



REVOLVE

# REVOLVE

**Q4 & FY 2022  
FINANCIAL HIGHLIGHTS**

February 23, 2023

**Note on Forward-Looking Statements**

This presentation contains forward-looking statements as defined within the meaning of U.S. federal securities laws. 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 economic conditions and their impact on consumer demand and our business, operating results and financial condition; the impact of the COVID-19 pandemic on our business, operations and financial results; demand for our products; supply chain challenges; inflation; Russia’s war against Ukraine; our fluctuating operating results; seasonality in our business; our ability to acquire products on reasonable terms; our e-commerce business model; 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 other risks and uncertainties included under the caption “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, 2021 and our subsequent Quarterly Reports on Form 10-Q, and our Annual Report on Form 10-K for the year ended December 31, 2022, which we expect to file with the SEC on February 23, 2023.

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.

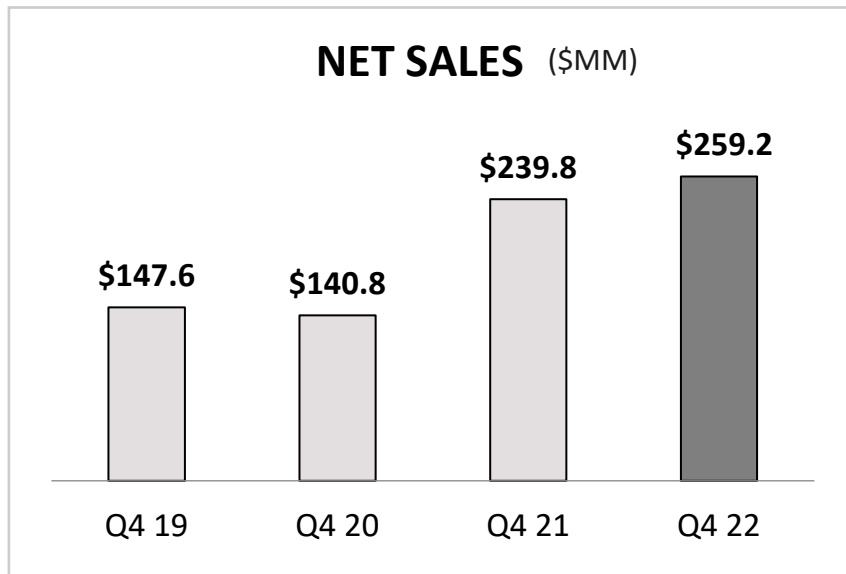
Unless otherwise indicated, all references in this presentation to “we,” “our,” “us,” or similar terms refer to Revolve Group, Inc. and its subsidiaries.

**Use of Non-GAAP Financial Measures**

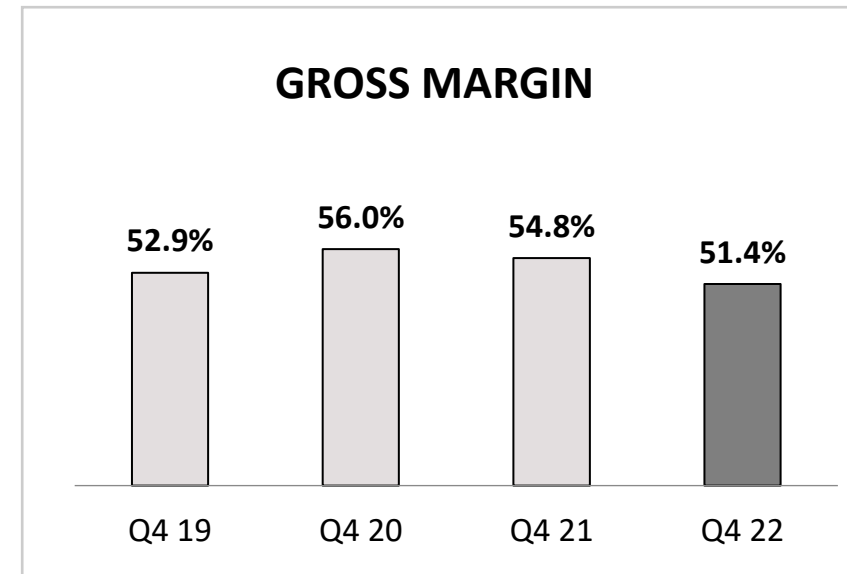
In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures, including Adjusted EBITDA, Adjusted EBITDA margin, and free cash flow. These non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. The non-GAAP financial measures used by us 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, 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 refer to the Appendix.

