



# REVOLVE

## Q4 and FY 2019 RESULTS

February 25, 2020

**Note on Forward-Looking Statements**

Information in this presentation contains forward-looking statements as defined within the meaning of U.S. federal securities laws, including, but not limited to, statements about REVOLVE and the environment in which REVOLVE operates, including statements regarding future results of operations and financial position of REVOLVE. Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will,” “would,” or similar expressions and the negatives of those terms.

Forward-looking statements are based on information available at the time those statements are made and on our current expectations and projections about future events, and are subject to risks and uncertainties. If any of these risks or uncertainties materialize or if any assumptions prove incorrect, actual performance or results may differ materially from those expressed in or suggested by the forward-looking statements. These risks and uncertainties include, without limitation, risks related to general economic conditions, our fluctuating operating results, seasonality in our business, our ability to acquire products on reasonable terms, our online business model, demand for our products, our ability to attract customers in a cost effective manner, the strength of our brand, competition, fraud, system interruptions, our ability to fulfill orders, and the potential impact of coronavirus on our supply chain and operating results. Additional risks and uncertainties are described in greater detail under the heading “Risk Factors” in our Quarterly Report on Form 10-Q filed with the U.S. Securities and Exchange Commission and our other filings with the SEC.

We undertake no obligation to update any forward-looking statements made in this presentation to reflect events or circumstances after the date of this presentation or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements.

Unless otherwise indicated, all references in this presentation to “REVOLVE”, “we”, “our”, “us”, or similar terms refer to REVOLVE and Revolve Group, Inc. and its subsidiaries.

**Use of Non-GAAP Financial Measures**

In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures, including Adjusted EBITDA, Adjusted earnings per share (diluted) and free cash flow. These non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. The non-GAAP financial measures used by REVOLVE may differ from the non-GAAP financial measures used by other companies. We use these non-GAAP financial measures to evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. Our management believes that these non-GAAP financial measures provide meaningful supplemental information regarding our performance and liquidity by excluding certain expenses that may not be indicative of our ongoing core operating performance. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when analyzing historical performance and liquidity and when planning, forecasting, and analyzing future periods.

For a reconciliation of these non-GAAP financial measures to GAAP measures, please see the tables on slides 15 and 16 titled “GAAP to Non-GAAP Reconciliation.”



## FOURTH QUARTER AND FULL YEAR 2019 RESULTS HEADLINES



**TOTAL NET SALES GREW 21% FOR THE FULL YEAR 2019  
AND INCREASED 16% YoY IN Q4 2019**

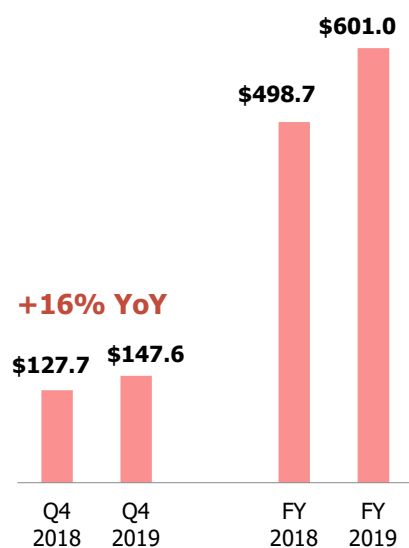
- **REVOLVE SEGMENT NET SALES INCREASED 22% IN 2019  
(UP 13% YoY IN Q4 2019)**
- **FORWARD SEGMENT NET SALES INCREASED 13% IN 2019  
(UP 33% YoY IN Q4 2019)**
- **INTERNATIONAL NET SALES INCREASED 10% IN 2019  
(UP 22% YOY IN Q4 2019)**

**NET INCOME UP 16% YOY AND ADJ. EBITDA UP 20%  
FOR THE FULL YEAR 2019**

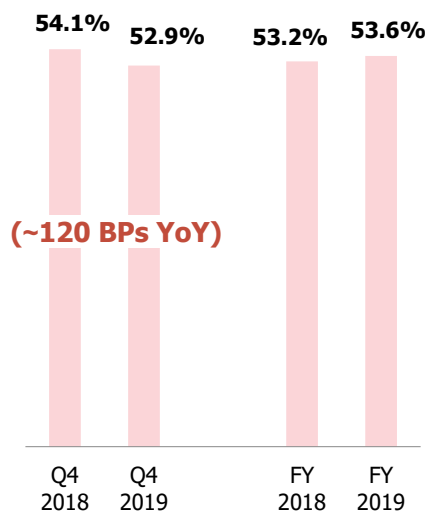
**NET CASH PROVIDED BY OPERATING ACTIVITIES UP 73%  
AND FREE CASH FLOW UP 42% YOY FOR FULL YEAR 2019**

