

# REVOLVE

## Q1 2021 FINANCIAL HIGHLIGHTS

May 6, 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, 2020, and our and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, which we expect to file with the SEC on May 7, 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**

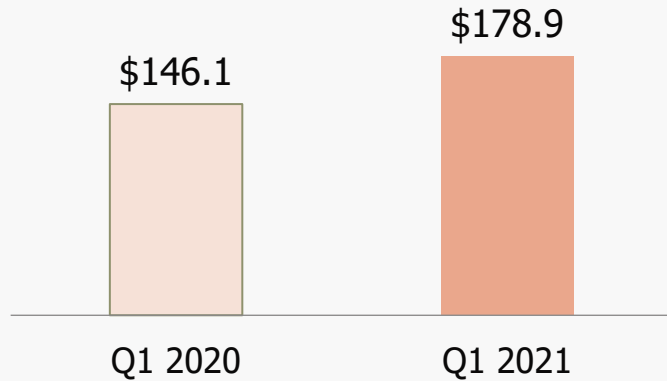
In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures, including Adjusted EBITDA, Adjusted EBITDA margin, and free cash flow. These non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance 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 in the Appendix titled “GAAP to Non-GAAP Reconciliation” for Adjusted EBITDA and free cash flow.

# Q1 2021 SUMMARY

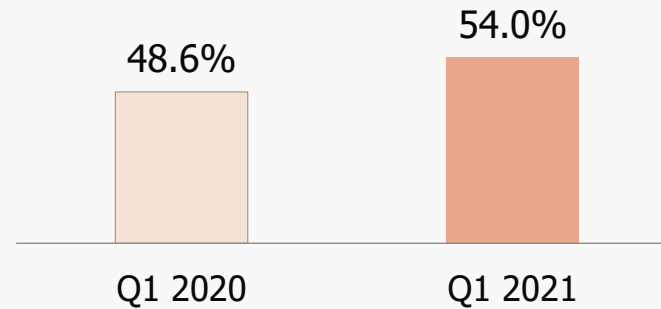
## NET SALES (\$MM)

**+ 22% YoY**



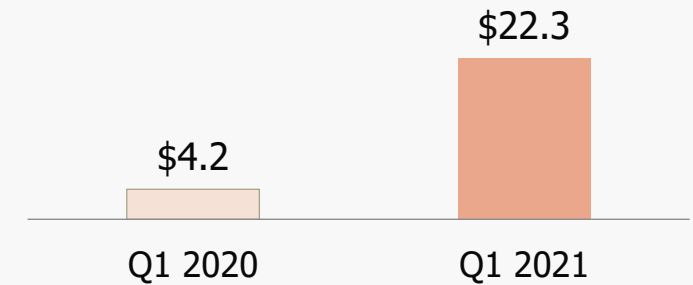
## GROSS MARGIN

**+ 546 BPs YoY**



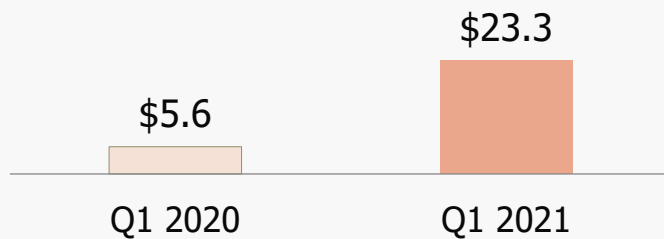
## NET INCOME (\$MM)

**Up ~5X YoY**



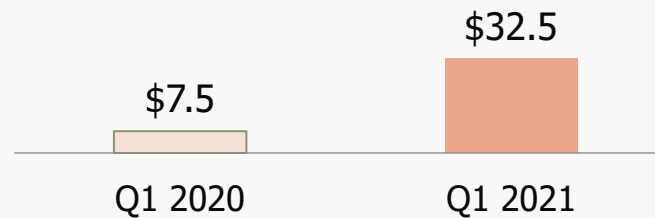
## ADJUSTED EBITDA <sup>(1)</sup> (\$MM)

**Up ~4X YoY**



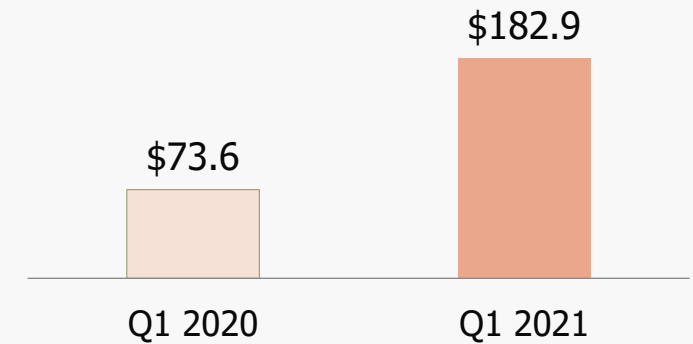
## FREE CASH FLOW <sup>(1)</sup> (\$MM)