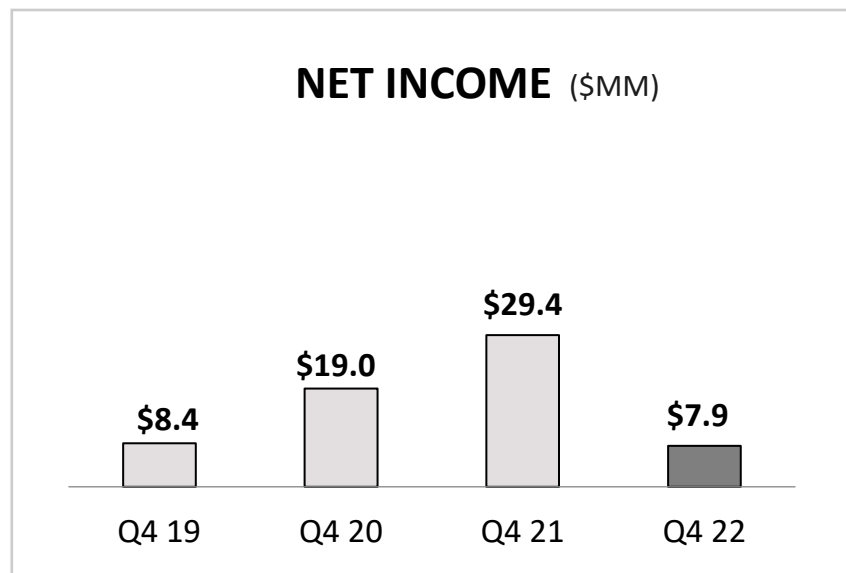
# Q4 2022 SUMMARY



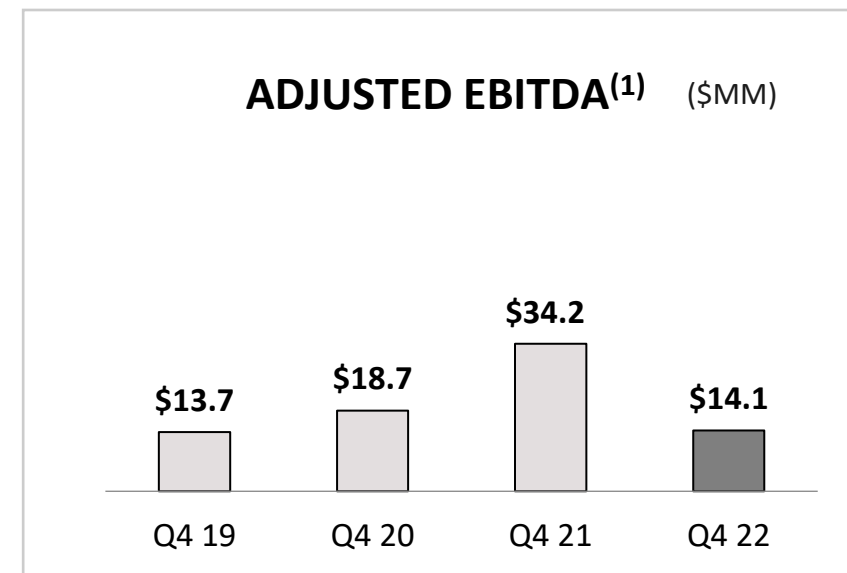
**+8% YoY**  
**21% 3-Year CAGR**



**(339 BPs) YoY**

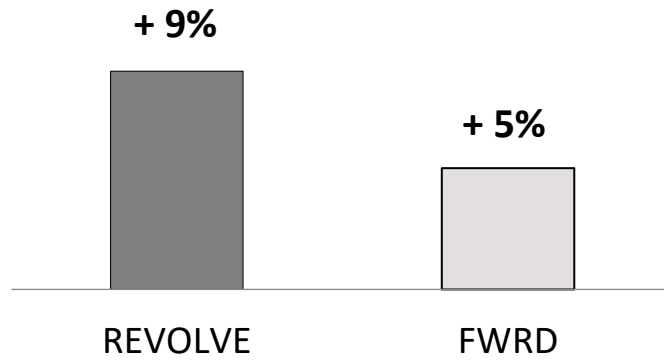


**(73%) YoY**  
**Note:** tax rate was 17 points higher in Q4 22 than Q4 21

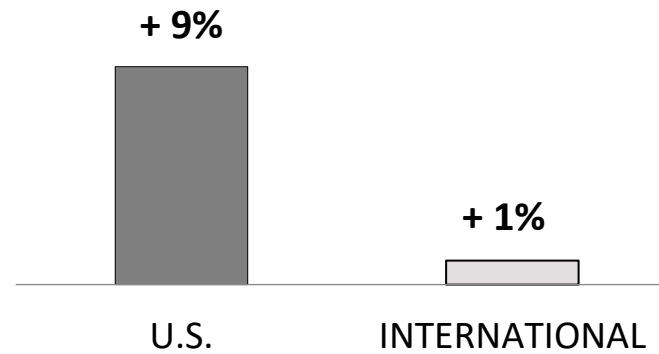


**(59%) YoY**

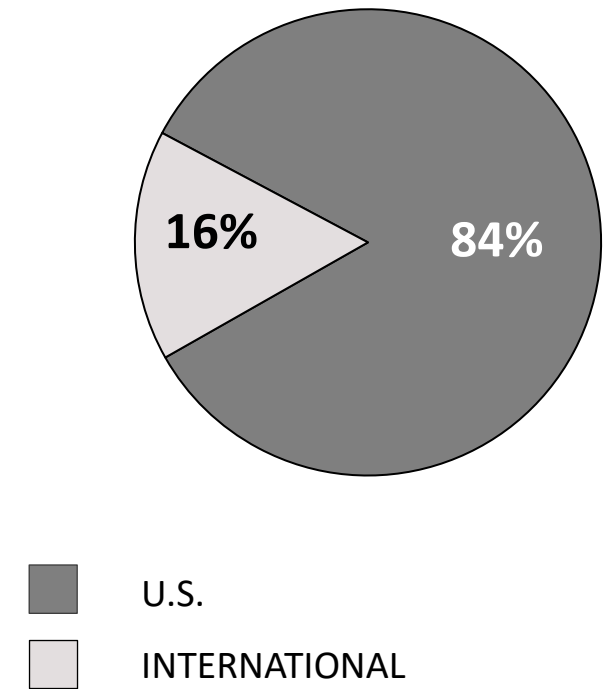
### YoY GROWTH IN Q4 2022 NET SALES BY SEGMENT



### YoY GROWTH IN Q4 2022 NET SALES BY GEOGRAPHY



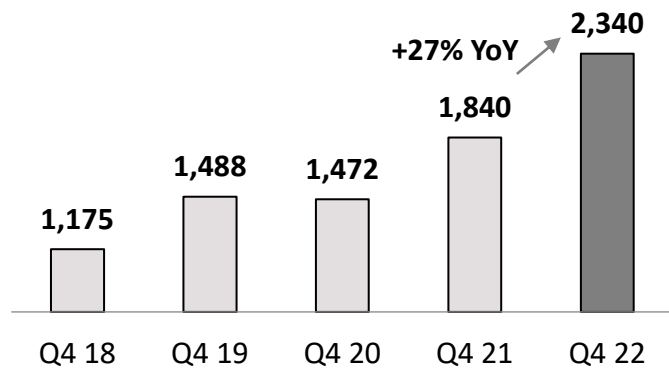
### NET SALES BY GEOGRAPHY IN Q4 2022



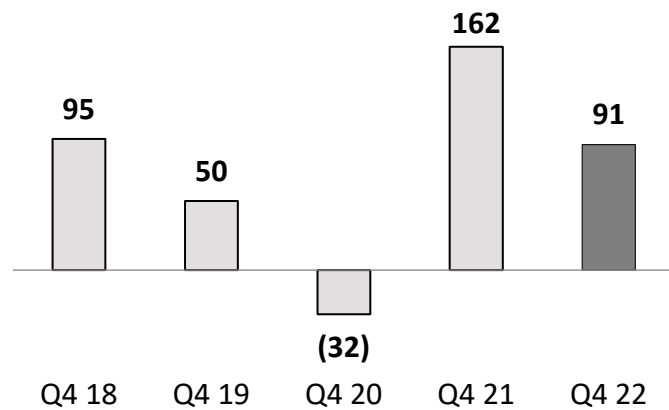
# OPERATING METRICS HIGHLIGHTS

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

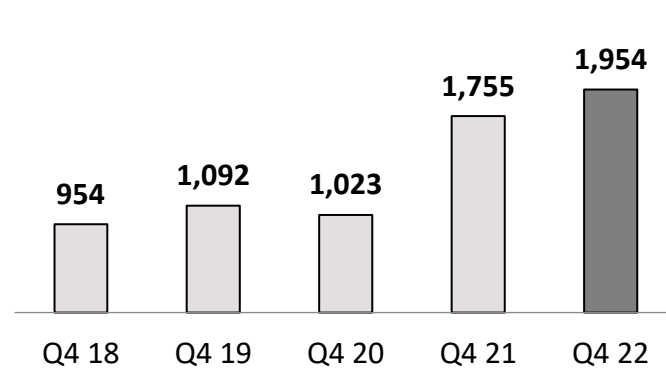
(TRAILING 12 MONTHS)



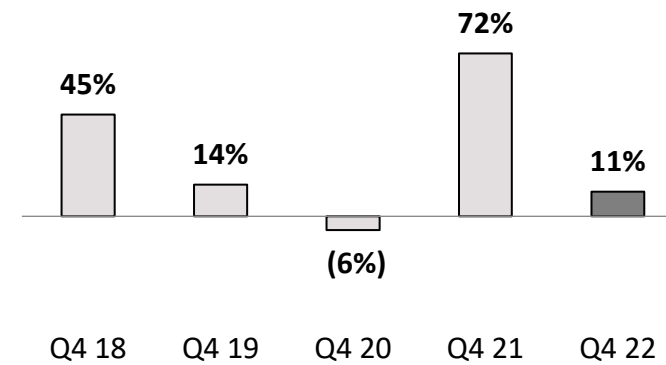
## QoQ GROWTH (000s)



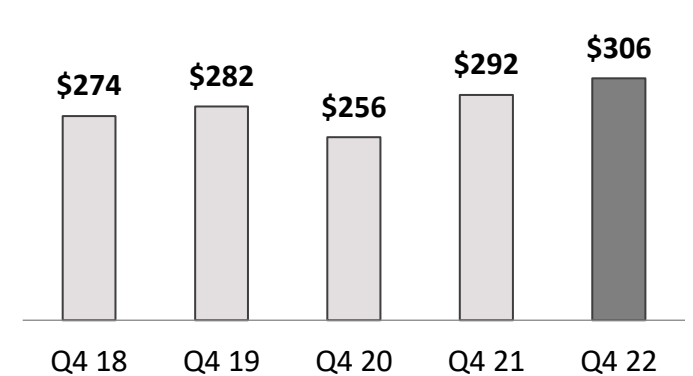
## TOTAL ORDERS PLACED<sup>(1)</sup> (000s)



