



# REVOLVE

## Q4 AND FY 2020 FINANCIAL HIGHLIGHTS

February 24, 2021

### **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 regarding our expectations around the continued impact of the COVID-19 pandemic on our business, operations and financial results. 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 the continued impact of the COVID-19 pandemic on our business, operations and financial results; 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” and elsewhere in our filings with the Securities and Exchange Commission, or SEC, including without limitation, our Annual Report on Form 10-K for the year ended December 31, 2019, our subsequent quarterly reports on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2020, which we expect to file with the SEC on February 25, 2021.

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 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 slide 18 titled “GAAP to Non-GAAP Reconciliation” for Adjusted EBITDA and free cash flow.

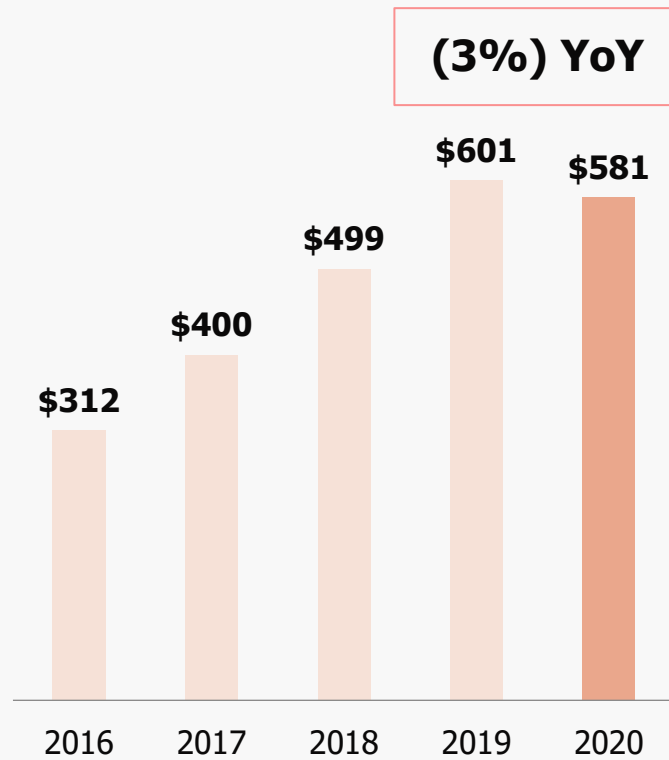


## **FULL YEAR 2020 HIGHLIGHTS**

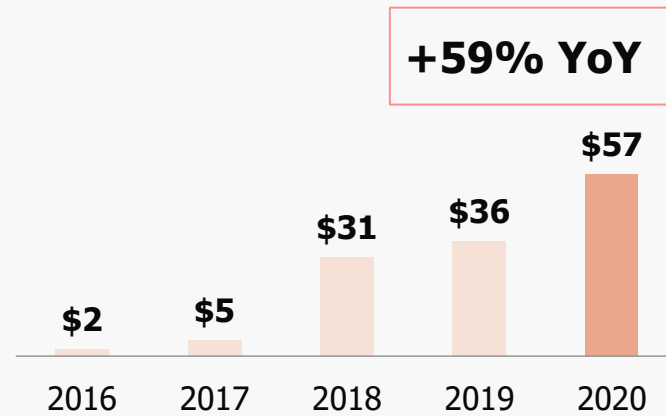
# FULL YEAR 2020 HIGHLIGHTS: P&L

(YoY comparisons skewed by COVID-19 impact in 2020)

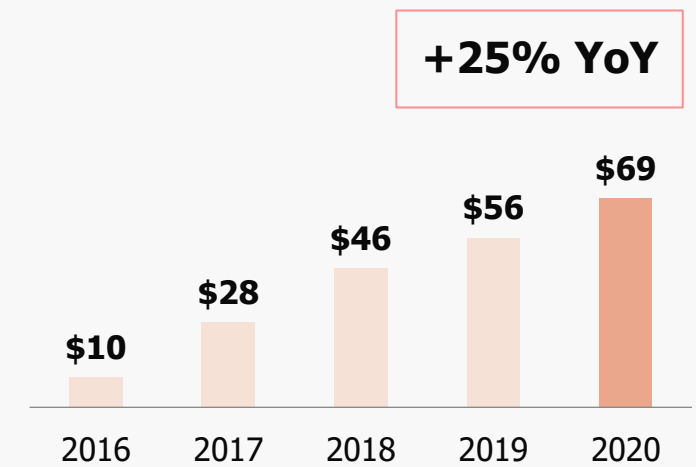
## NET SALES (\$MM)



## NET INCOME (\$MM)



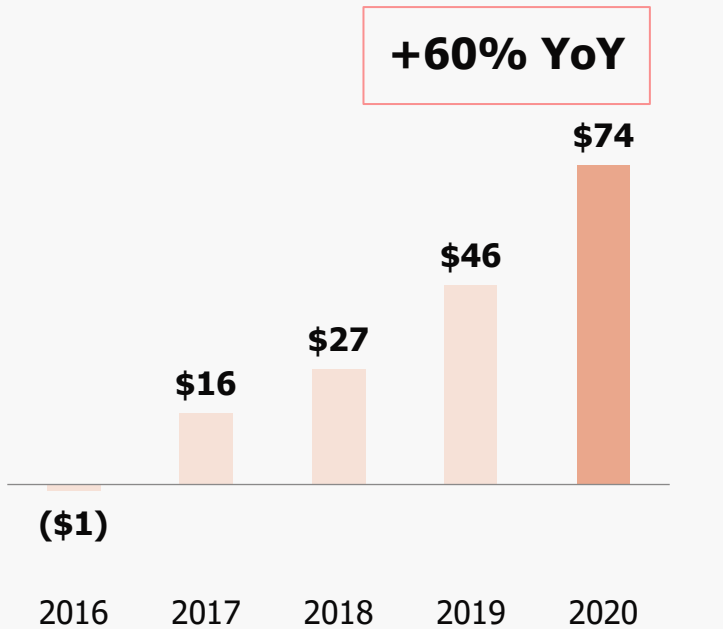
## ADJ. EBITDA (\$MM) (1)