## INCOME STATEMENT HIGHLIGHTS

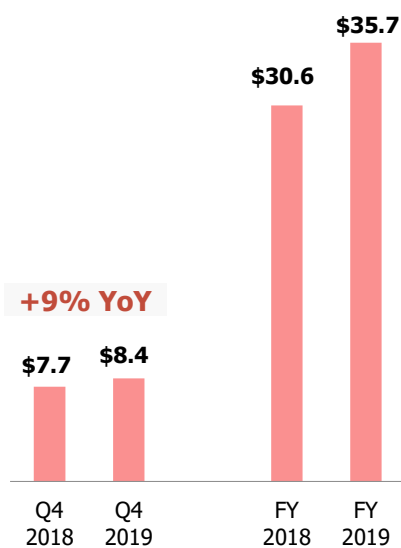
## NET SALES (\$MM)

**+21% YoY in FY 2019**

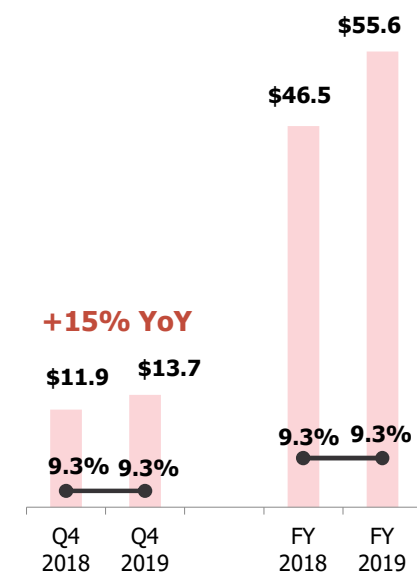
## GROSS MARGIN

**+~40 BPs YoY in FY 2019**

## NET INCOME (\$MM)

**+16% YoY in FY 2019**ADJUSTED EBITDA<sup>(1)</sup> (\$MM)

% ADJ. EBITDA MARGIN

**+20% YoY in FY 2019**

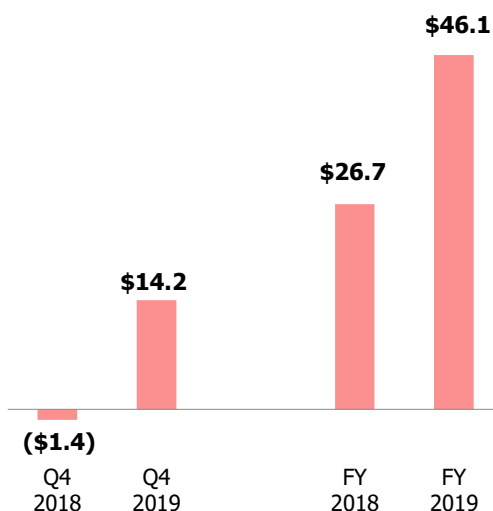
## Note:

1. See slide 14 for a definition of Adjusted EBITDA and slide 15 for a reconciliation to Net Income, its corresponding GAAP financial measure.