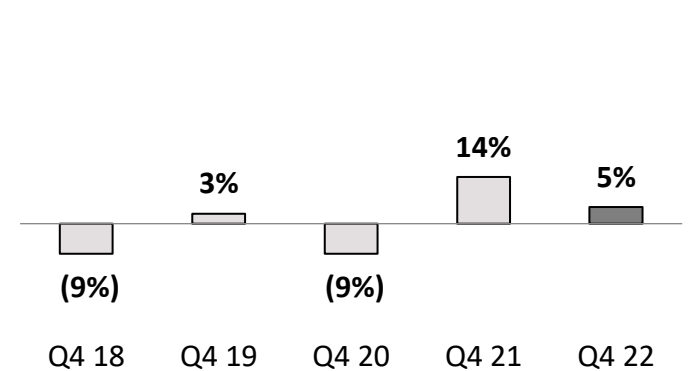
## YoY GROWTH TREND



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



## YoY GROWTH TREND



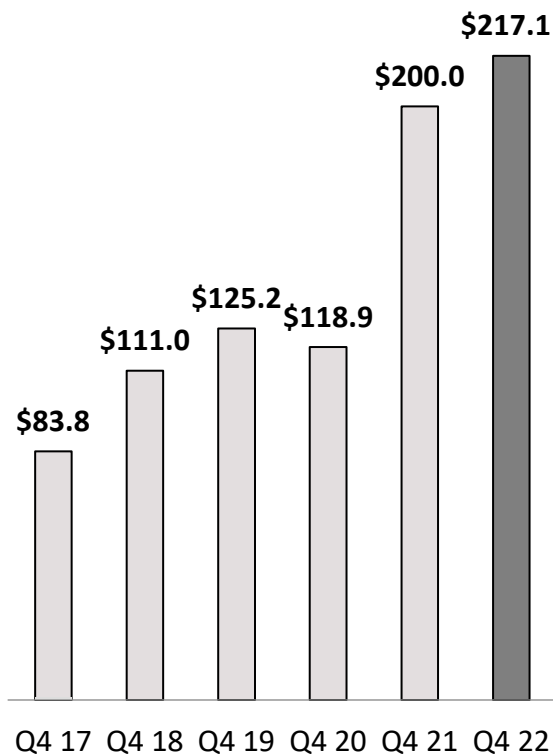
# SEGMENT RESULTS

## SEGMENT NET SALES (\$MM)

### REVOLVE

+9% YoY

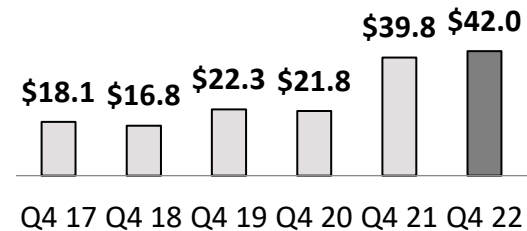
20% 3-Year CAGR



### FWRD

+5% YoY

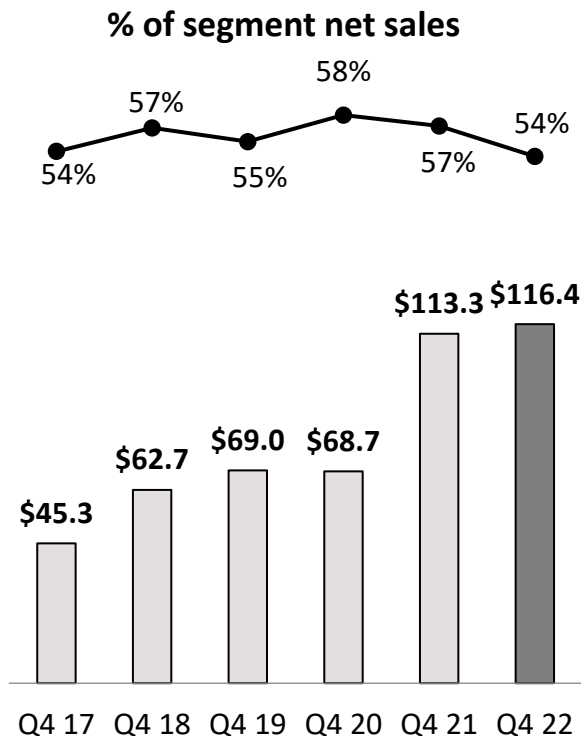
23% 3-Year CAGR



## SEGMENT GROSS PROFIT (\$MM)

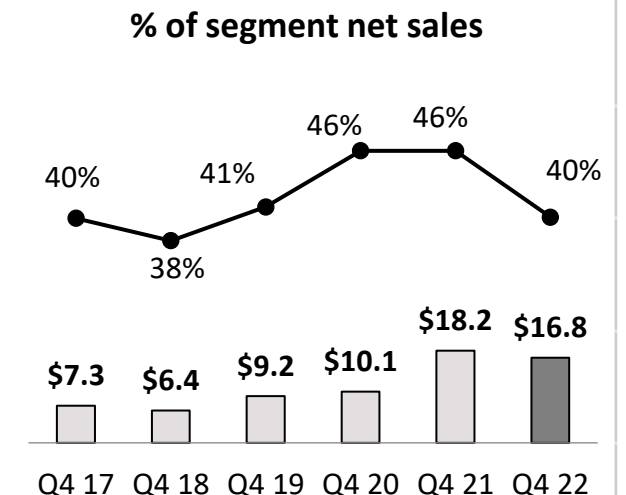
### REVOLVE

+3% YoY



### FWRD

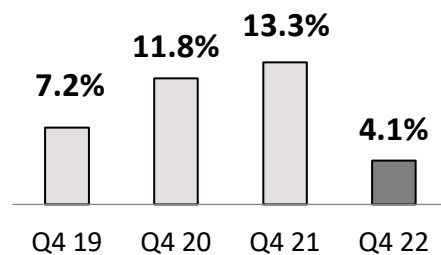
(7%) YoY



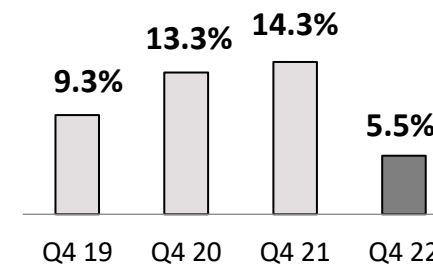


## COST AND MARGIN STRUCTURE

### GAAP OPERATING INCOME MARGIN



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

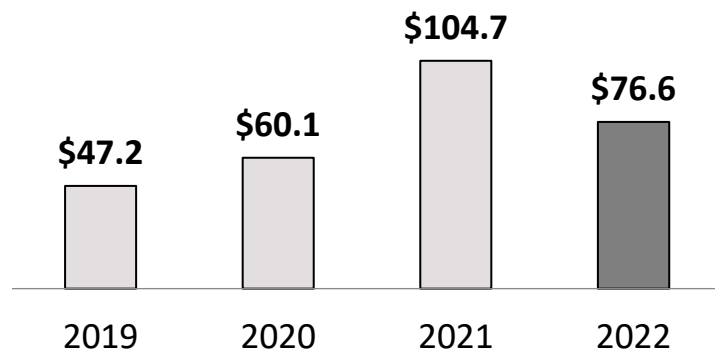


| AS A % OF NET SALES                         | Q4 22   | Q4 21   | CHANGE           | OBSERVATIONS  |
|---|---------|---------|------------------|---|
| Gross Profit                                | 51.4%   | 54.8%   | <b>(339 BPs)</b> | Primarily reflects a lower mix of full price sales and deeper markdowns year-over-year, consistent with our outlook commentary on prior investor conference calls.  |
| Fulfillment                                 | (3.3%)  | (2.4%)  | <b>+84 BPs</b>   | Primarily reflects the higher return rate year-over-year, costs related to expansion of our fulfillment center footprint in the second half of 2022 and continued input cost pressures.   |
| Selling and Distribution                    | (17.5%) | (15.9%) | <b>+165 BPs</b>  | Primarily reflects increasing shipping costs resulting from the higher return rate year-over-year and higher shipping rates, partially driven by increased variable fuel surcharges.  |
| Marketing                                   | (15.4%) | (13.5%) | <b>+191 BPs</b>  | Reflects an increase in performance marketing and brand marketing investment year-over-year to acquire customers and retain existing customers to drive higher net sales. Our brand marketing events calendar was more active in Q4 2022 than the prior-year quarter. |
| General and Administrative                  | (11.1%) | (9.7%)  | <b>+141 BPs</b>  | The year-over-year increase in G&A expense as a percentage of net sales was primarily driven by an increase in headcount to support REVOLVE's continued growth and expansion.   |
| GAAP Operating Income Margin <sup>(2)</sup> | 4.1%    | 13.3%   | <b>(920) BPs</b> |   |

#### Notes:

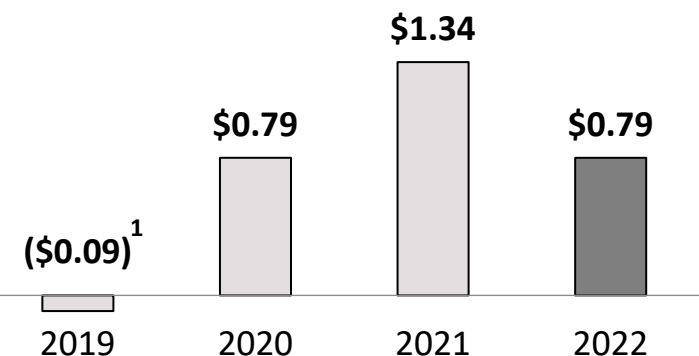
1. See the Appendix for a definition of Adjusted EBITDA margin and reconciliations to its corresponding GAAP financial measure.
2. Due to rounding, some numbers presented may not add up precisely to the totals provided.