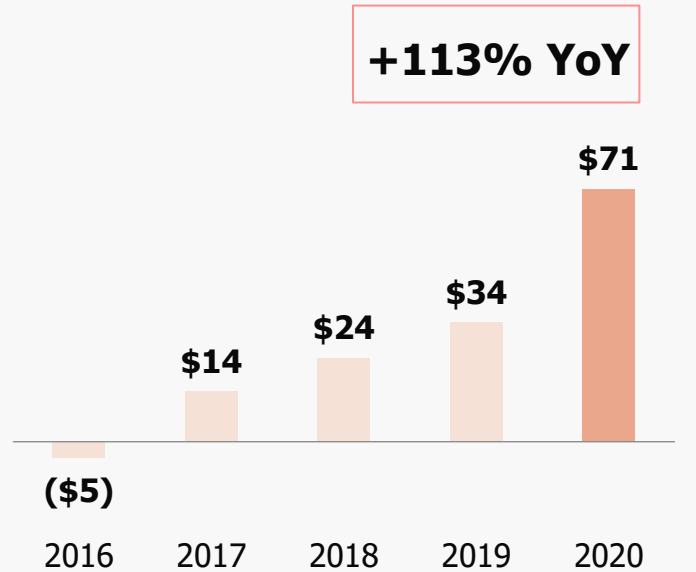
# FULL YEAR 2020 HIGHLIGHTS: CASH FLOW AND BALANCE SHEET

(YoY comparisons skewed by COVID-19 impact in 2020)

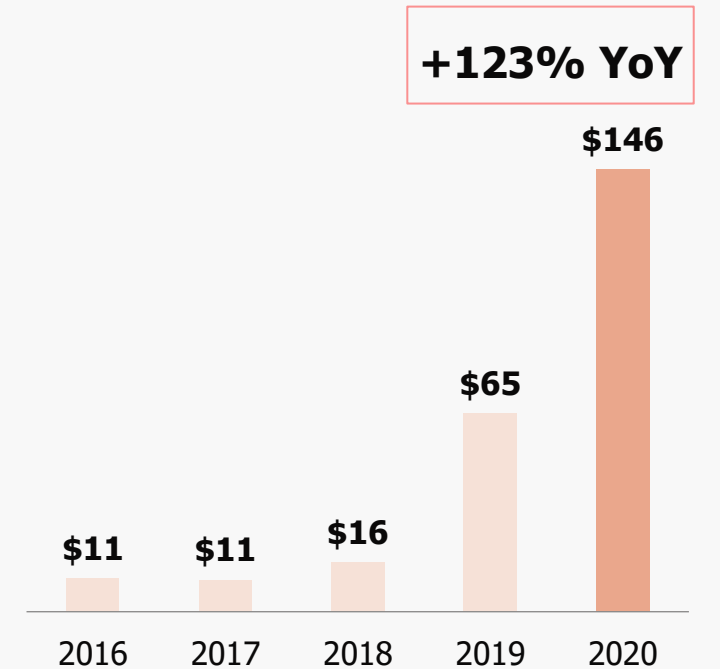
## NET CASH PROVIDED BY OPERATING ACTIVITIES (\$MM)



## FREE CASH FLOW (\$MM) (1)



## CASH AND CASH EQUIVALENTS (\$MM)



**Note:**

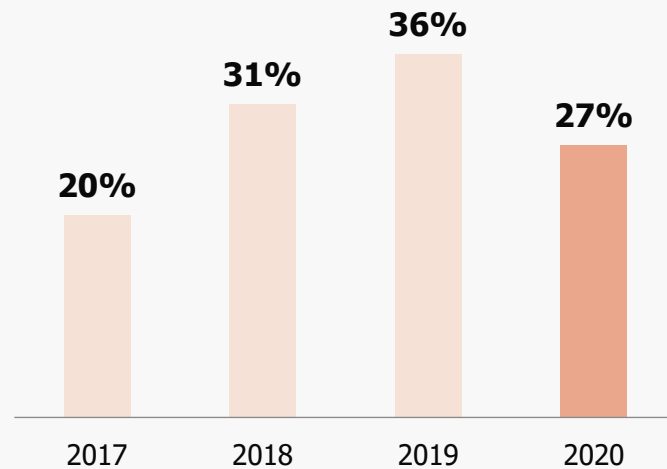
1. See slide 17 for a definition of Free Cash Flow and slide 18 for a reconciliation to Net Cash Provided by Operating Activities, its corresponding GAAP financial measure.

