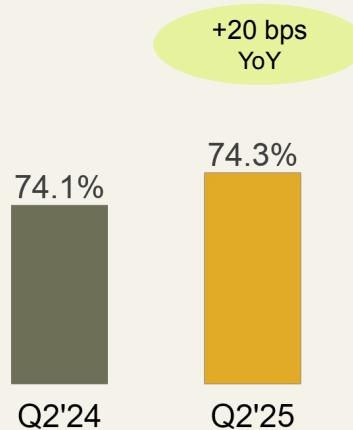
ADJUSTED EBITDA (\$M)



Adjusted EBITDA was \$6.8M , or 4.1% of Total Revenue, increasing \$8.6M versus the prior year. Adjusted EBITDA margins increased over 530 basis points year-over-year, a substantial beat versus expectations

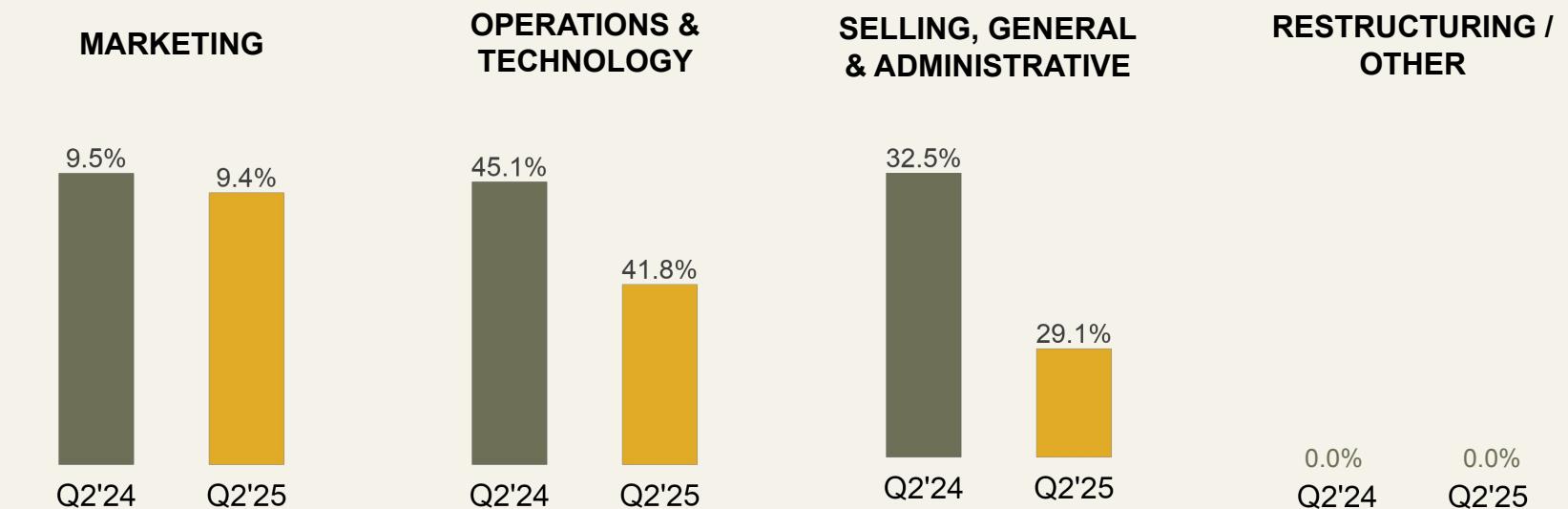
Q2 Financial Summary

GROSS MARGIN



Gross Profit of \$123M increased 14% year-over-year, resulting in Gross Margin of 74.3%

OPERATING EXPENSES (% of Total Revenue)



Total Operating Expenses improved 690 bps year-over-year. Excluding stock-based compensation, operating expenses leveraged by 660 bps driven by productivity from our sales team, leverage on our fixed costs, and gains from AI and automation in our authentication center operations

2025 Outlook

Q3 2025

\$495M - \$502M

GMV

\$2.030B - \$2.045B

\$167M - \$170M

REVENUE

\$667M - \$674M

\$6.1M - \$7.1M

**ADJUSTED
EBITDA**

\$29M - \$32M

Full Year 2025



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

Appendix

The RealReal



Q2 2025 Obsession Trends



Branded Jewelry

High end + more accessible brands rise to the top

Cartier
Van Cleef & Arpels
Bulgari
David Yurman
Chanel



Handbags

Heritage brands trending along with Mid-value

Hermes
Louis Vuitton
Loewe
The Row
Miu Miu
Balenciaga



RTW

Luxe Investment Brands

Prada
Brunello
Hermes
The Row
Celine



Top Jewelry Collections

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

KEY FINANCIAL METRICS

Quarter ended June 30	2025	2024
<i>(in thousands, except AOV and percentages)</i>		
GMV	\$504,105	\$440,914
NMV	\$379,377	\$329,422
Consignment Revenue	\$128,620	\$112,714
Direct Revenue	\$20,495	\$16,724
Shipping Services Revenue	\$16,073	\$15,496
Number of Orders	868	820
Take Rate	37.9%	38.5%
Active Buyers	1,001	942
AOV	\$581	\$538