## EARNINGS PER SHARE

INCOME BEFORE  
INCOME TAXES (\$MM)

## DILUTED EPS

TAX RATE IN 2022 IS ~18 PTS HIGHER YoY



## THE EPS MATH

| (000s, except per share figures and percentages) | Q4 22      | Q4 21     | YoY            | FY 22      | FY 21     | YoY            |
|--|------------|-----------|----------------|------------|-----------|----------------|
| Income before income taxes                       | \$10,366   | \$31,712  | (67%)          | \$76,616   | \$104,728 | (26%)          |
| Provision for income taxes                       | 2,498      | 2,330     | 7%             | 17,919     | 4,888     | 267%           |
| <b>Effective tax rate</b>                        | <b>24%</b> | <b>7%</b> | <b>~17 PTS</b> | <b>23%</b> | <b>5%</b> | <b>~18 PTS</b> |
| Net income (GAAP)                                | \$7,868    | \$29,382  | (73%)          | \$58,697   | \$99,840  | (41%)          |
| Weighted average basic shares                    | 73,349     | 73,057    | 0%             | 73,314     | 72,513    | 1%             |
| + Effect of dilutive stock options and RSUs      | 937        | 1,777     | (47%)          | 1,206      | 2,034     | (41%)          |
| Weighted average diluted shares                  | 74,286     | 74,834    | (1%)           | 74,520     | 74,547    | (0%)           |
| Diluted EPS (GAAP)                               | \$0.11     | \$0.39    | (72%)          | \$0.79     | \$1.34    | (41%)          |

The much lower effective tax rate in Q4 2021 and FY 2021 was primarily due to excess tax benefits realized as a result of the exercise of non-qualified stock options.

## Note:

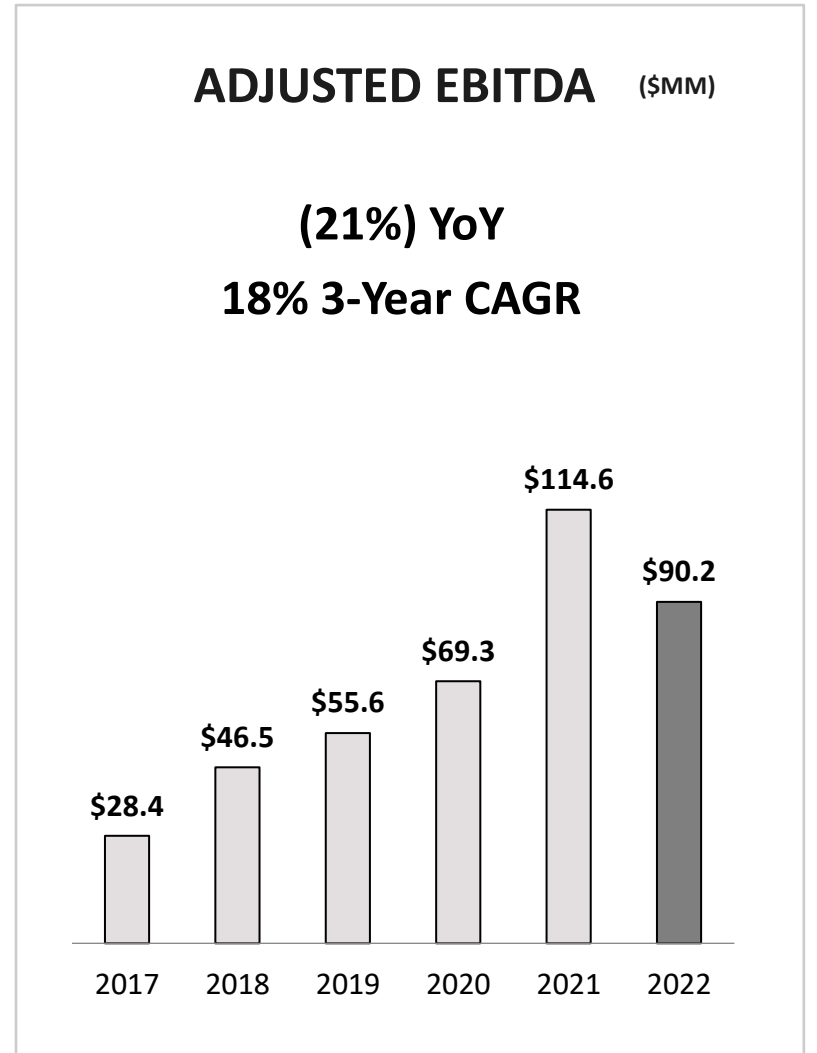
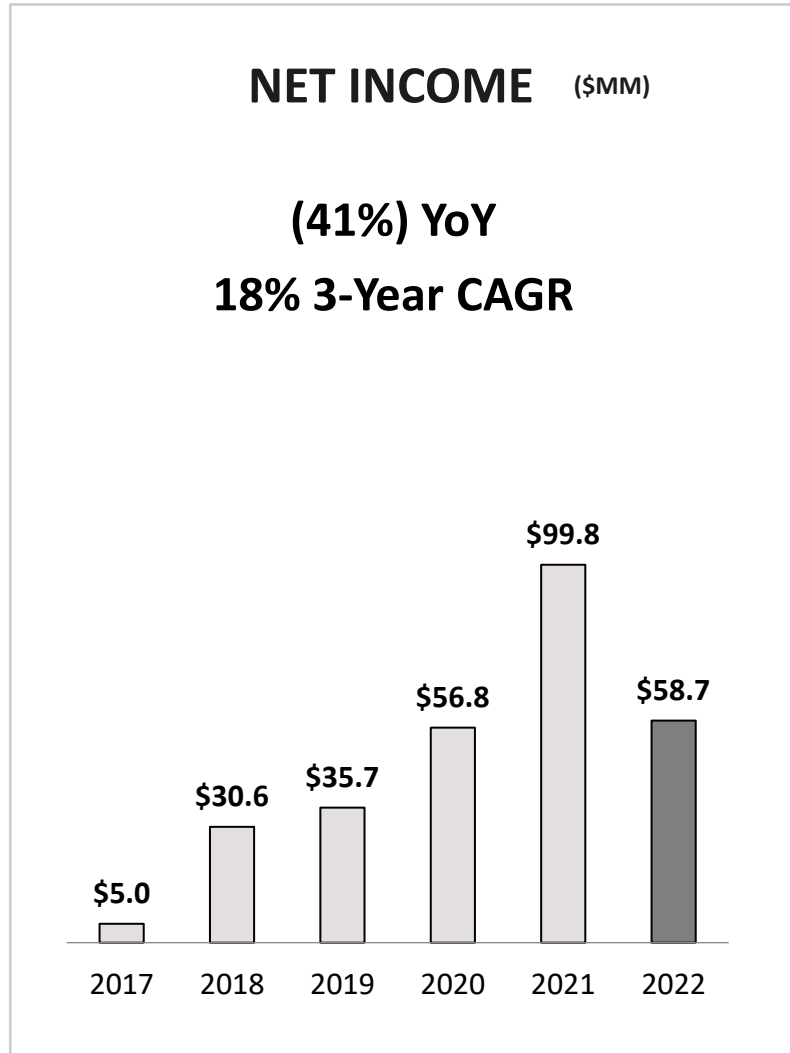
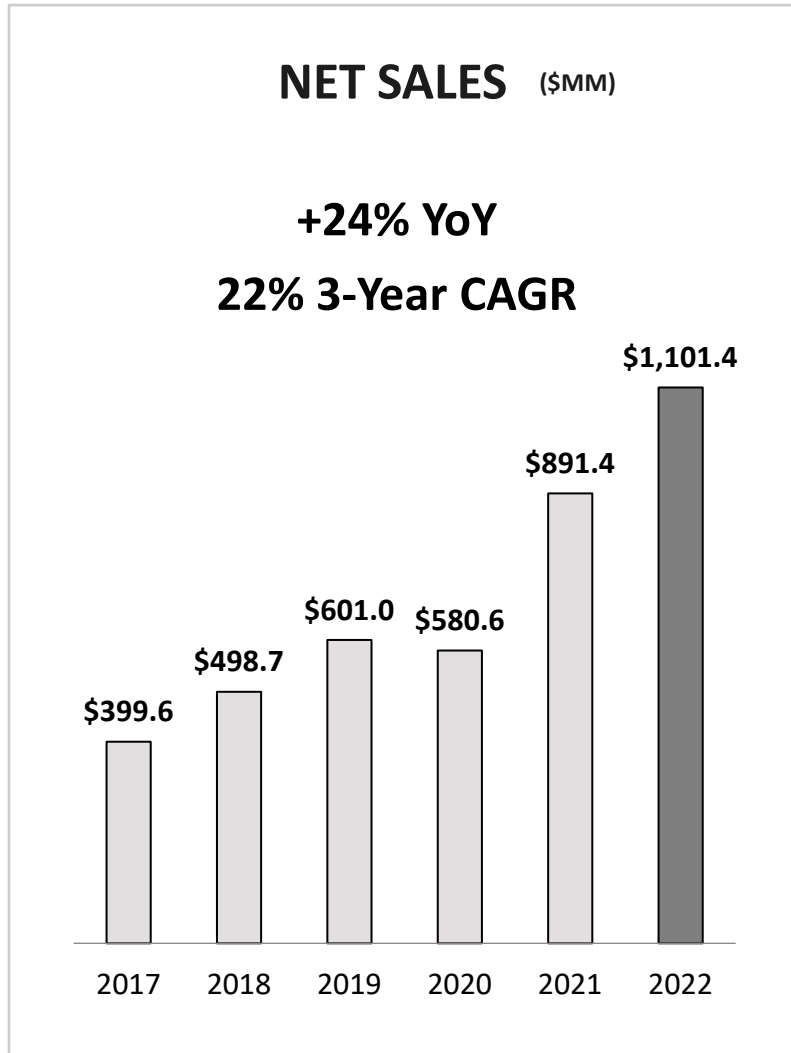
1. 2019 GAAP EPS includes a one-time negative impact of \$0.59 from the repurchase of Class B shares in connection with our IPO.