# FULL YEAR 2020 METRICS DISCLOSURE<sup>(1)</sup>

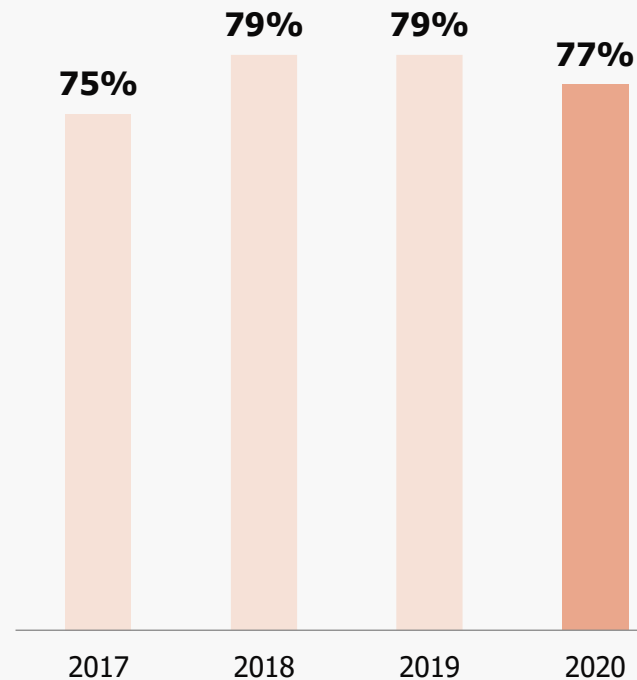
(YoY comparisons skewed by COVID-19 impact in 2020)

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

YoY decrease partially reflects intentional shift in merchandise buys in response to COVID-19

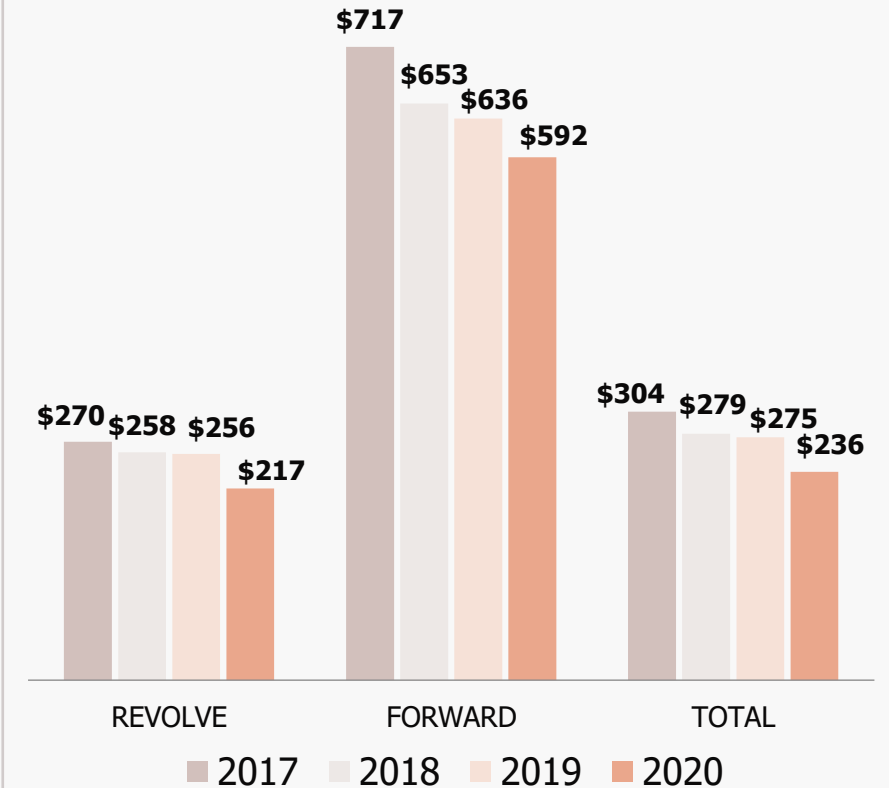


## NET SALES AT FULL PRICE<sup>(2)</sup>



## AVERAGE ORDER VALUE (AOV)<sup>(3)</sup>

YoY decrease in AOV in 2020 was primarily due to a COVID-19 driven shift in product mix and lower units per order, and has been partially offset by a lower return rate YoY.