INCOME STATEMENT

Quarter ended June 30	2025	2024
<i>(in \$000's)</i>		
Total revenue	\$165,188	\$144,934
<u>Total cost of revenue</u>	<u>42,512</u>	<u>37,468</u>
Gross profit	122,676	107,466
<u>Total operating expenses</u>	<u>132,561</u>	<u>126,263</u>
Loss from operations	(9,885)	(18,797)
Change in fair value of warrant liability	4,537	5,630
Gain on extinguishment of debt	0	0
Interest income	1,109	2,263
Interest expense	(7,038)	(5,769)
<u>Other income, net</u>	<u>0</u>	<u>0</u>
Loss before provision for income taxes	(11,277)	(16,673)
<u>Provision for income taxes</u>	<u>89</u>	<u>35</u>
Net income (loss) attributable to common stockholders	(\$11,366)	(\$16,708)

BALANCE SHEET

1 of 2

(in \$000s)	6/30/25	6/30/24
Cash and cash equivalents	\$94,345	\$172,212
Short-term investments		
Accounts receivable, net	22,767	13,961
Inventory	28,776	23,583
<u>Prepaid expenses and other current assets</u>	<u>14,445</u>	<u>22,913</u>
Total current assets	160,333	232,669
Property and equipment, net	98,012	94,443
Operating lease right-of-use assets	70,408	75,714
Restricted cash	14,859	14,911
<u>Other assets</u>	<u>5,771</u>	<u>5,358</u>
Total assets	\$349,383	\$423,095

BALANCE SHEET

2 of 2

(in \$000s)	6/30/25	6/30/24
Accounts payable	13,588	11,004
Accrued consignor payable	76,009	89,718
Operating lease liabilities, current portion	23,508	22,835
Other accrued and current liabilities	86,381	98,466
<u>Convertible senior notes, net, current portion</u>	<u>0</u>	<u>26,653</u>
Total current liabilities	199,486	248,676
Operating lease liabilities, net of current portion	76,878	85,790
Convertible senior notes, net	235,103	276,807
Long term debt, net	137,599	134,470
Warrant liabilities	31,544	78,584
Other noncurrent liabilities	7,017	6,144
Total liabilities	\$687,627	\$830,471
Total stockholders' deficit	(338,244)	(407,376)
Total liabilities stockholders' deficit	\$349,383	\$423,095

FREE CASH FLOW

RECONCILIATION OF GAAP TO NON-GAAP RESULTS

	Quarter Ended June 30	
(in \$000's)	2025	2024
Net cash provided by (used in) operating activities	(\$3,570)	(\$6,754)
<u>Purchase of property and equipment and capitalized proprietary software development costs</u>	<u>(11,423)</u>	<u>(4,959)</u>
Free (negative) cash flow	(\$14,993)	(\$11,713)

ADJUSTED EBITDA

RECONCILIATION OF GAAP TO NON-GAAP RESULTS

Quarter Ended June 30 (in \$000's, except percentages)	2025	2024
Net loss	(\$11,366)	(\$16,708)
Depreciation and amortization	8,256	8,227
Net Interest expense	5,929	3,506
<u>Provision for income taxes</u>	<u>89</u>	<u>35</u>
EBITDA	2,908	(4,940)
Stock-based compensation	8,208	7,702
Payroll tax expense on employee stock transactions	260	118
Other ⁽¹⁾	0	600
Change in fair value of warrant liability ⁽²⁾	(4,537)	(5,630)
<u>One time expenses</u> ⁽³⁾	<u>0</u>	<u>389</u>
Adjusted EBITDA	\$6,839	(\$1,761)
Adjusted EBITDA (% of revenue)	4.1%	-1.2%

(1) Other charges for the three months ended June 30, 2024 consist of legal settlement charges.

(2) The change in fair value of warrant liability for the three months ended June 30, 2025 and June 30, 2024 reflects the remeasurement of the Warrants issued by the Company in connection with the 2024 Note Exchange in February 2024.

(3) One time expenses for the three months ended June 30, 2024 reflects estimated losses related to the fire at one of our New Jersey authentication centers, net of estimated insurance recoveries. See "Note 11 - Commitments and Contingencies" in the notes to the unaudited financial statements in our Form 10-Q for the quarter ended June 30, 2025 for disclosure regarding the event.

The RealReal