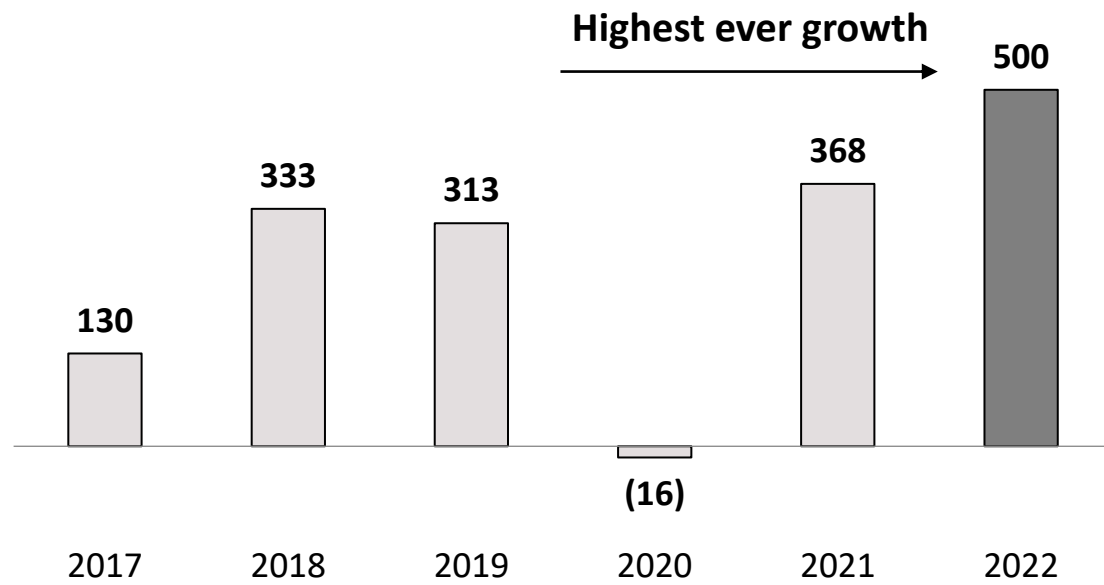


**FULL YEAR 2022 RESULTS AND  
BALANCE SHEET HIGHLIGHTS**

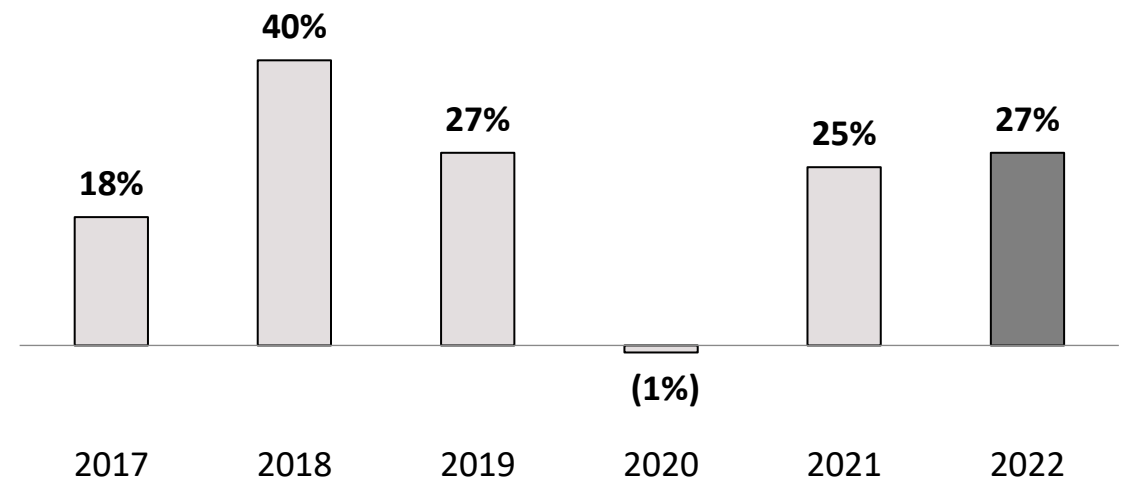
# FULL YEAR P&L HIGHLIGHTS



### YoY GROWTH IN ACTIVE CUSTOMERS, NET (000)

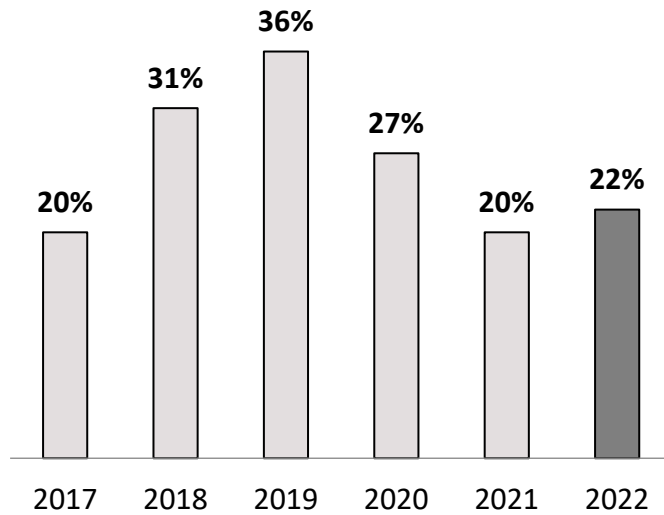


### YoY GROWTH RATE IN ACTIVE CUSTOMERS

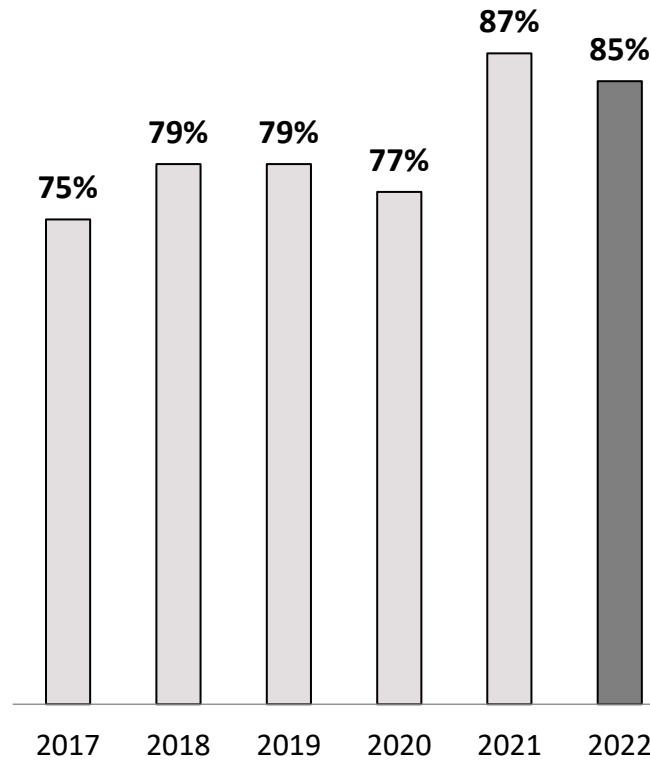


# FULL YEAR METRICS DISCLOSURE<sup>(1)</sup>

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



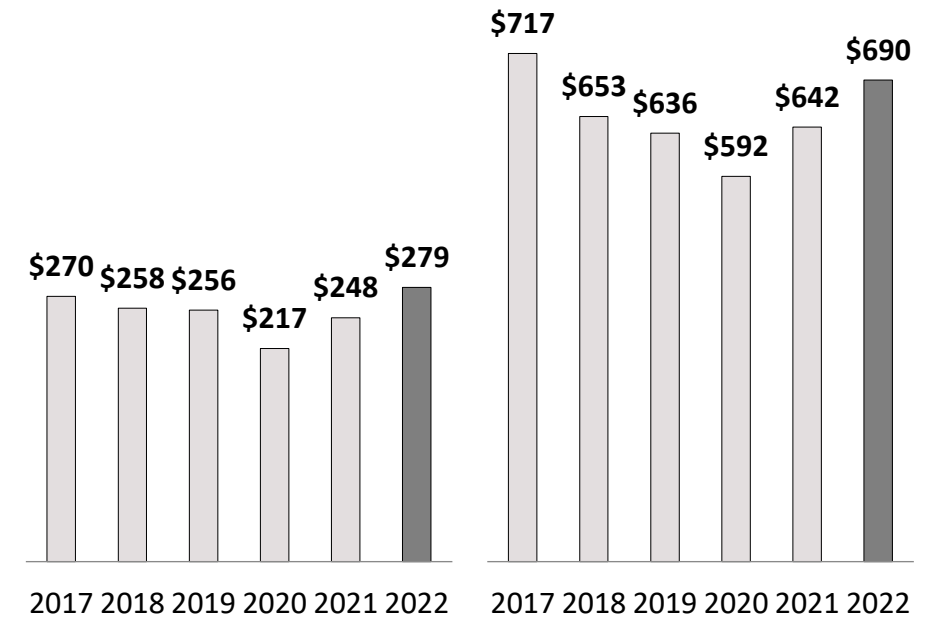