# CASH FLOW AND BALANCE SHEET HIGHLIGHTS

## NET CASH PROVIDED BY OPERATING ACTIVITIES (\$MM)

**+ 73% YoY for Full Year**

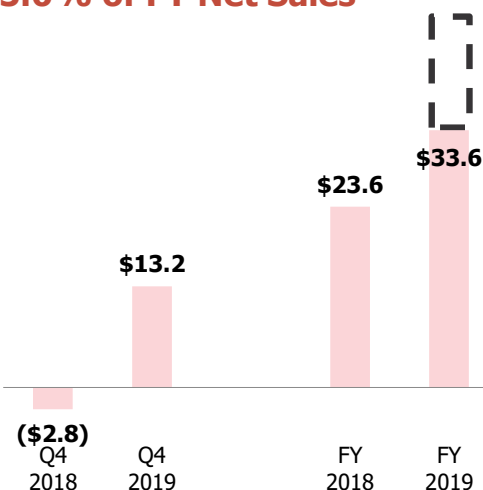


## FREE CASH FLOW<sup>(1)</sup> (\$MM)

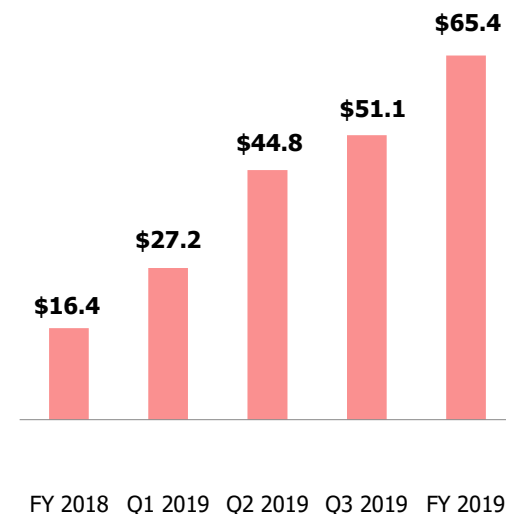


CapEx investment in 2019 to consolidate five fulfillment centers into one newly-modernized center

**+ 42% YoY for Full Year,  
5.6% of FY Net Sales**



## CASH ON BALANCE SHEET (\$MM)



**Note:**

1. See Slide 14 for a definition of Free Cash Flow and Slide 15 for a reconciliation to Net Cash Provided by Operating Activities, its corresponding GAAP financial measure.

# OPERATING METRICS HIGHLIGHTS

## ACTIVE CUSTOMERS<sup>(1)</sup> (000s) (TRAILING 12 MONTHS)

+27% YoY

1,175 1,488

Q4 2018

Q4 2019

## TOTAL ORDERS PLACED<sup>(1)</sup> (000s)

+ 27% YoY for Full Year

+ 14% YoY

954 1,092

Q4 2018 Q4 2019

3,710 4,715

FY 2018 FY 2019

## AVERAGE ORDER VALUE<sup>(1)</sup>

+3% YoY

\$274 \$282

Q4 2018 Q4 2019

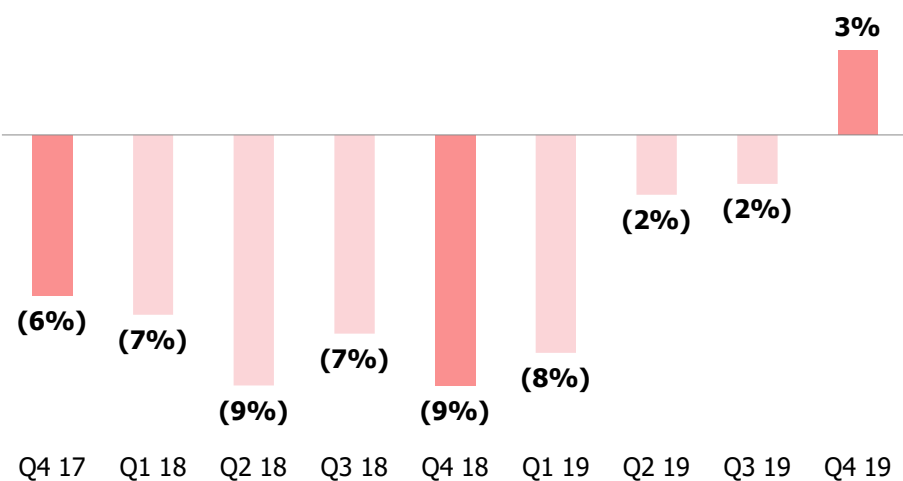
(1% YoY)