**Up ~4X YoY**

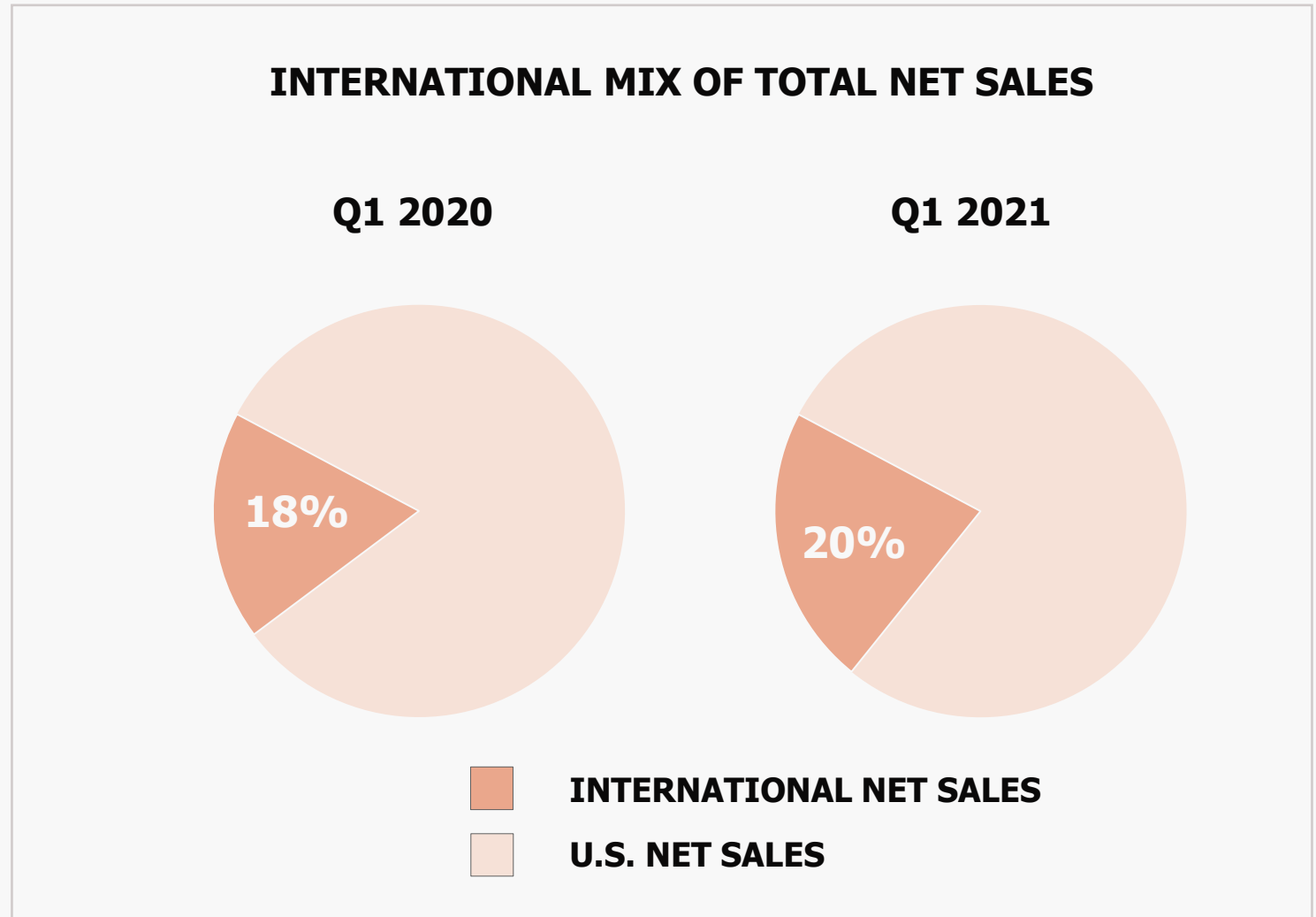
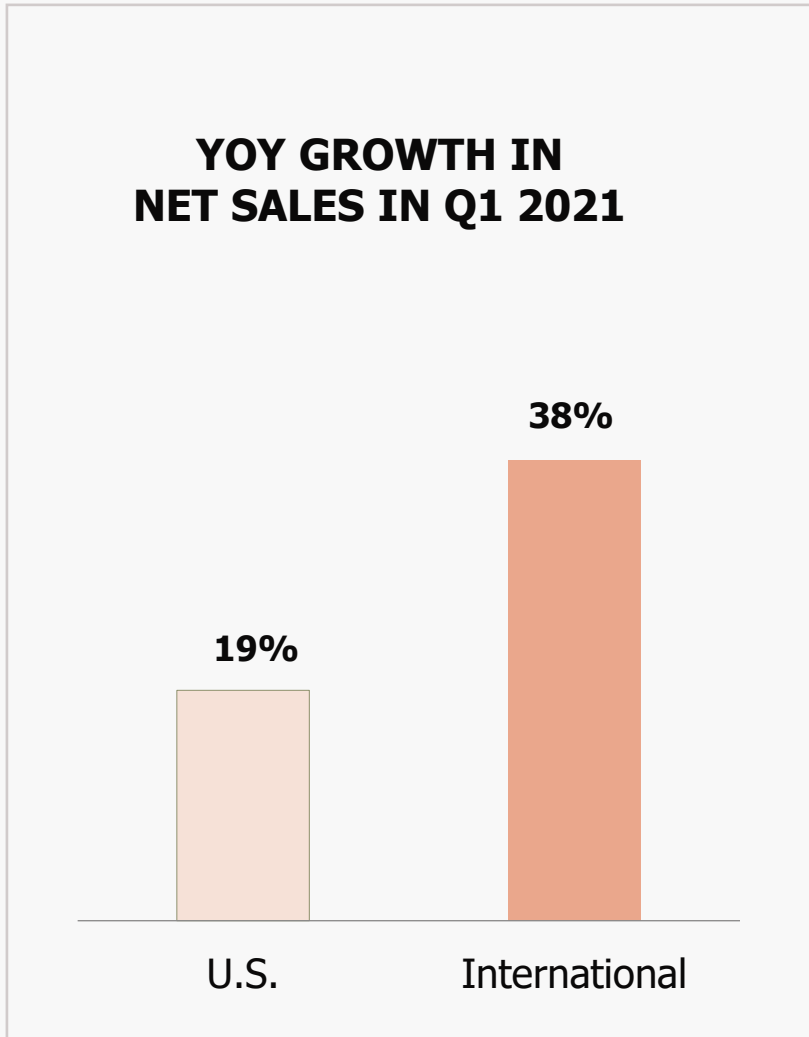


## CASH AND CASH EQUIVALENTS, NET OF BORROWINGS (\$MM)

**+ 149% YoY**



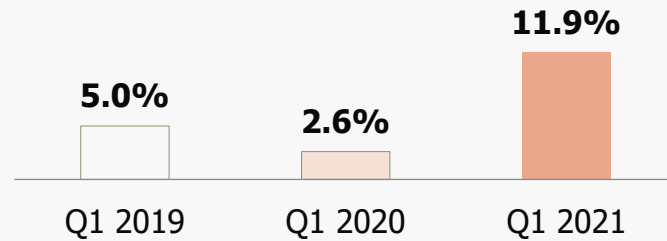
# NET SALES BY GEOGRAPHY



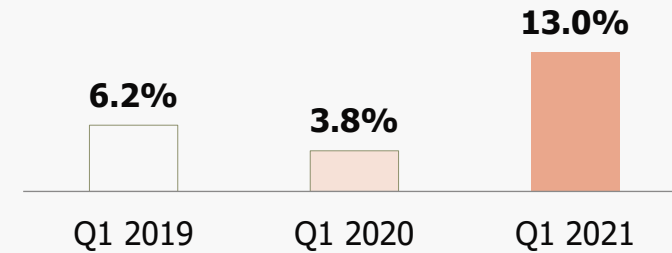
Broad-based growth in international with key contributors including Australia, Canada, Greater China and the Middle East