## NET SALES AT FULL PRICE<sup>(2)</sup>



## AVERAGE ORDER VALUE (AOV) BY SEGMENT

### REVOLVE

### FWRD



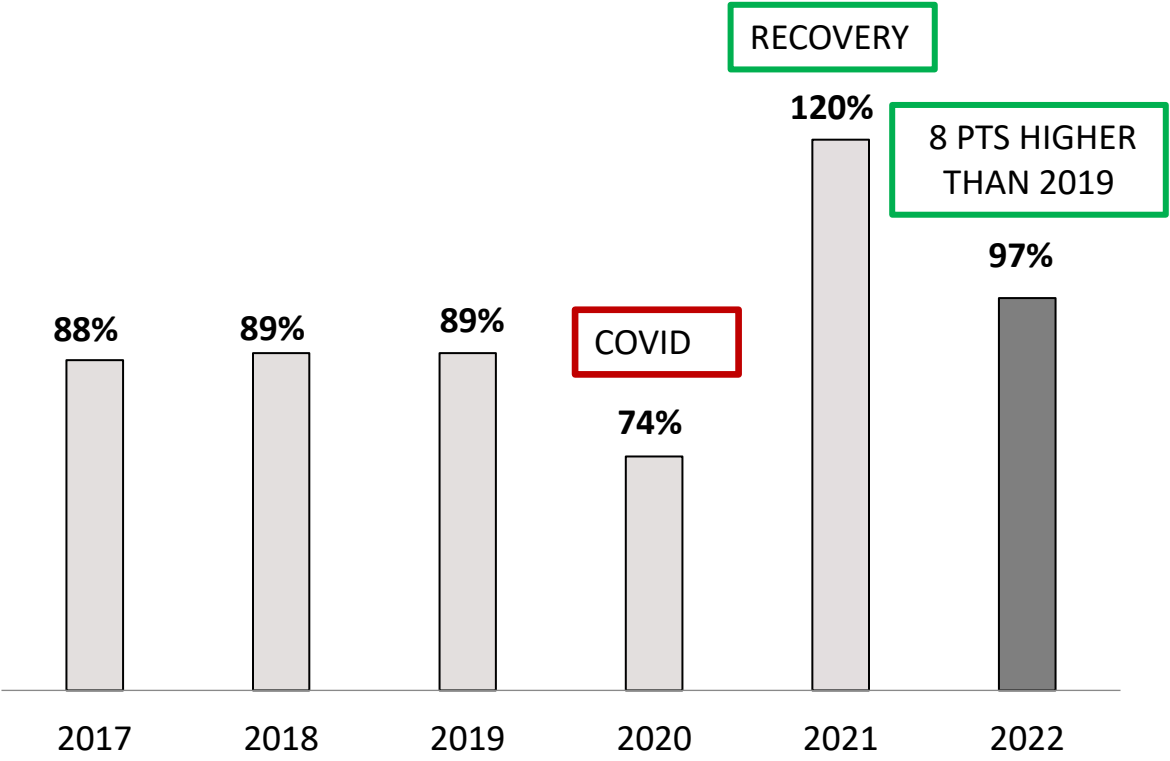
**Notes:**

- (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.

# FULL YEAR METRICS DISCLOSURE

## RETENTION OF PRE-EXISTING COHORT NET SALES<sup>(1)</sup>

Strong sales retention in 2022 above historical trend



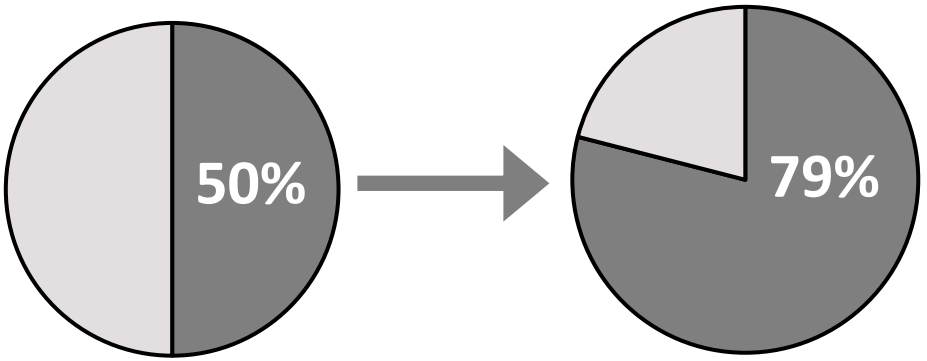
## LOYALTY + POWER OF PRE-EXISTING CUSTOMERS

(existing customers are customers who have bought from us in any prior year)