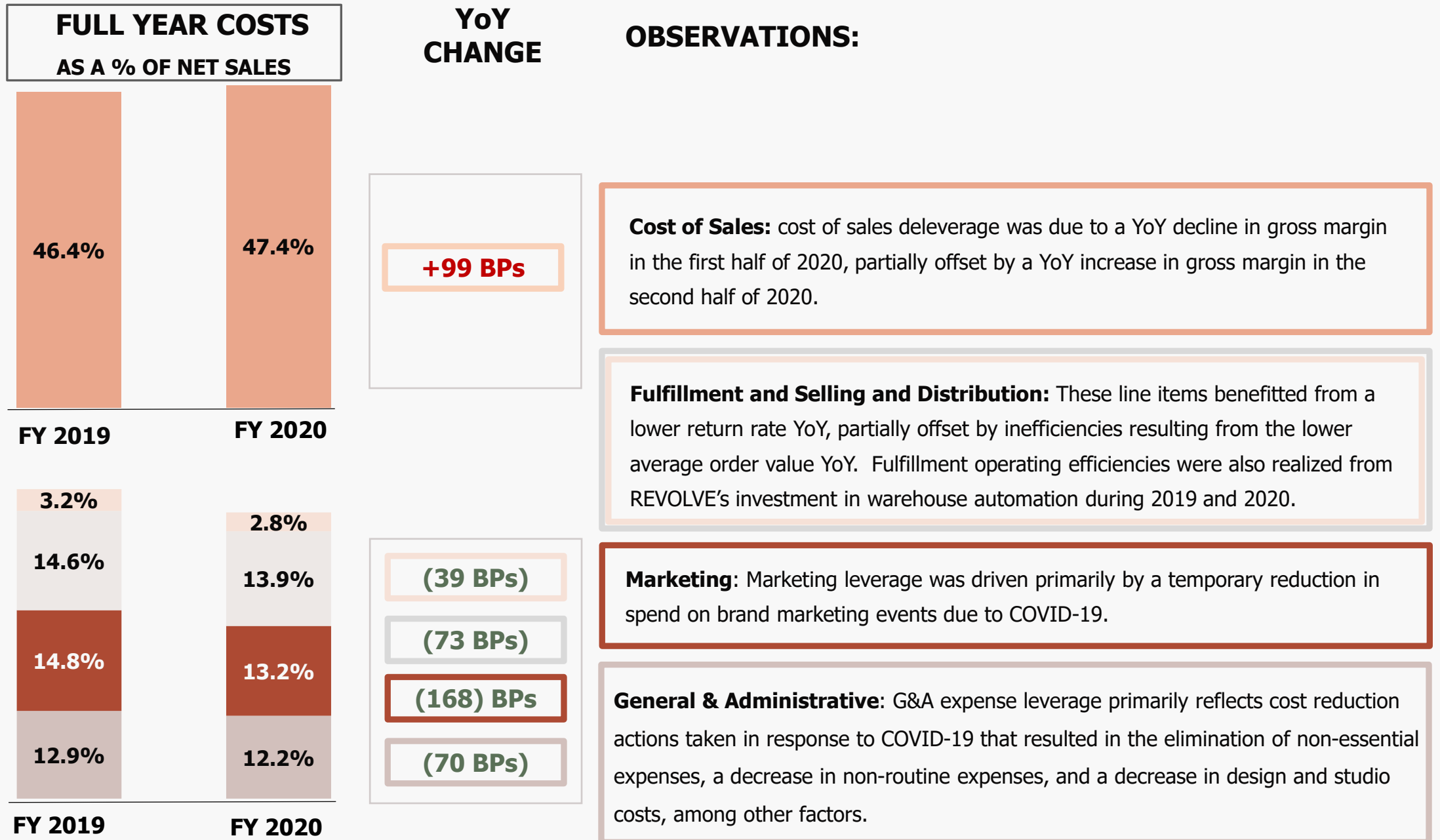


**Notes:**

- (1) We disclose Owned Brand Net Sales 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 as sales with a price of not less than 95% of the full retail price.
- (3) See slide 17 for a definition of Average Order Value (AOV).

# FULL YEAR 2020 GAAP COST STRUCTURE

(YoY comparisons skewed by COVID-19 impact in 2020)



# FULL YEAR 2020 SEGMENT RESULTS

(YoY Comparisons Skewed by COVID-19 Impact in 2020)