# COST AND MARGIN STRUCTURE

## GAAP OPERATING INCOME MARGIN



## ADJUSTED EBITDA MARGIN<sup>(1)</sup>



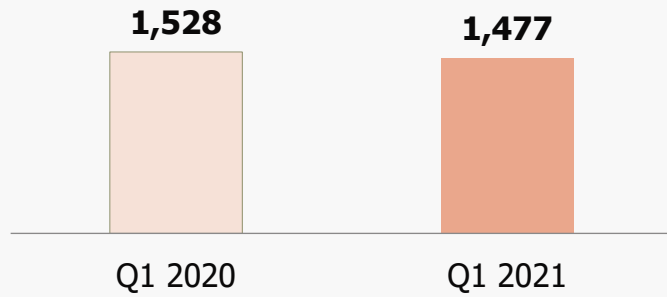
AS A % OF NET SALES	Q1 2021	Q1 2020	CHANGE	OBSERVATIONS
Gross Margin	54.0%	48.6%	<b>+ 546 BPs</b>	Very healthy inventory as evidenced in part by strong full price sales in Q1 and shallower markdowns, partially offset by reduced contribution from owned brands year over year
Fulfillment	(2.4%)	(3.1%)	<b>(63 BPs)</b>	Automation efficiencies and lower return rate, partially offset by a slightly lower average order value in the first quarter of 2021
Selling and Distribution	(14.0%)	(14.9%)	<b>(95 BPs)</b>	Driven by lower return rate, partially offset by higher shipping rates
Marketing	(14.7%)	(15.0%)	<b>(37 BPs)</b>	Despite the Q1 result, as shared on the Q4 2020 investor call, we expect marketing as a % of net sales to increase YoY in FY 2021
General and Administrative	(11.1%)	(12.9%)	<b>(181 BPs)</b>	Driven primarily by the strong YoY growth in net sales that more than offset the dollar increase in G&A expenses year over year
GAAP Operating Income Margin <sup>(2)</sup>	11.9%	2.6%	<b>+ 922 BPs</b>	

**Note:**

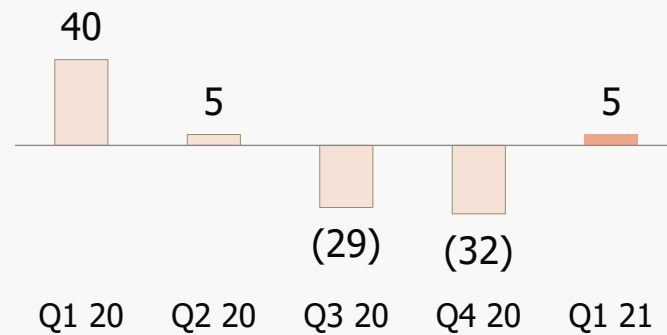
1. See the Appendix for a definition of Adjusted EBITDA margin and a reconciliation to its corresponding GAAP financial measure.
2. Due to rounding, some numbers presented may not add up precisely to the totals provided.

# OPERATING METRICS HIGHLIGHTS

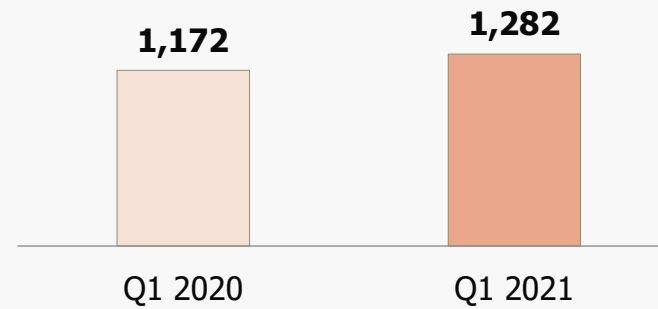
## ACTIVE CUSTOMERS<sup>(1)</sup> (000s) (TRAILING 12 MONTHS)



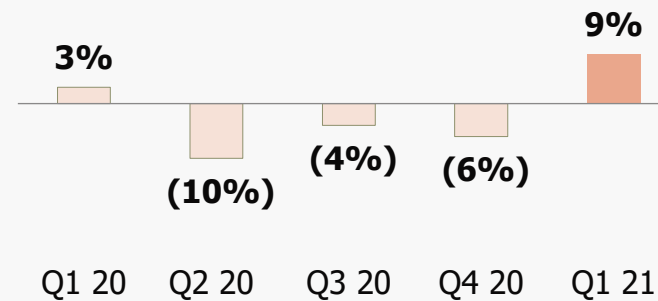
## QoQ GROWTH (000s)



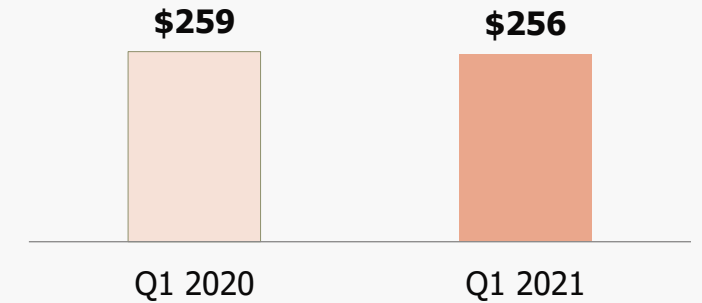
## TOTAL ORDERS PLACED<sup>(1)</sup> (000s)