\$279 \$275

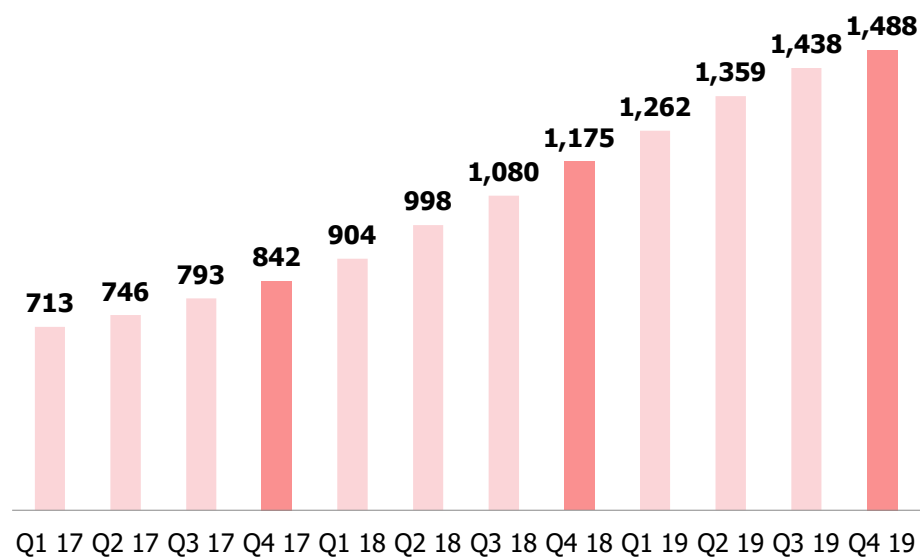
FY 2018 FY 2019

## AOV AND ACTIVE CUSTOMERS QUARTERLY TREND

### AVERAGE ORDER VALUE (AOV) YoY COMPARISON

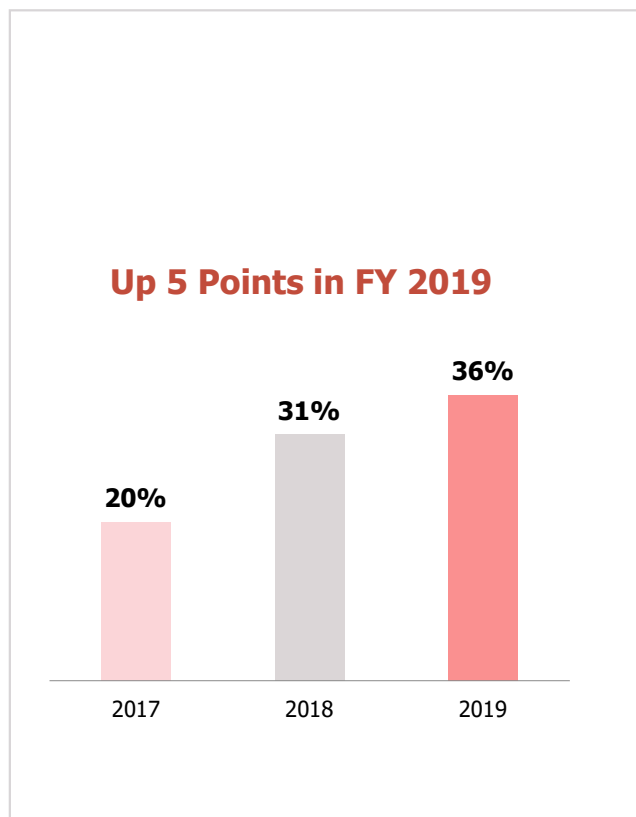


### ACTIVE CUSTOMERS (000s) (TRAILING 12 MONTHS)

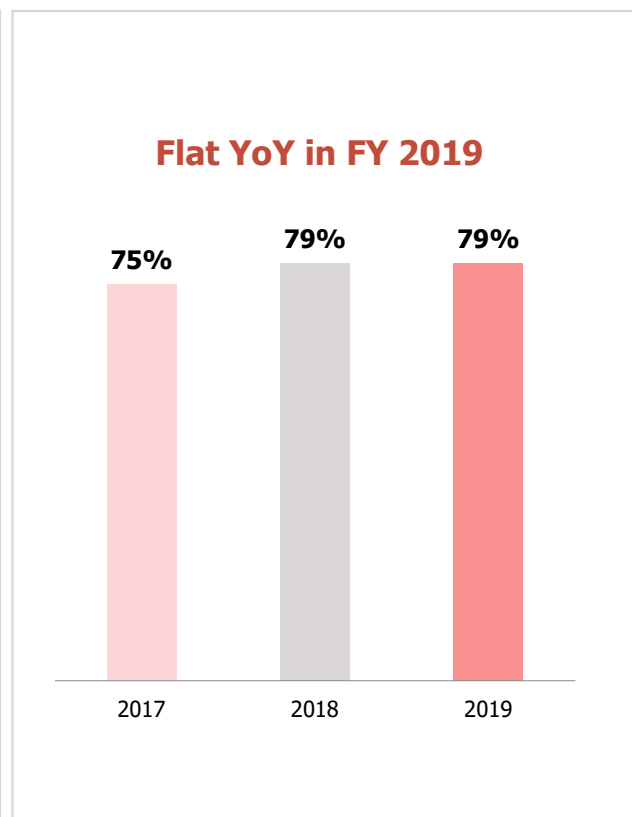


## FULL YEAR METRICS DISCLOSURE<sup>(1)</sup>

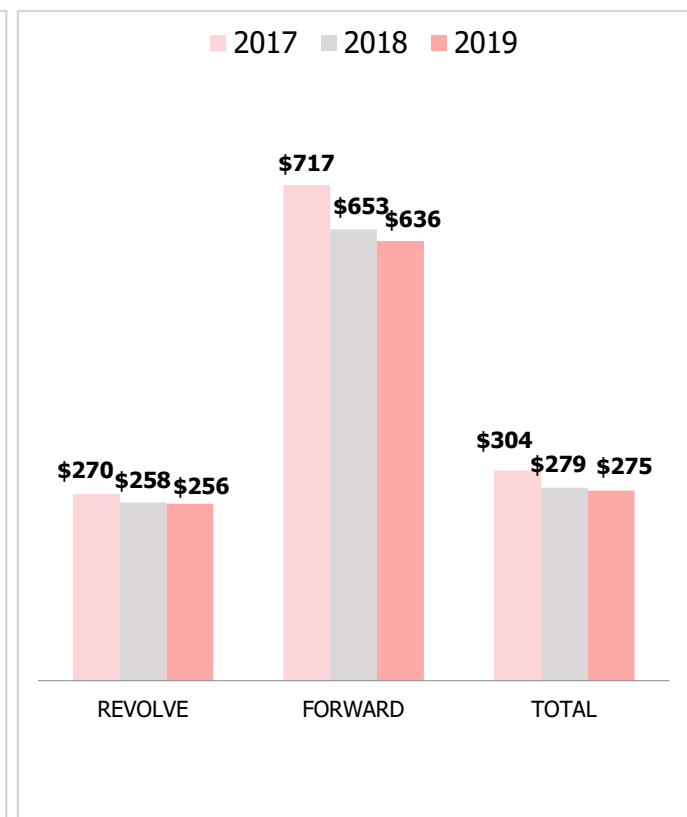