## SEGMENT NET SALES (\$MM)

■ 2017 ■ 2018 ■ 2019 ■ 2020

**Down (5%) YoY**

**\$527.3**  
**\$500.9**

**\$433.5**

**\$330.6**

**Up 8% YoY**

**\$73.7** **\$79.8**

**\$69.0** **\$65.2**

FORWARD

REVOLVE

## SEGMENT GROSS PROFIT (\$MM)

■ 2017 ■ 2018 ■ 2019 ■ 2020

**Down (7%) YoY**

**\$292.0** **\$272.0**

**\$241.1**

**\$169.1**

**Up 11% YoY**

**\$29.9** **\$33.3**

**\$24.6** **\$24.2**

FORWARD

REVOLVE

REVOLVE

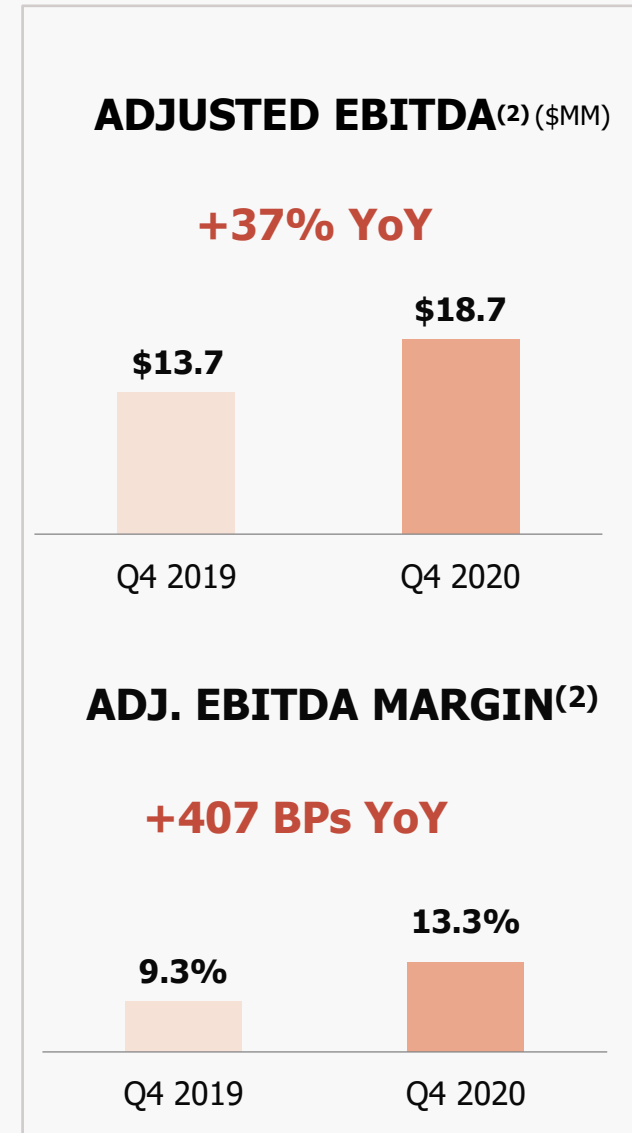
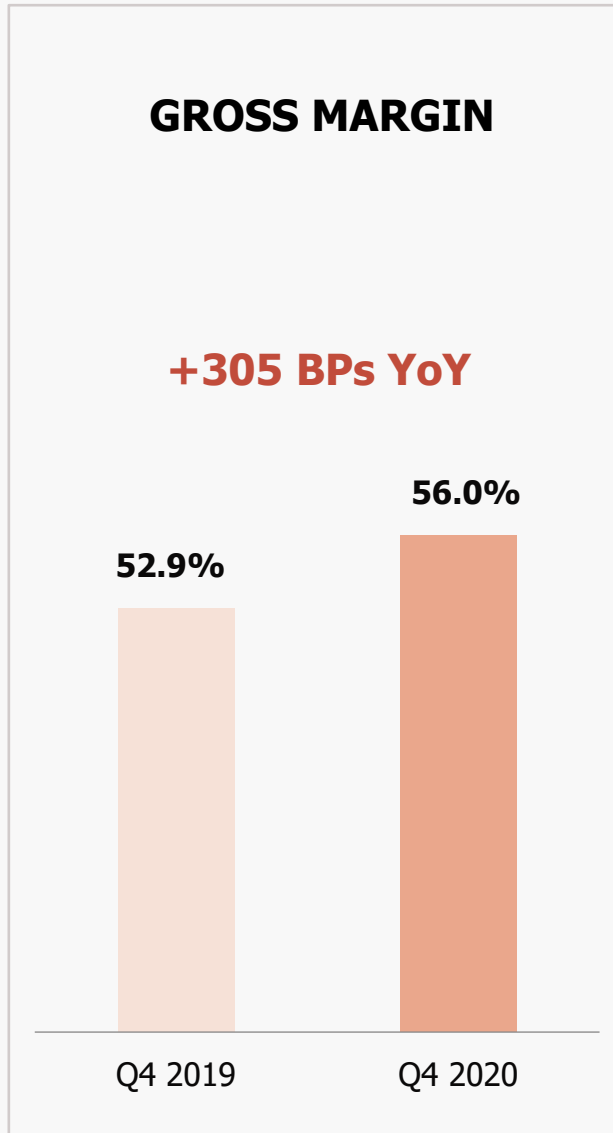




## **FOURTH QUARTER HIGHLIGHTS**

# Q4 2020 HIGHLIGHTS: P&L

(YoY comparisons skewed by COVID-19 impact in 2020)

**Note:**

1. Net income and diluted EPS benefitted from a lower effective tax rate in Q4 2020, resulting in a tax benefit, primarily due to excess tax benefits realized from the exercise of non-qualified stock options.
2. See slide 17 for definitions of Adjusted EBITDA and Adjusted EBITDA margin and slide 18 for a reconciliation of Adjusted EBITDA to Net Income, its corresponding GAAP financial measure.

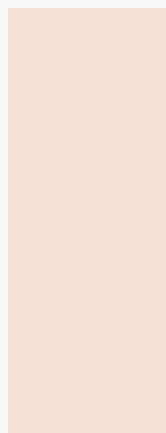
# Q4 2020 HIGHLIGHTS: NET SALES

(YoY comparisons skewed by COVID-19 impact in 2020 and Q1 2021)