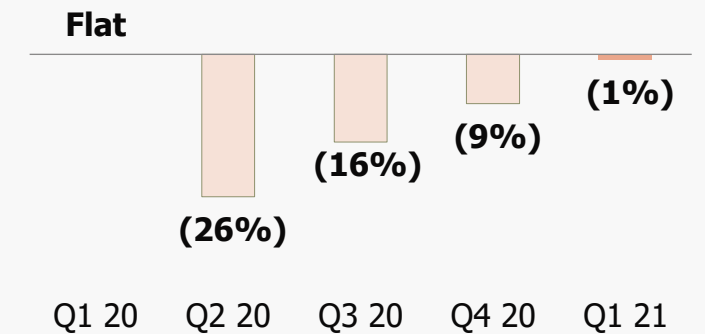
## TOTAL ORDERS YOY TREND



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



## AOV YOY TREND

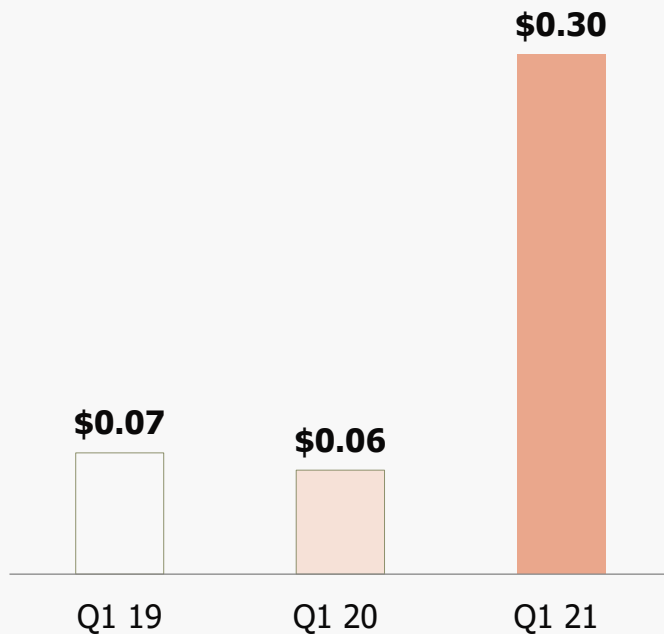


# EARNINGS PER SHARE

## THE EPS MATH

### DILUTED EPS

**+ 400% YoY**



(000s, except per share figures)	Q1 2021	Q1 2020	YoY %
<b>Income before income taxes</b>	<b>\$20,982</b>	<b>\$3,981</b>	<b>427%</b>
Benefit from income taxes	(1,270)	(175)	N/A
<b>Effective tax rate</b>	<b>(6%)</b>	<b>(4%)</b>	
<b>Net income (GAAP)</b>	<b>\$22,252</b>	<b>\$4,156</b>	<b>435%</b>
Weighted average primary shares	71,782	69,320	4%
+ Effect of stock options and RSUs	2,251	2,583	(13%)
<b>Weighted average diluted shares</b>	<b>74,033</b>	<b>71,903</b>	<b>3%</b>
<b>Diluted EPS (GAAP)</b>	<b>\$0.30</b>	<b>\$0.06</b>	<b>400%</b>

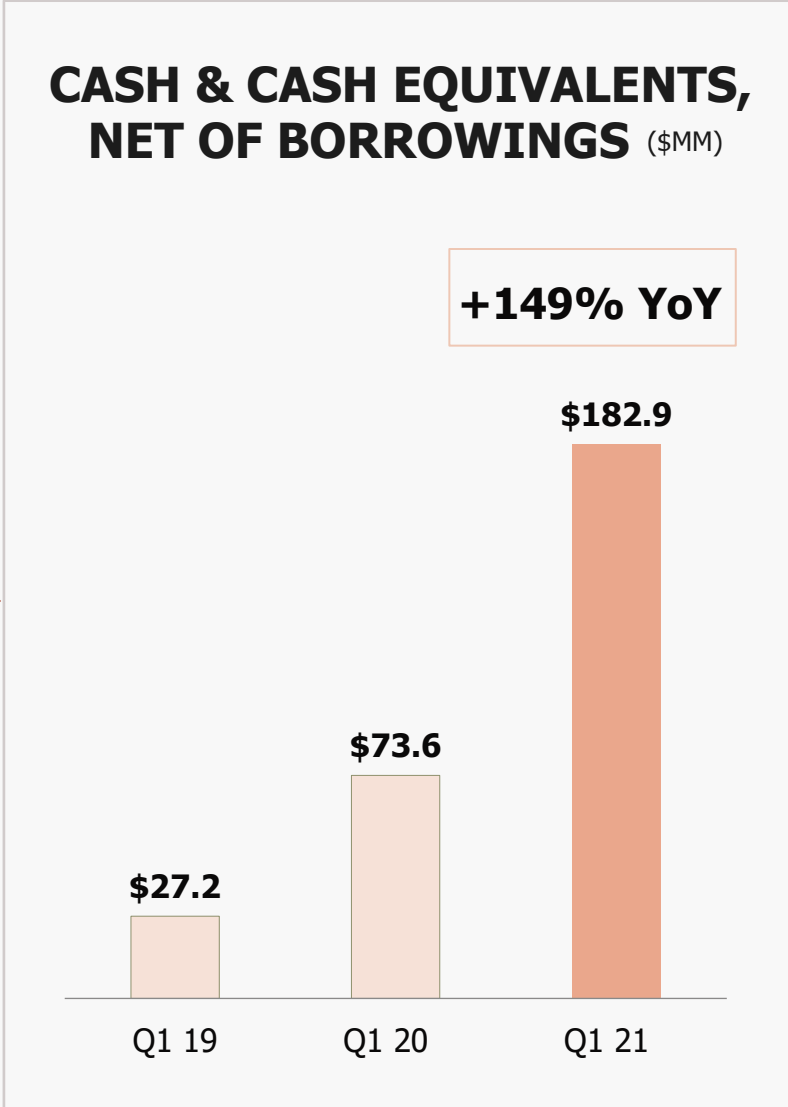
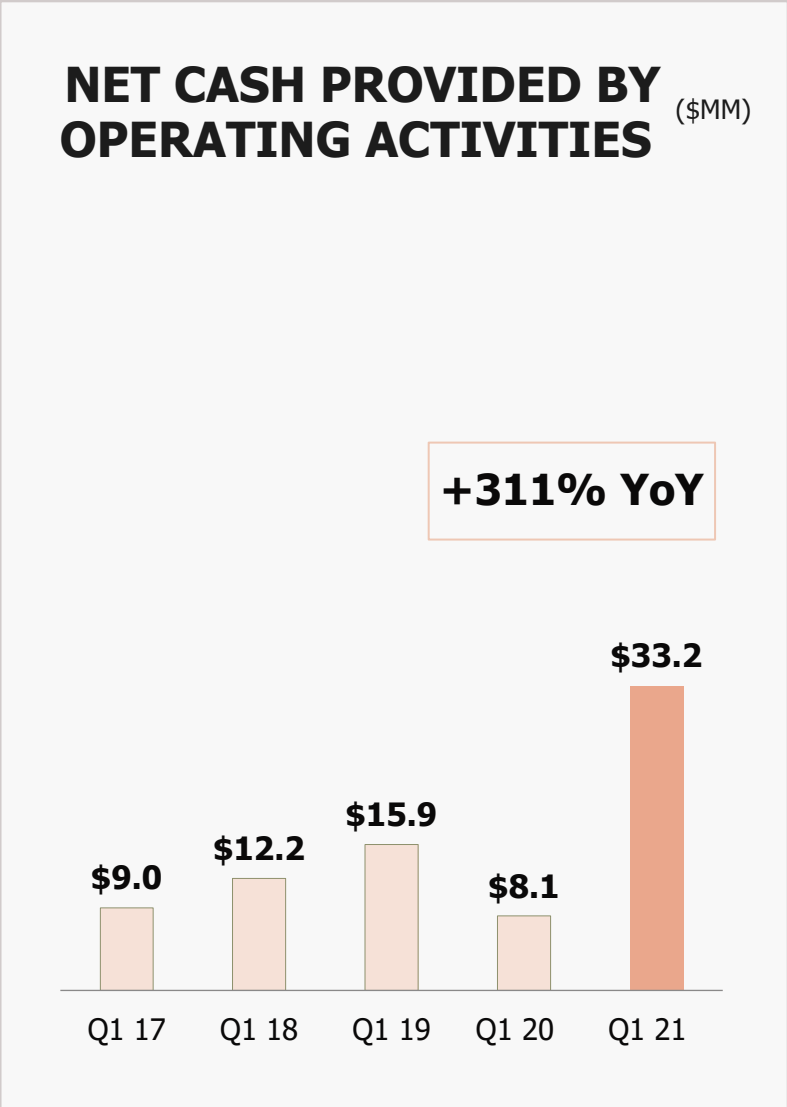
The lower effective tax rate in Q1 2021 and Q1 2020 was primarily due to excess tax benefits realized as a result of the exercise of non-qualified stock options. Absent discrete items in future quarters, we expect an effective tax rate of approximately 25%.