### OWNED BRAND MIX AS % OF REVOLVE SEGMENT NET SALES



### NET SALES AT FULL PRICE<sup>(2)</sup>



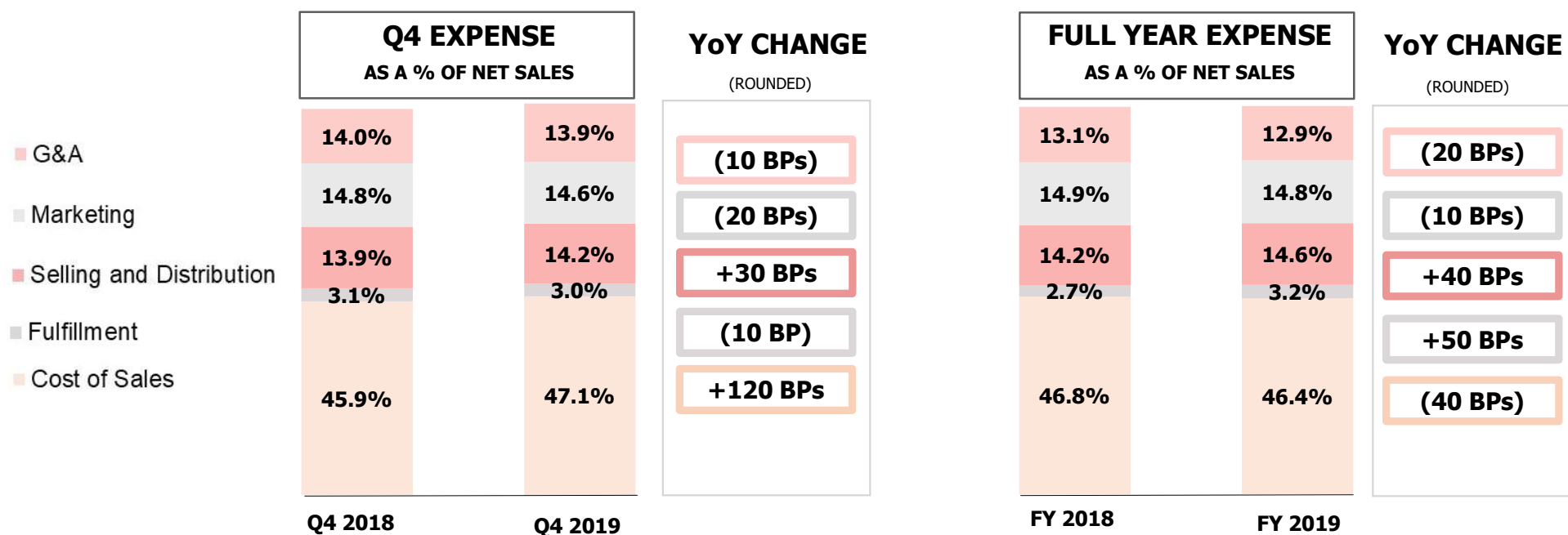
### AVERAGE ORDER VALUE

**REVOLVE****Notes:**

- (1) We disclose Owned Brand Mix as % of REVOLVE Segment Net Sales, % of Net Sales at Full Price and Segment AOV metrics annually (not quarterly).  
(2) We define net sales at full price sales as sales at not less than 95% of the full retail price.