## NET SALES (\$MM)

**(5%) YoY**

**\$147.6**



Q4 2019

**\$140.8**

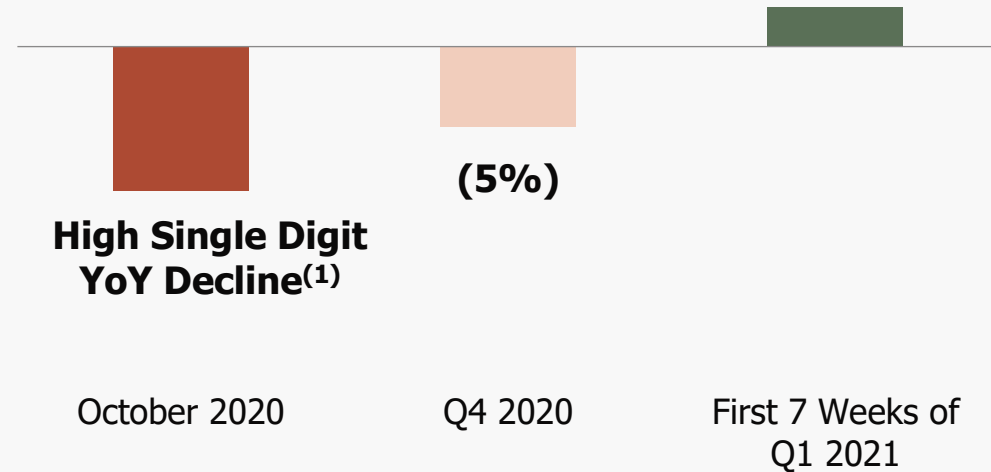


Q4 2020

## TOP LINE COMPARISONS IMPROVED SINCE Q3 2020 EARNINGS CALL

YoY Growth (Decline) in Net Sales

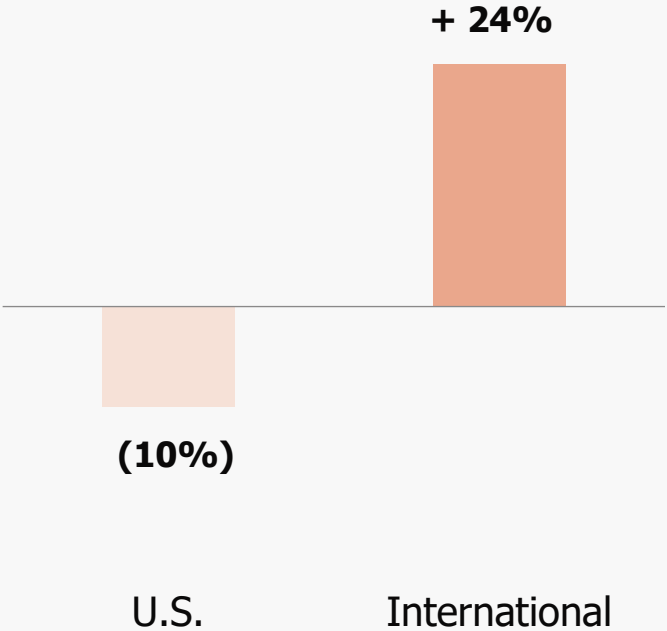
**Low Single Digit YoY Increase**



# Q4 2020 HIGHLIGHTS: NET SALES BY GEOGRAPHY

(YoY comparisons skewed by COVID-19 impact in 2020)

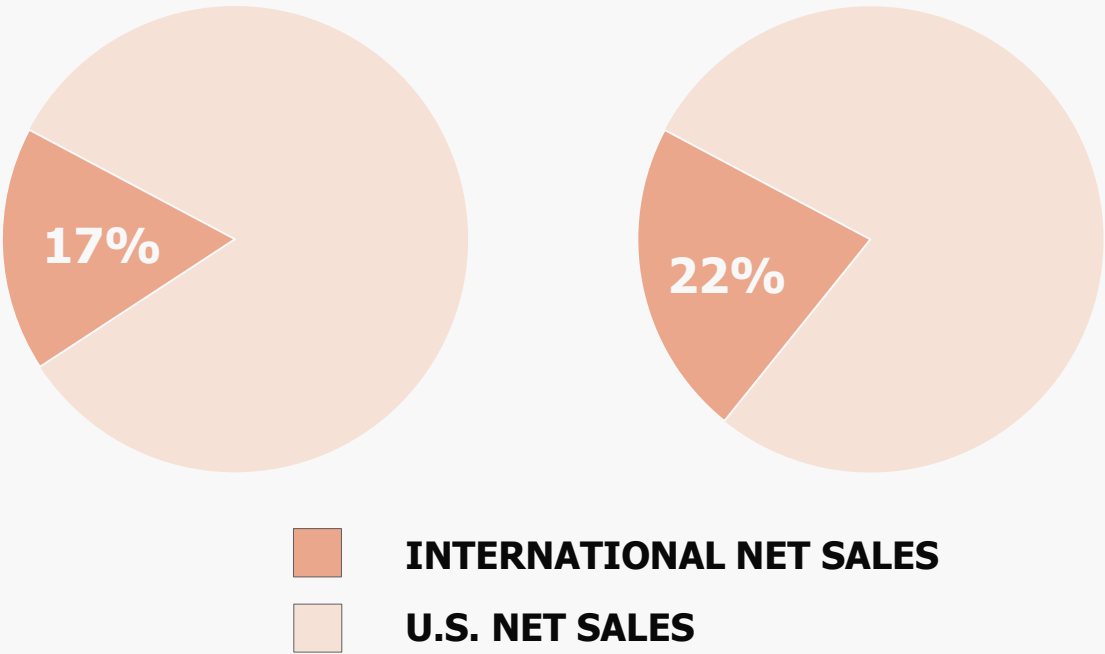
## YOY GROWTH (DECLINE) IN NET SALES IN Q4 2020