## **CASH FLOW AND BALANCE SHEET**

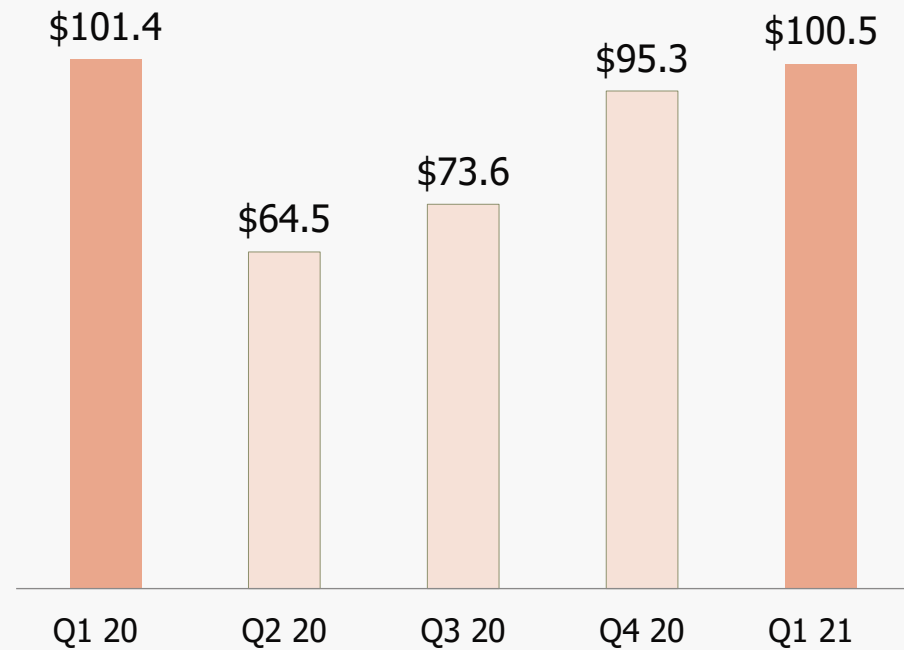


# MULTI-YEAR VIEW OF Q1 CASH FLOW AND BALANCE SHEET HIGHLIGHTS

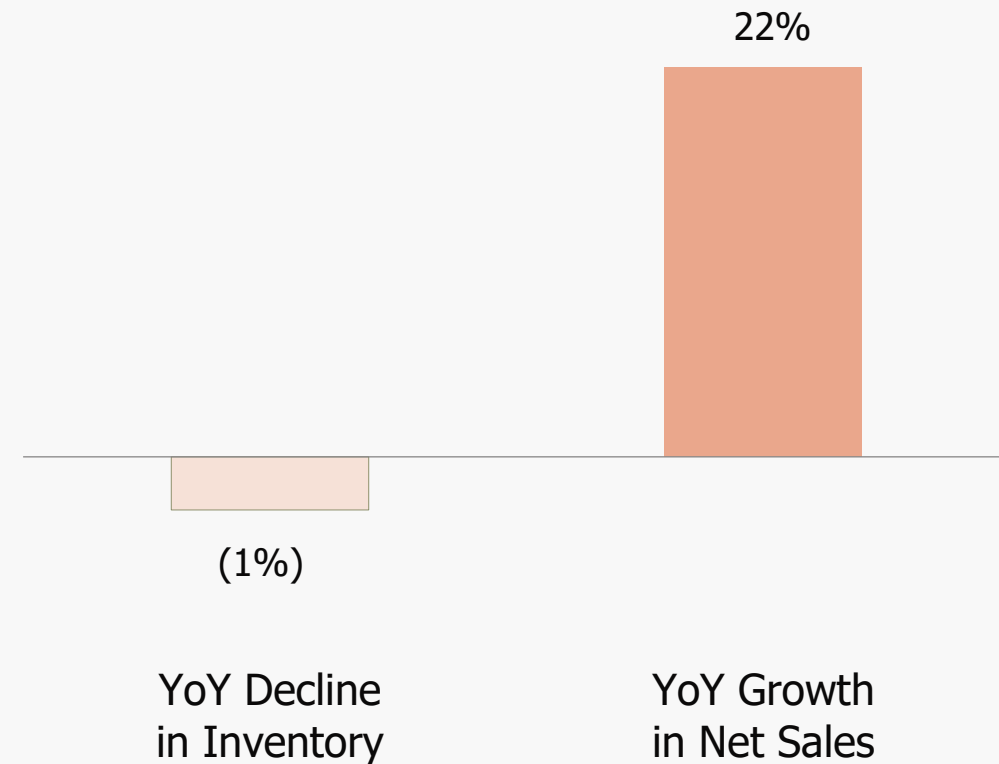


# INVENTORY EFFICIENCY AND IMPROVED TURNS A KEY DRIVER OF CASH FLOW

**INVENTORY BALANCE  
INCREASED SEQUENTIALLY** (\$MM)

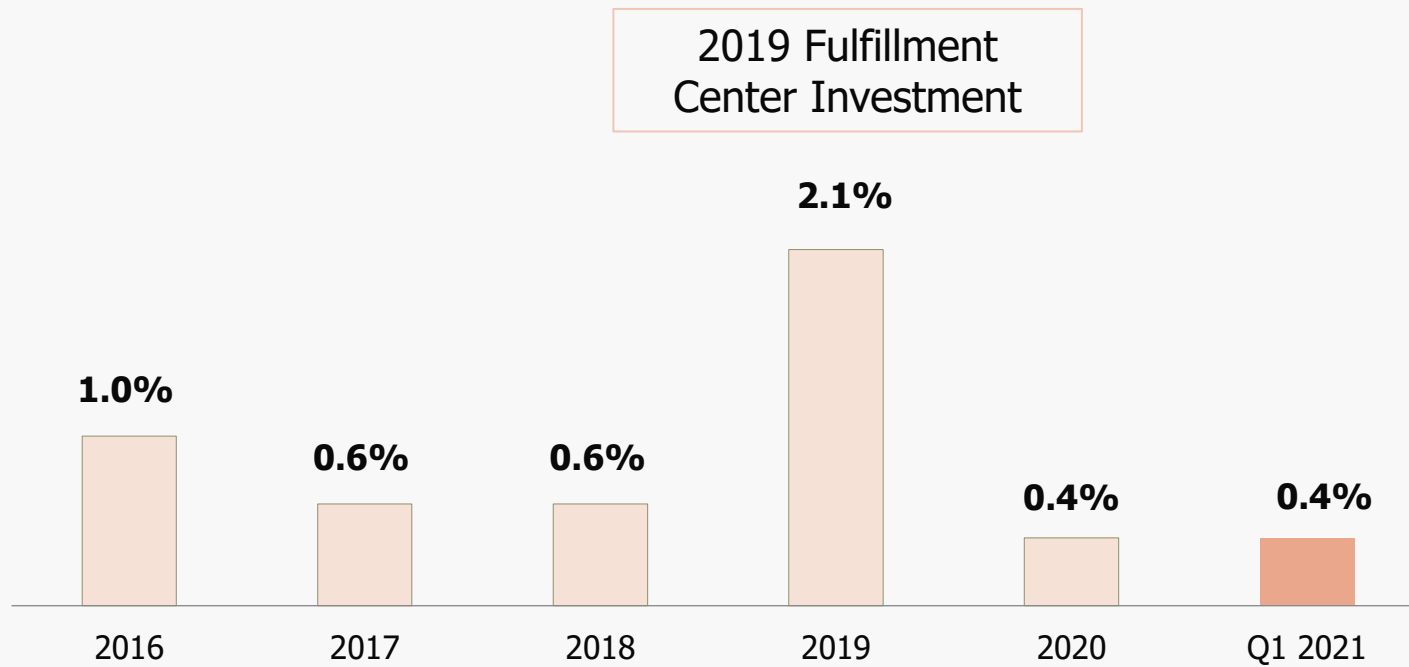


**YOY GROWTH IN NET SALES IN Q1  
OUTPACED YOY GROWTH IN INVENTORY**

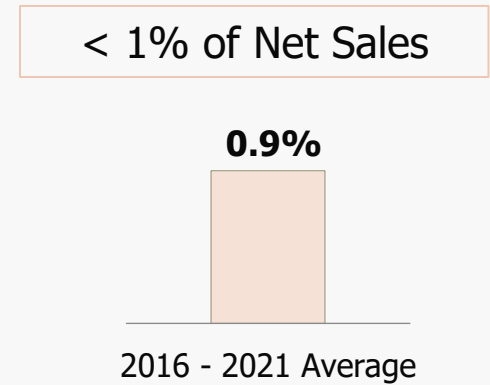


# CAPITAL EFFICIENCY A KEY DRIVER OF CASH FLOW

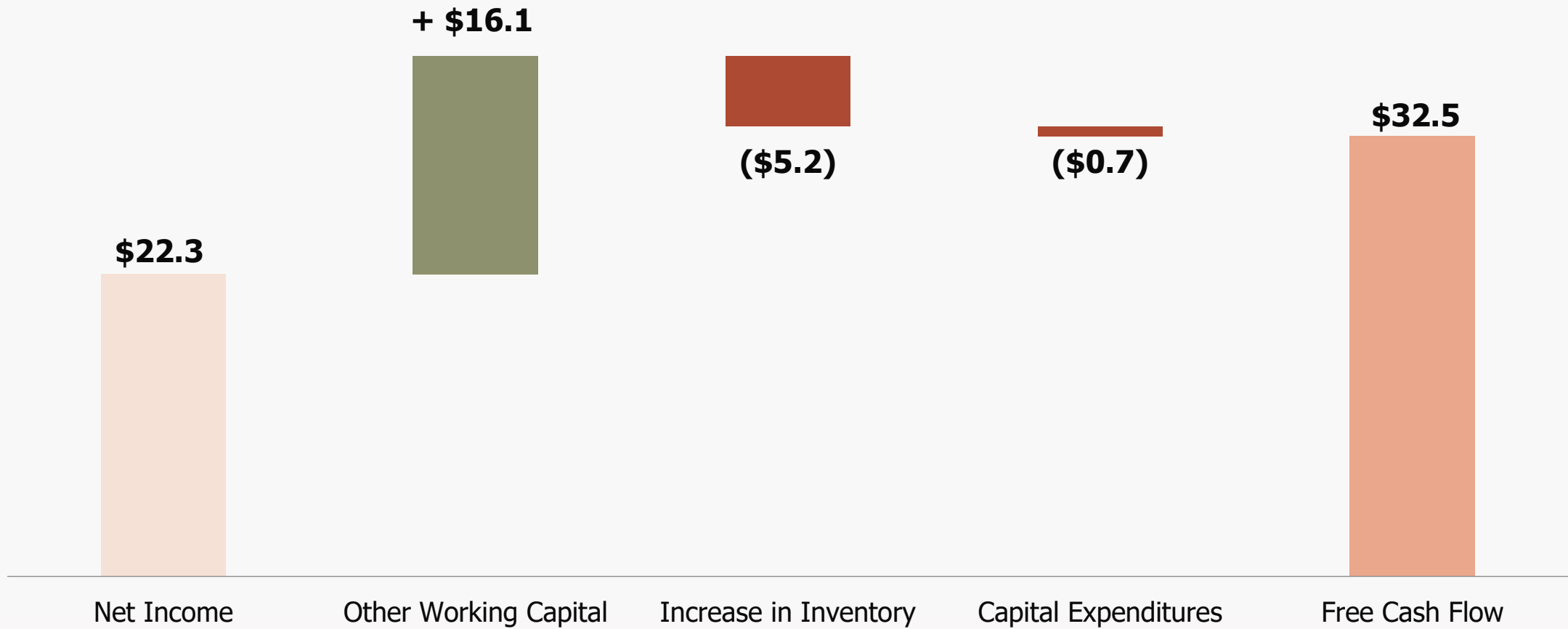
## CAPITAL EXPENDITURES % OF NET SALES



## AVG. CAPEX % OF NET SALES SINCE 2016



# BUILD UP OF FREE CASH FLOW IN Q1 2021 (\$MM)

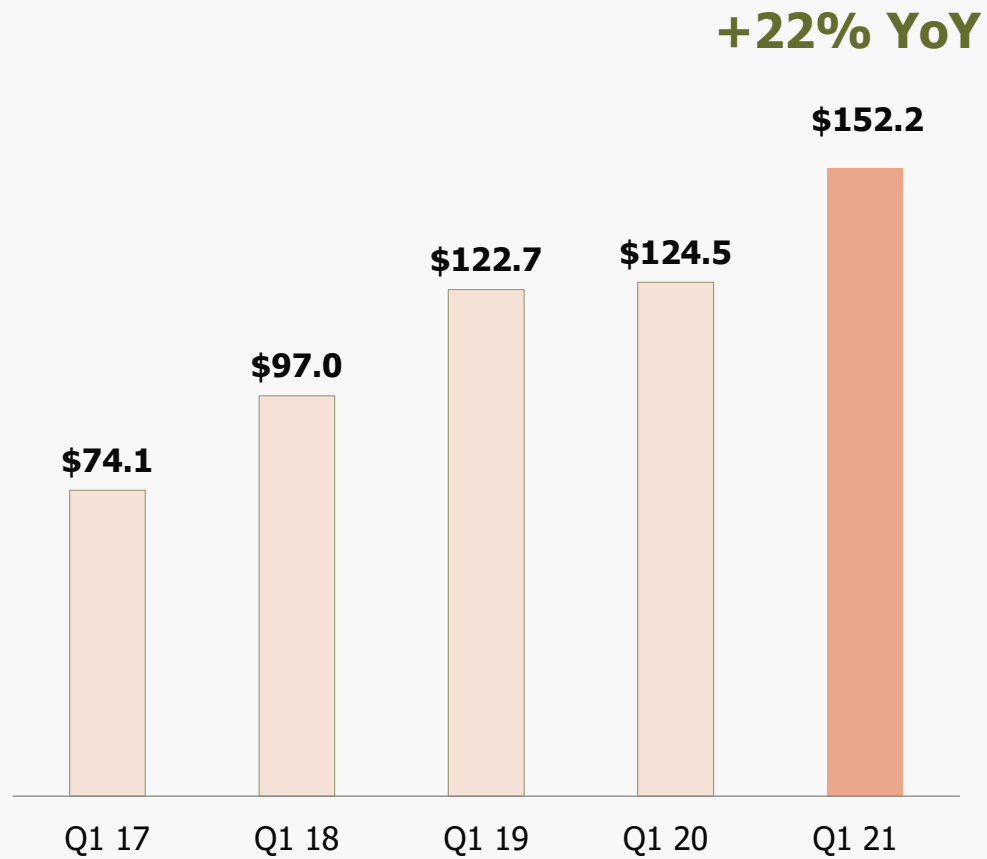