## GAAP COST STRUCTURE



### OBSERVATIONS:

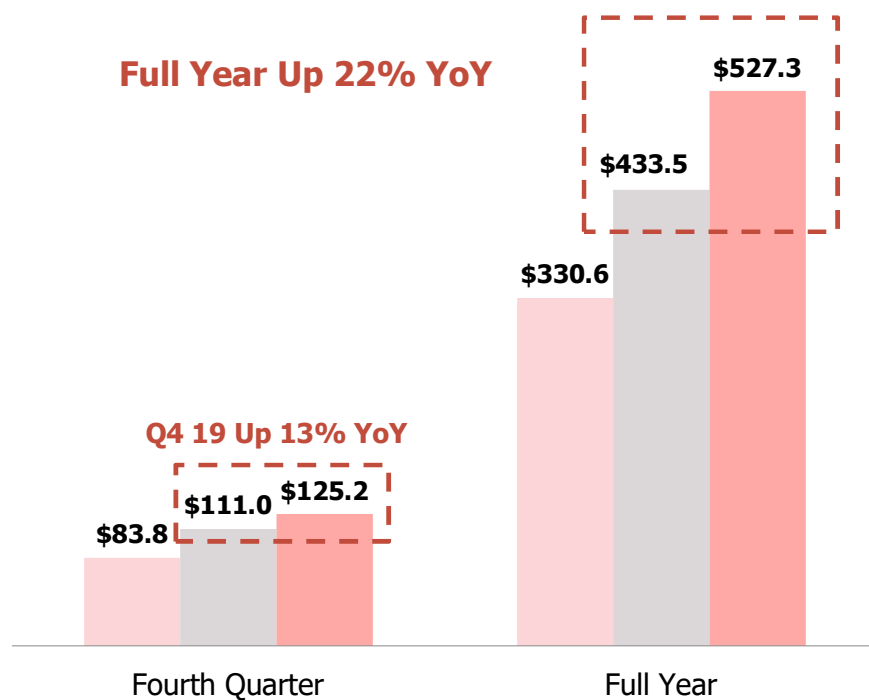
- **Fulfillment:** Fulfillment efficiency improved in Q4 2019 after automation was successfully implemented during Q3 2019 in the recently consolidated warehouse.
- **Cost of Sales:** Cost of sales deleverage in Q4 2019 consistent with commentary on the REVOLVE Q3 2019 results investor call; Q4 2019 is a more challenging YoY comparison on a sequential basis (relative to Q3 2019) considering the \$1.5M in store breakage credit in Q3 2019 that benefitted net sales and gross margin in Q3.