## INTERNATIONAL MIX OF TOTAL NET SALES

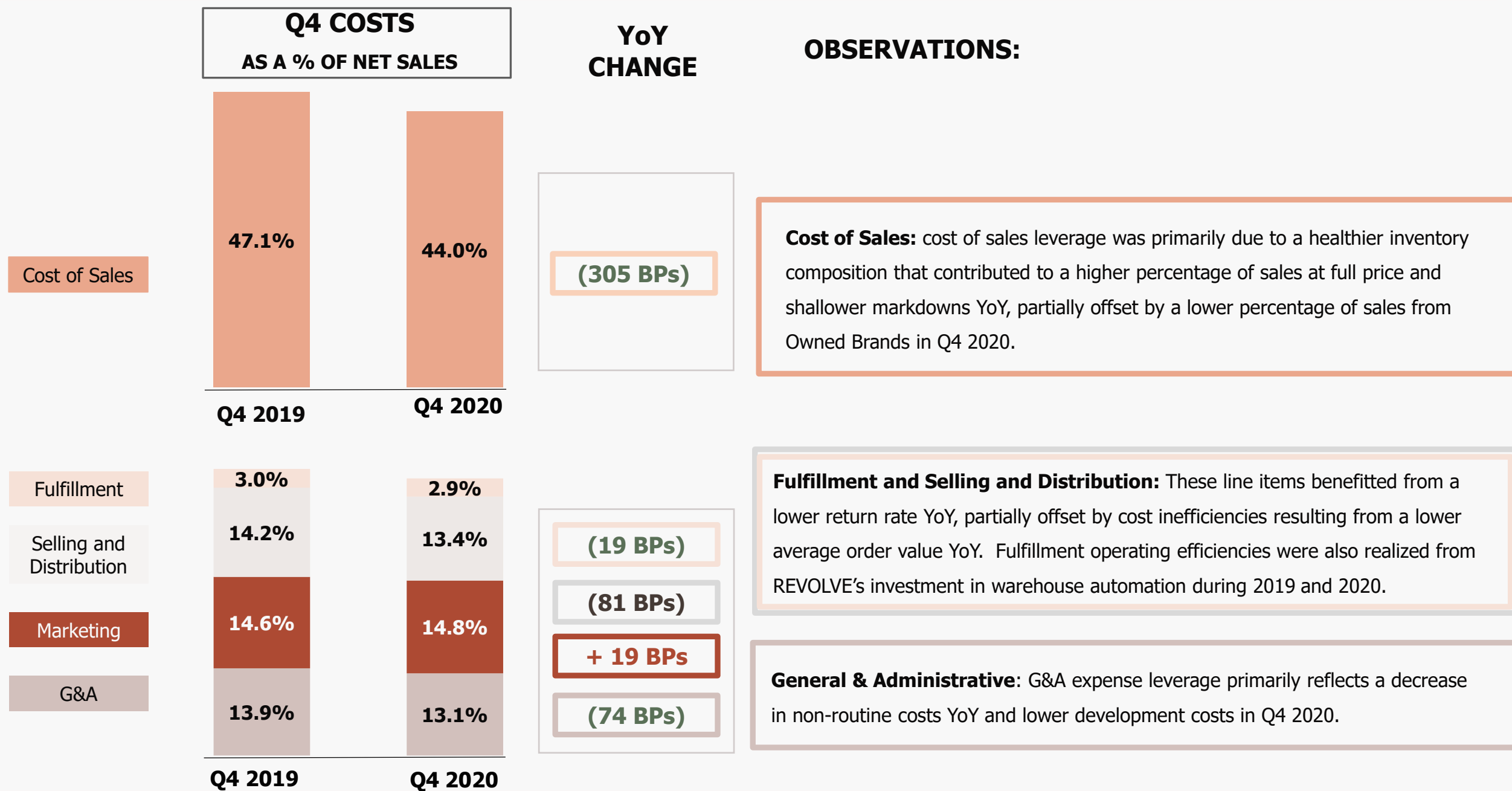
Q4 2019

Q4 2020



# Q4 2020 GAAP COST STRUCTURE

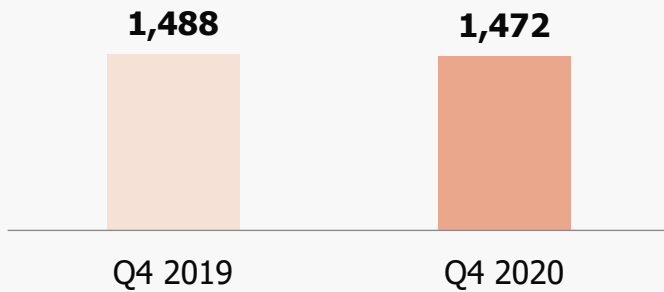
(YoY comparisons skewed by COVID-19 impact in 2020)



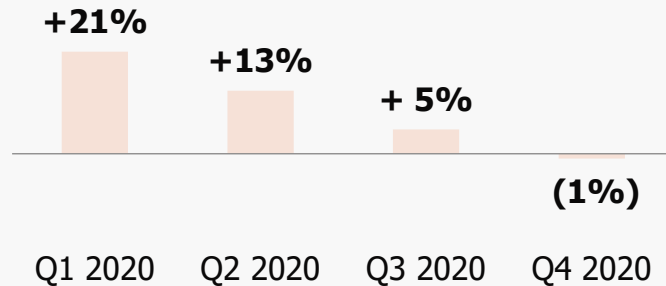
# Q4 2020 OPERATING METRICS HIGHLIGHTS

(YoY comparisons skewed by COVID-19 impact in 2020)

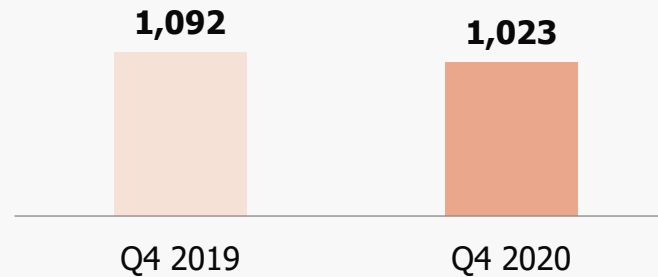
## ACTIVE CUSTOMERS<sup>(1)</sup> (000s) (TRAILING 12 MONTHS)