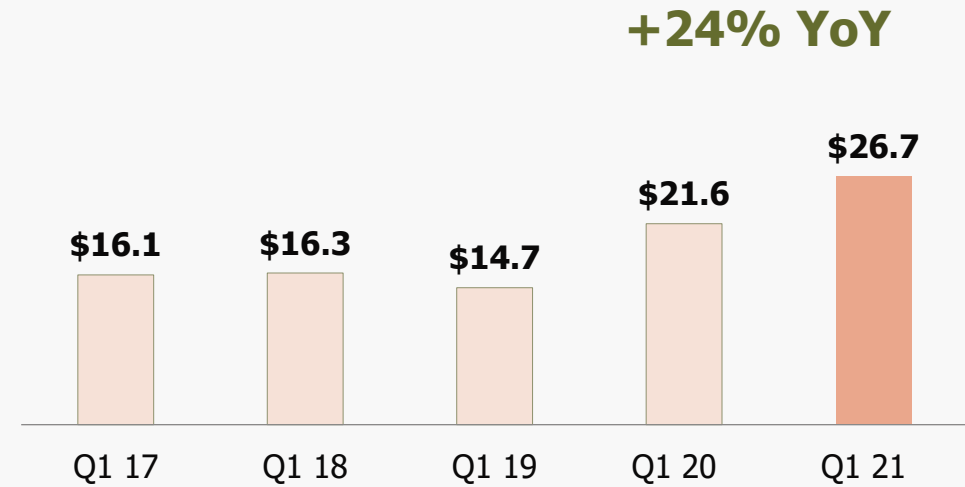
## **SEGMENT RESULTS**

# SEGMENT RESULTS: NET SALES

## REVOLVE SEGMENT NET SALES (\$MM)

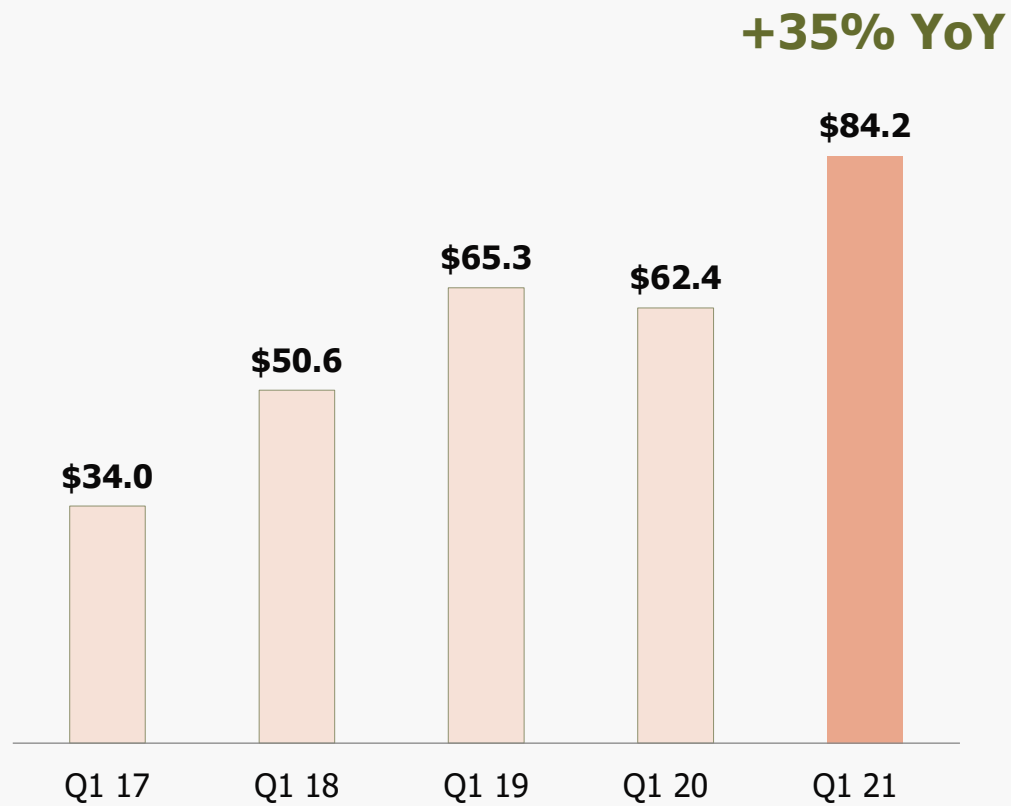


## FORWARD SEGMENT NET SALES (\$MM)

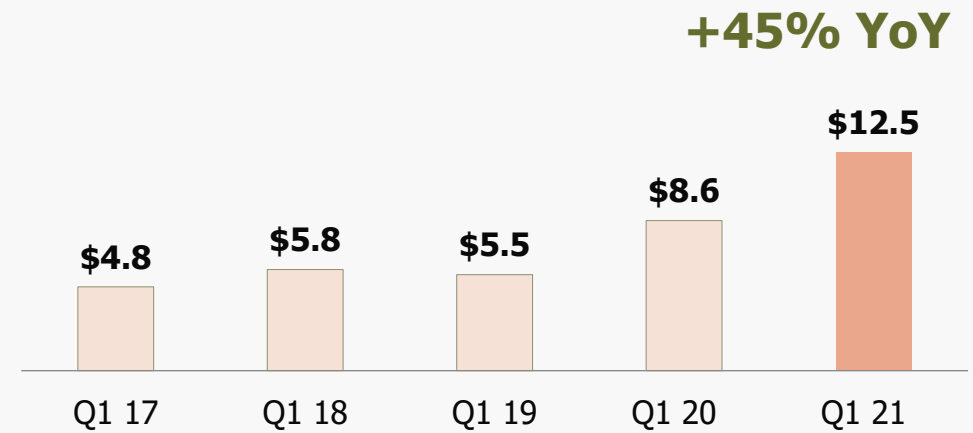


# SEGMENT RESULTS: GROSS PROFIT

## REVOLVE SEGMENT GROSS PROFIT (\$MM)



## FORWARD SEGMENT GROSS PROFIT (\$MM)





## UPCOMING VIRTUAL INVESTOR CONFERENCES

### COWEN NEW RETAIL ECOSYSTEM CEO SUMMIT

- **WEDNESDAY, MAY 26**

### WILLIAM BLAIR GROWTH STOCK CONFERENCE

- **TUESDAY, JUNE 1**

### PIPER SANDLER CONSUMER MARKETPLACE CONFERENCE

- **THURSDAY, JUNE 3**