## SEGMENT NET SALES

### REVOLVE SEGMENT NET SALES (\$MM)

2017 2018 2019

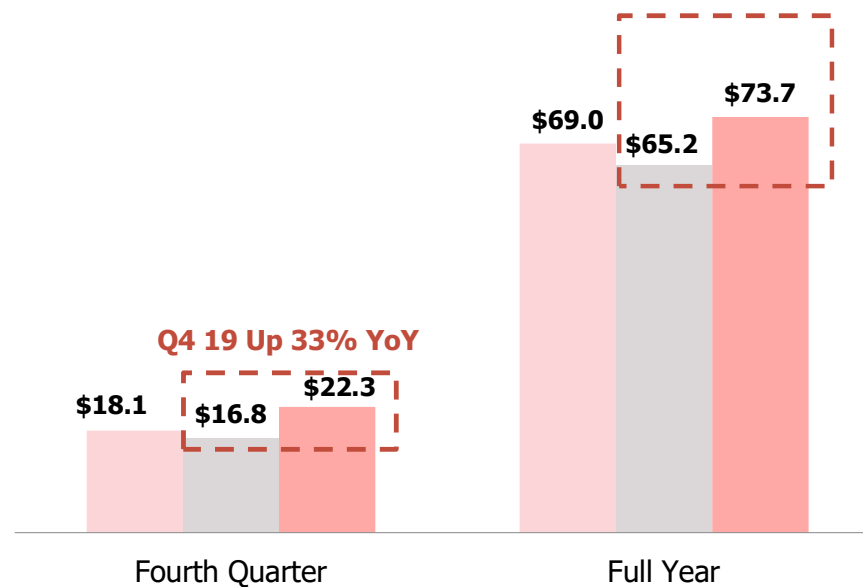
Full Year Up 22% YoY



### FORWARD SEGMENT NET SALES (\$MM)

2017 2018 2019

Full Year Up 13% YoY



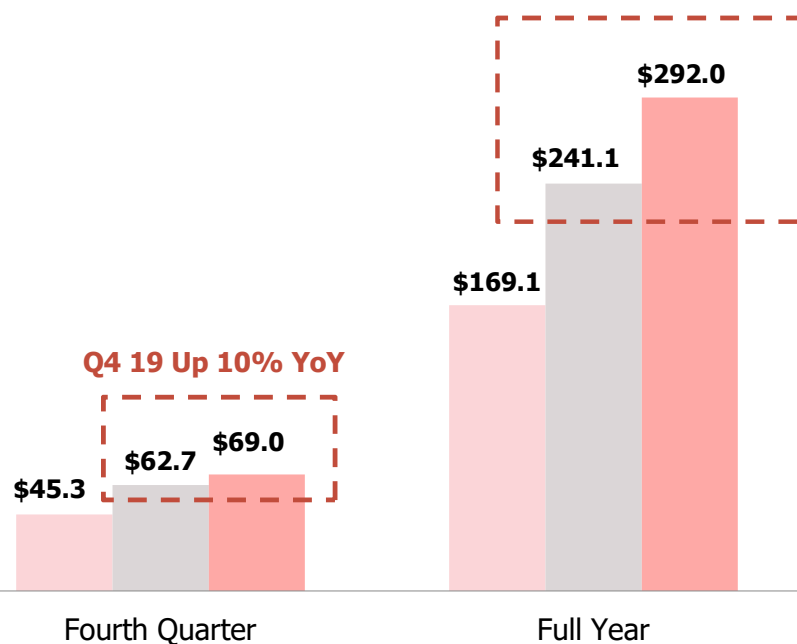
## SEGMENT GROSS PROFIT

### REVOLVE SEGMENT GROSS PROFIT (\$MM)

2017 2018 2019

Full Year Up 21% YoY

Q4 19 Up 10% YoY

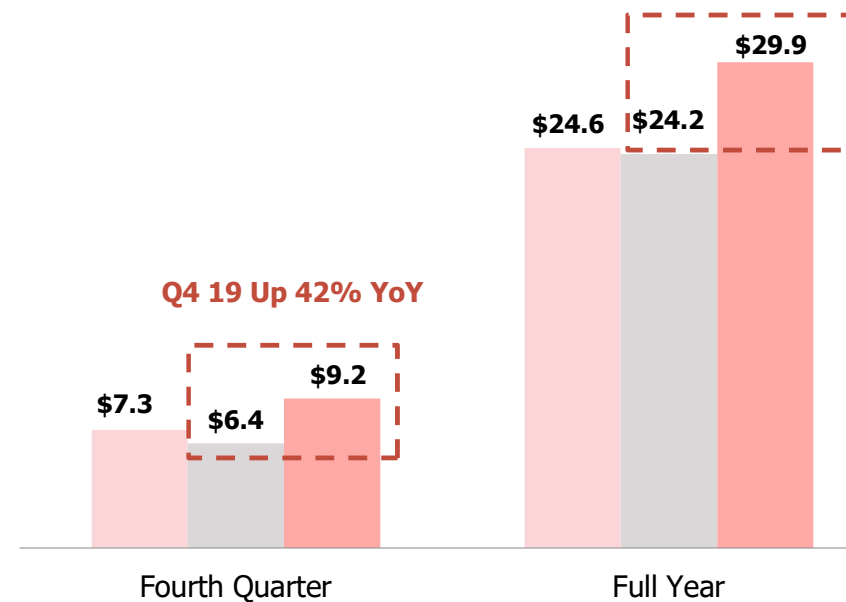


### FORWARD SEGMENT GROSS PROFIT (\$MM)

2017 2018 2019

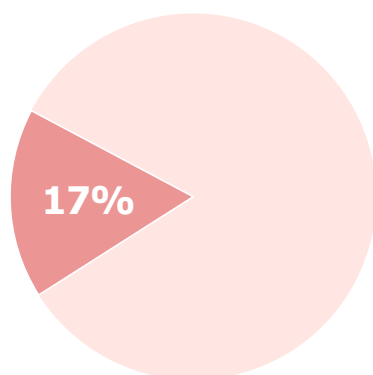
Full Year Up 23% YoY

Q4 19 Up 42% YoY



## NET SALES BY GEOGRAPHY

### INTERNATIONAL NET SALES MIX: Q4 2019



■ INT'L NET SALES

■ U.S. NET SALES

### INTERNATIONAL NET SALES GROWTH IN Q4 2019

**+22% YoY**

#### KEY PERFORMANCE DRIVERS



- **Key contributors to Q4 growth:** further improvement in Australia / New Zealand and Greater China and continued strength in the U.K.
- YoY growth across all major regions