### Pre-Existing Customers

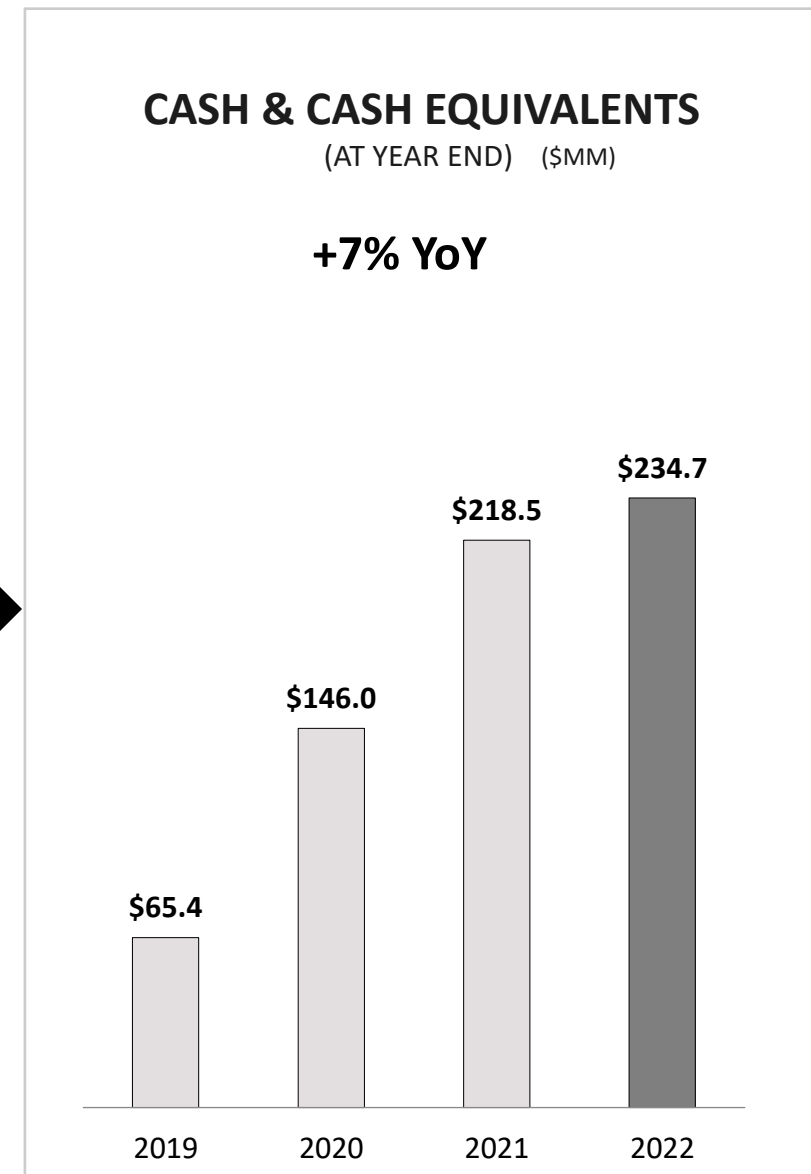
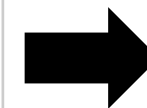
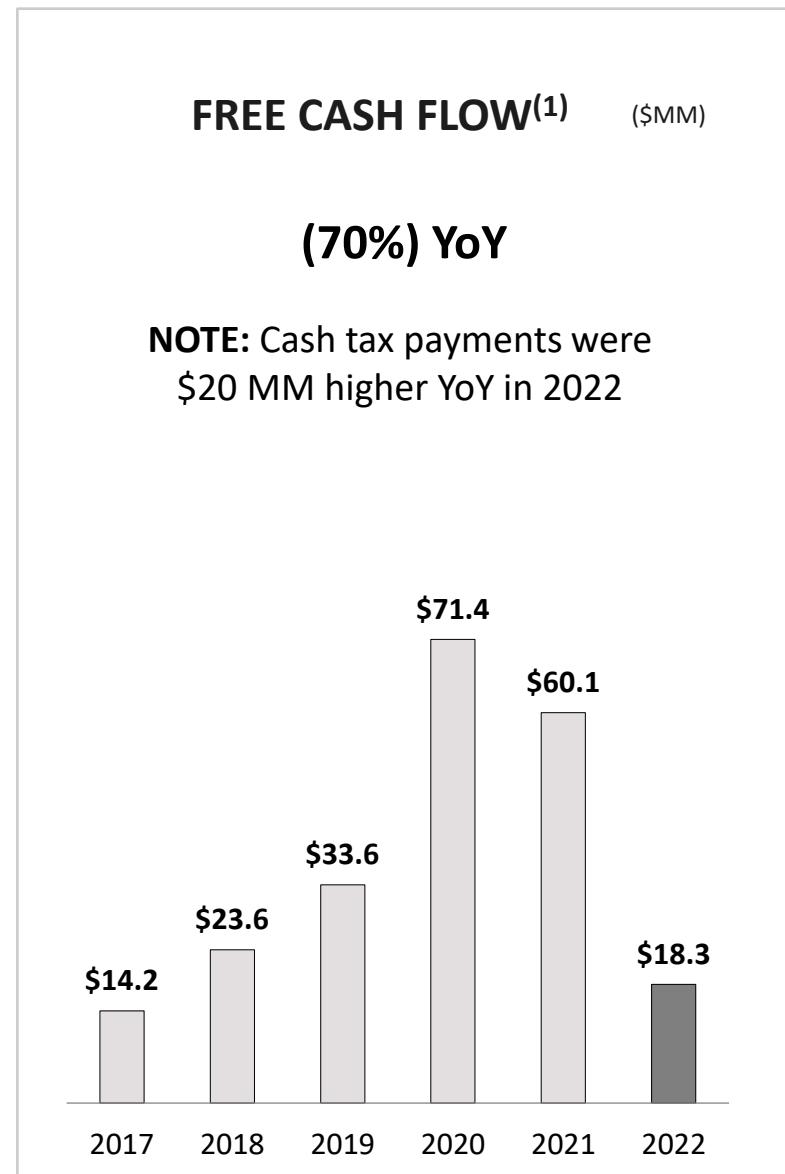
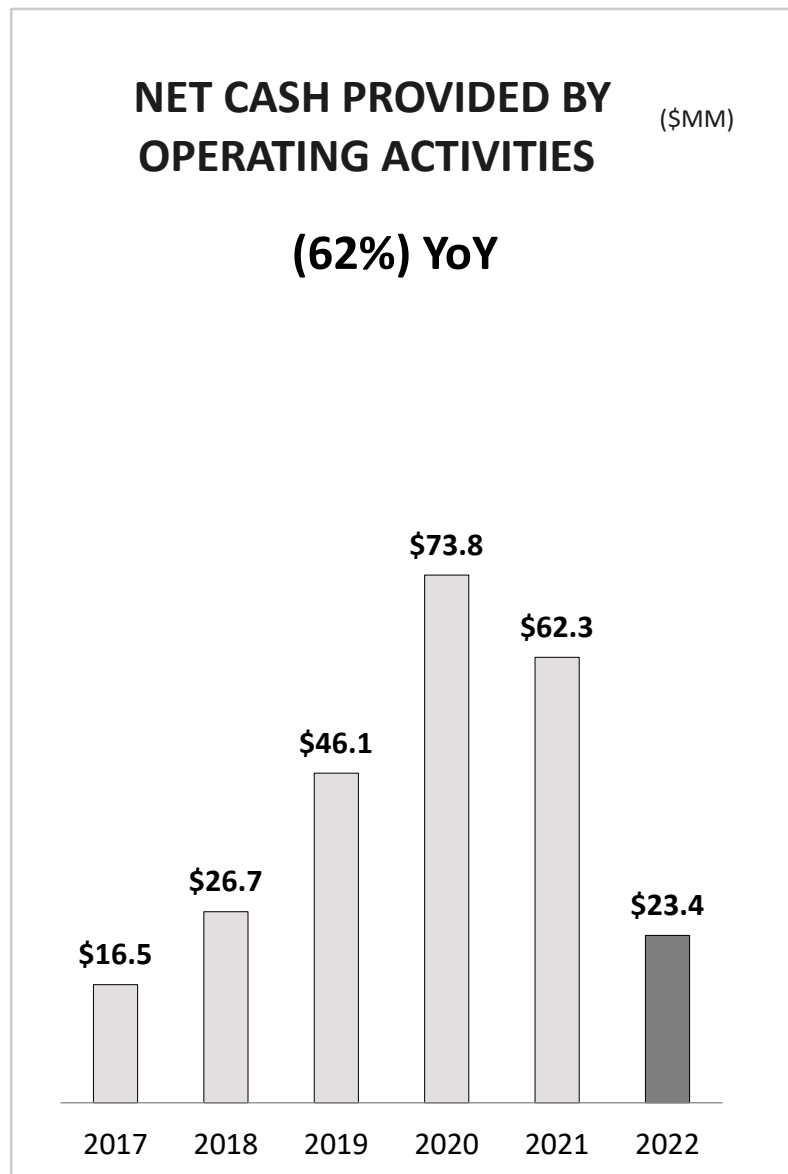
Comprised 50% of 2022 Active Customers

Generated 79% of 2022 Total Net Sales



**Note:**  
1) Cohort net sales retention is calculated as net sales attributable to a given customer cohort divided by the total net sales attributable to the same customer cohort from one year prior.