### BAIRD GLOBAL CONSUMER, TECHNOLOGY AND SERVICES CONFERENCE

- **WEDNESDAY, JUNE 9**



# REVOLVE

**APPENDIX:** DEFINITIONS AND RECONCILIATIONS

# 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, 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 operating activities less cash used in 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

<b>ADJUSTED EBITDA (\$MM)</b>	<b>Q1 2017</b>	<b>Q1 2018</b>	<b>Q1 2019</b>	<b>Q1 2020</b>	<b>Q1 2021</b>
<b>NET INCOME</b>	<b>\$0.4</b>	<b>\$5.3</b>	<b>\$5.0</b>	<b>\$4.2</b>	<b>\$22.3</b>
(+) OTHER EXPENSE (INCOME), NET	0.4	0.2	0.2	(0.1)	0.2
(+) PROVISION (BENEFIT) FOR INCOME TAXES	1.1	2.0	1.7	(0.2)	(1.3)
(+) DEPRECIATION AND AMORTIZATION	0.7	0.7	0.7	1.2	1.1
(+) EQUITY-BASED COMPENSATION	0.2	0.1	0.5	0.6	1.0
(+) NON-ROUTINE ITEMS	0.1	0.4	0.4	--	--
<b>ADJUSTED EBITDA</b>	<b>\$2.8</b>	<b>\$8.7</b>	<b>\$8.5</b>	<b>\$5.6</b>	<b>\$23.3</b>
<b>NET INCOME MARGIN</b>	<b>0.4%</b>	<b>4.7%</b>	<b>3.6%</b>	<b>2.8%</b>	<b>12.4%</b>
<b>ADJUSTED EBITDA MARGIN</b>	<b>3.1%</b>	<b>7.7%</b>	<b>6.2%</b>	<b>3.8%</b>	<b>13.0%</b>
<b>FREE CASH FLOW (\$MM)</b>	<b>Q1 2017</b>	<b>Q1 2018</b>	<b>Q1 2019</b>	<b>Q1 2020</b>	<b>Q1 2021</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$9.0</b>	<b>\$12.2</b>	<b>\$15.9</b>	<b>\$8.1</b>	<b>\$33.2</b>
PURCHASES OF PROPERTY AND EQUIPMENT	(0.8)	(0.4)	(5.0)	(0.6)	(0.7)
<b>FREE CASH FLOW</b>	<b>\$8.2</b>	<b>\$11.7</b>	<b>\$10.9</b>	<b>\$7.5</b>	<b>\$32.5</b>