(\$MM)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
U.S.	\$ 91.2	\$ 107.0	\$ 103.3	\$ 107.8	\$ 409.3	\$ 115.4	\$ 136.1	\$ 128.2	\$ 123.2	\$ 502.9
Rest of World	22.1	24.8	22.6	19.9	89.4	21.9	25.8	26.0	24.4	98.1
<b>Total Net Sales</b>	<b>\$ 113.3</b>	<b>\$ 131.8</b>	<b>\$ 125.9</b>	<b>\$ 127.7</b>	<b>\$ 498.7</b>	<b>\$ 137.3</b>	<b>\$ 161.9</b>	<b>\$ 154.2</b>	<b>\$ 147.6</b>	<b>\$ 601.0</b>
International %	20%	19%	18%	16%	18%	16%	16%	17%	17%	16%

## UPCOMING INVESTOR CONFERENCES

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**RAYMOND JAMES INSTITUTIONAL INVESTORS CONFERENCE**

**TUESDAY, MARCH 3**

**ROTH 2020 ANNUAL CONFERENCE**

**MONDAY, MARCH 16**

REVOLVE

## METRICS DEFINITIONS

### Non-GAAP Financial Measures

**Adjusted EBITDA** is a non-GAAP financial measure that we calculate as net income before other expense, net, taxes, depreciation and amortization, adjusted to exclude the effects of equity-based compensation expense, and certain non-routine expenses.

**Free Cash Flow** is a non-GAAP financial measure that we calculate as net cash provided by (used in) operating activities less net cash used in capital expenditures. We view free cash flow as an important indicator of our liquidity because it measures the amount of cash we generate. Free cash flow also reflects changes in working capital.

**Adjusted Diluted Earnings Per Share** is a non-GAAP financial measure that we calculate as diluted earnings (net loss) per share adjusted to exclude the per share impact of the issuance and repurchase of Class B common stock as part of our initial public offering. We intend to report our earnings per share going forward on a GAAP basis. The only instance where we will report a Non-GAAP earnings per share measure is to adjust for the corporate conversion that occurred in connection with our initial public offering.

### Operating Metrics

An **Active Customer** is a unique customer account from which a purchase was made across our platform at least once in the preceding 12-month period. In any particular period, we determine our number of active customers by counting the total number of customers who have made at least one purchase in the preceding 12-month period, measured from the last date of such period.

**Average Order Value (AOV)** is the sum of the total gross sales from our sites in a given period divided by the total orders placed in that period.

**Total Orders Placed** reflects the total number of customer orders placed by our customers across our platform in any period.



## GAAP TO NON-GAAP RECONCILIATION

<b>ADJ. EBITDA (\$MM)</b>	<b>Q4 2019</b>	<b>Q4 2018</b>	<b>FY 2019</b>	<b>FY 2018</b>
<b>NET INCOME</b>	<b>\$8.4</b>	<b>\$7.7</b>	<b>\$35.7</b>	<b>\$30.6</b>
(+) OTHER (INCOME) EXPENSE, NET	0.3	0.2	0.9	0.6
(+) PROVISION FOR INCOME TAXES	2.0	2.8	11.5	10.5
(+) DEPRECIATION AND AMORTIZATION	1.2	0.7	4.0	2.9
(+) EQUITY-BASED COMPENSATION	0.5	0.5	2.1	1.4
(+) NON-ROUTINE EXPENSES	1.3	---	1.5	0.4
<b>ADJUSTED EBITDA</b>	<b>\$13.7</b>	<b>\$11.9</b>	<b>\$55.6</b>	<b>\$46.5</b>

<b>FREE CASH FLOW (\$MM)</b>	<b>Q4 2019</b>	<b>Q4 2018</b>	<b>FY 2019</b>	<b>FY 2018</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$14.2</b>	<b>(\$1.4)</b>	<b>\$46.1</b>	<b>\$26.7</b>
(-) PURCHASES OF PROPERTY AND EQUIPMENT	(1.0)	(1.4)	(12.5)	(3.0)
<b>FREE CASH FLOW</b>	<b>\$13.2</b>	<b>(\$2.8)</b>	<b>\$33.6</b>	<b>\$23.6</b>