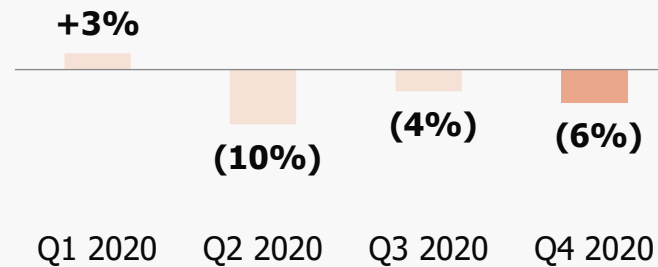
## ACTIVE CUSTOMERS YOY TREND



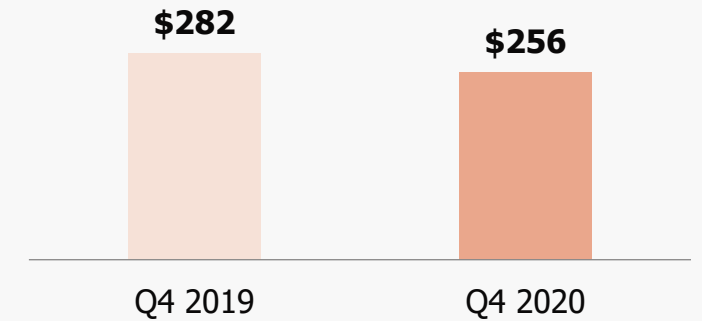
## TOTAL ORDERS PLACED<sup>(1)</sup> (000s)



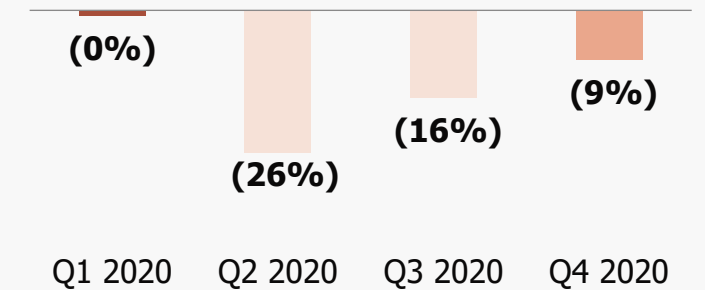
## TOTAL ORDERS YOY TREND



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



## AOV YOY TREND



# Q4 2020 SEGMENT RESULTS

(YoY Comparisons Skewed by COVID-19 Impact in 2020)

## SEGMENT NET SALES (\$MM)

■ 2017 ■ 2018 ■ 2019 ■ 2020

**Down (5%) YoY**

\$125.2

\$111.0

\$118.9

**Down (2%) YoY**

\$18.1

\$16.8

\$22.3

\$21.8

FORWARD

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## SEGMENT GROSS PROFIT (\$MM)

■ 2017 ■ 2018 ■ 2019 ■ 2020

**Flat YoY**

\$69.0

\$62.7

\$68.7

\$45.3

**Up 10% YoY**

\$7.3

\$6.4

\$9.2

\$10.1

FORWARD

REVOLVE

REVOLVE



## UPCOMING VIRTUAL INVESTOR CONFERENCES

### RAYMOND JAMES INSTITUTIONAL INVESTORS CONFERENCE

- **WEDNESDAY, MARCH 3**

### BOFA SECURITIES CONSUMER AND RETAIL CONFERENCE

- **WEDNESDAY, MARCH 10**

### ROTH 2021 ANNUAL CONFERENCE

- **TUESDAY, MARCH 16**



# METRICS DEFINITIONS

## Non-GAAP Financial Measures

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

**Adjusted EBITDA Margin** is a non-GAAP financial measure that we calculate as Adjusted EBITDA divided by net sales.

**Free Cash Flow** is a non-GAAP financial measure that we calculate as net cash provided by (used in) operating activities less purchases of property and equipment. 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.

## 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

(YoY comparisons skewed by COVID-19 impact in 2020)

<b>ADJ. EBITDA (\$MM)</b>	<b>Q4 2020</b>	<b>Q4 2019</b>	<b>FY 2020</b>	<b>FY 2019</b>
<b>NET INCOME</b>	<b>\$19.0</b>	<b>\$8.4</b>	<b>\$56.8</b>	<b>\$35.7</b>
(+) OTHER EXPENSE, NET	0.7	0.3	1.0	0.9
(+) (BENEFIT) PROVISION FOR INCOME TAXES	(3.0)	2.0	3.3	11.5
(+) DEPRECIATION AND AMORTIZATION	1.2	1.2	4.8	4.0
(+) EQUITY-BASED COMPENSATION	1.0	0.5	3.4	2.1
(+) NON-ROUTINE ITEMS	--	1.3	--	1.5
<b>ADJUSTED EBITDA</b>	<b>\$18.7</b>	<b>\$13.7</b>	<b>\$69.3</b>	<b>\$55.6</b>
<b>NET INCOME MARGIN</b>	<b>13.5%</b>	<b>5.7%</b>	<b>9.8%</b>	<b>5.9%</b>
<b>ADJUSTED EBITDA MARGIN</b>	<b>13.3%</b>	<b>9.3%</b>	<b>11.9%</b>	<b>9.3%</b>
<b>FREE CASH FLOW (\$MM)</b>	<b>Q4 2020</b>	<b>Q4 2019</b>	<b>FY 2020</b>	<b>FY 2019</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$(2.5)</b>	<b>\$14.2</b>	<b>\$73.8</b>	<b>\$46.1</b>
PURCHASES OF PROPERTY AND EQUIPMENT	(0.5)	(1.0)	(2.3)	(12.5)
<b>FREE CASH FLOW</b>	<b>\$(2.9)</b>	<b>\$13.2</b>	<b>\$71.4</b>	<b>\$33.6</b>