# CASH FLOW AND BALANCE SHEET HIGHLIGHTS



**Note:**

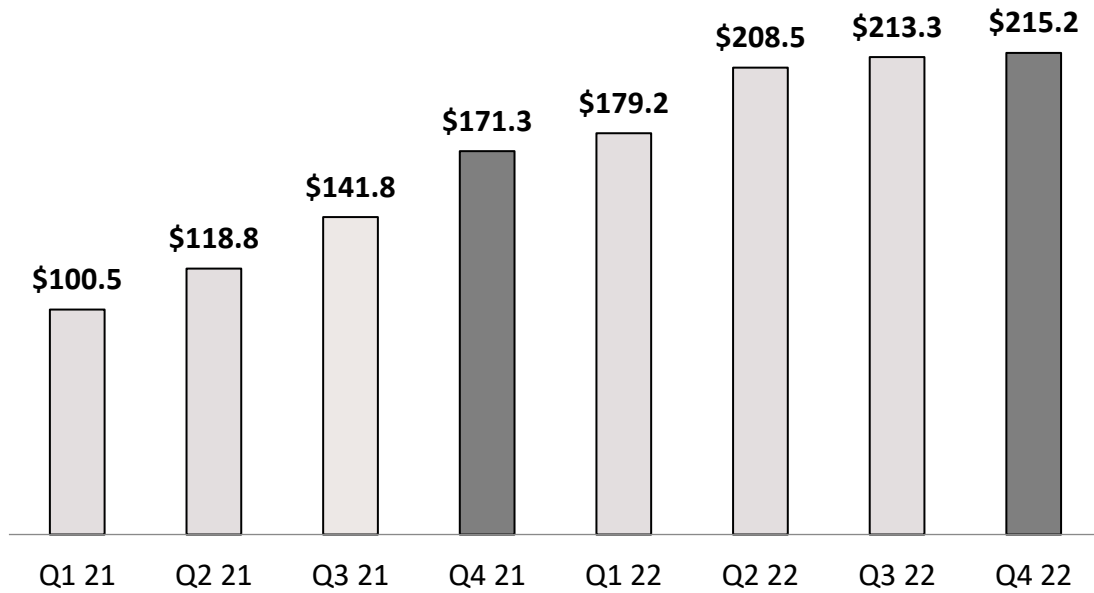
1. See the Appendix for a definition of Free Cash Flow and reconciliations to its corresponding GAAP financial measure.

# BALANCE SHEET HIGHLIGHTS

## INVENTORY (\$MM)

+1% QoQ, +26% YoY

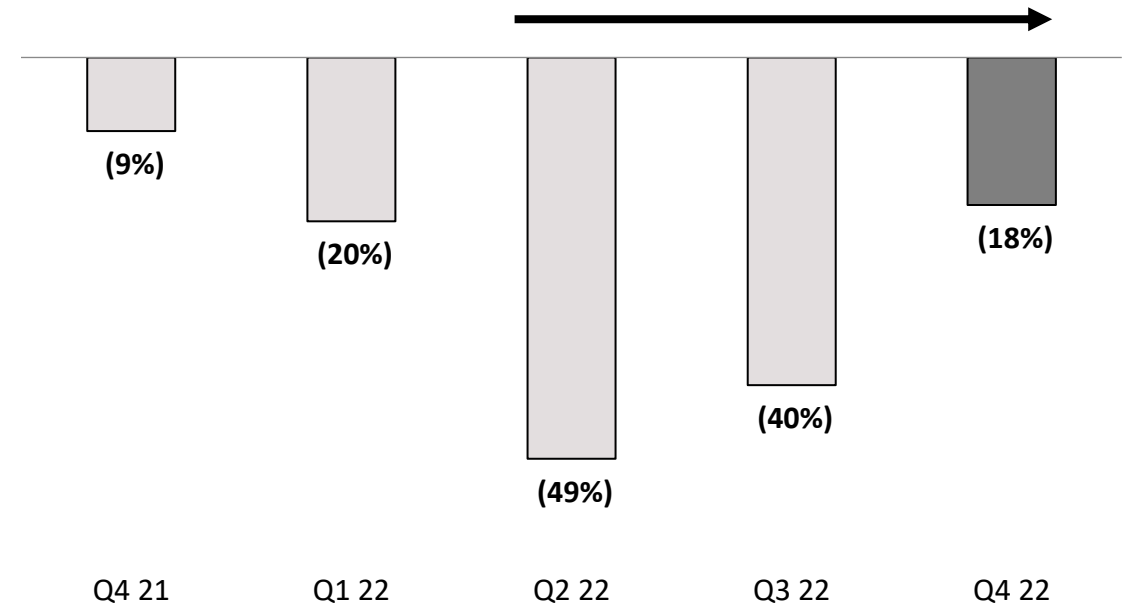
Growth in inventory slowed YoY and QoQ



## YoY SALES GROWTH % MINUS YoY INVENTORY GROWTH %

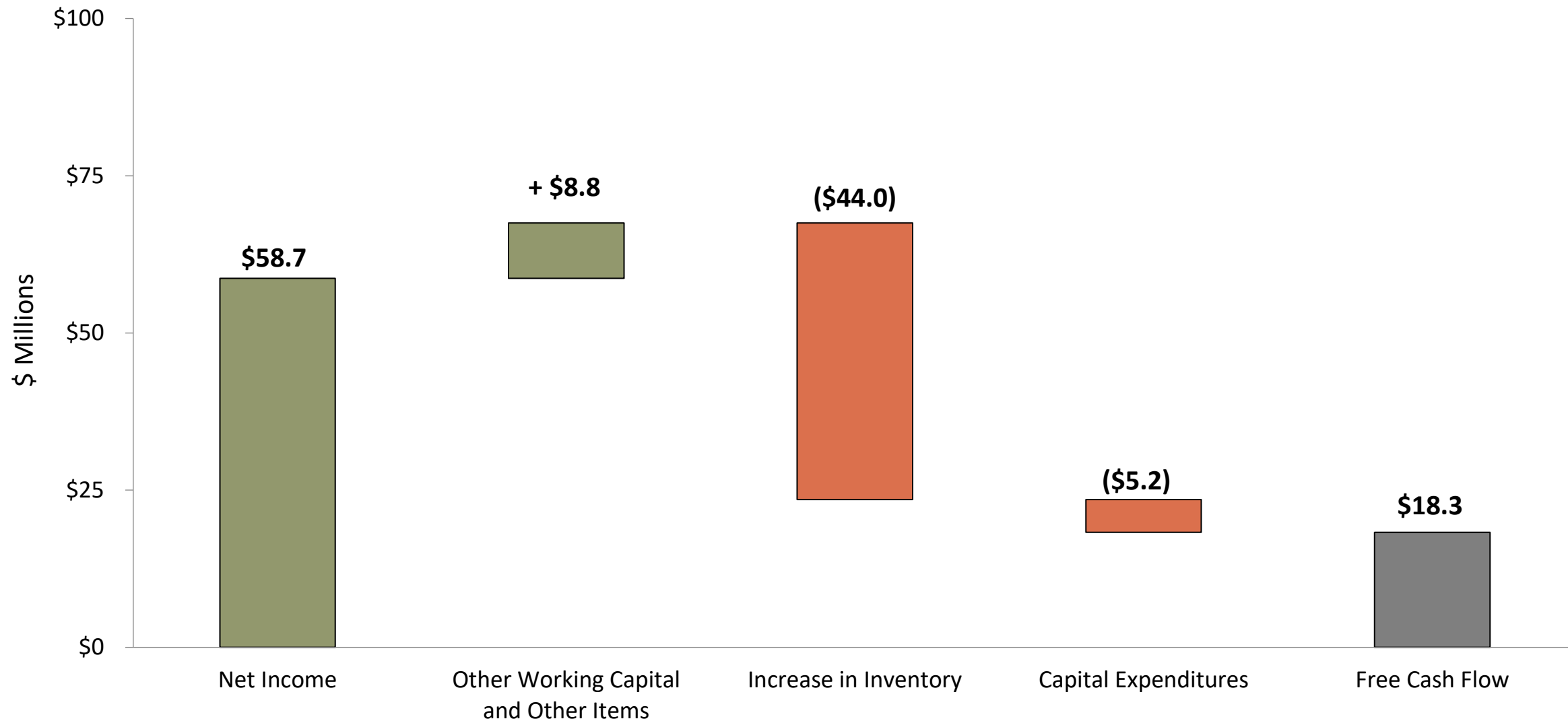
Progress towards balancing inventory

Spread reduced 31 pts in 2 quarters





# BUILD UP OF FREE CASH FLOW IN 2022



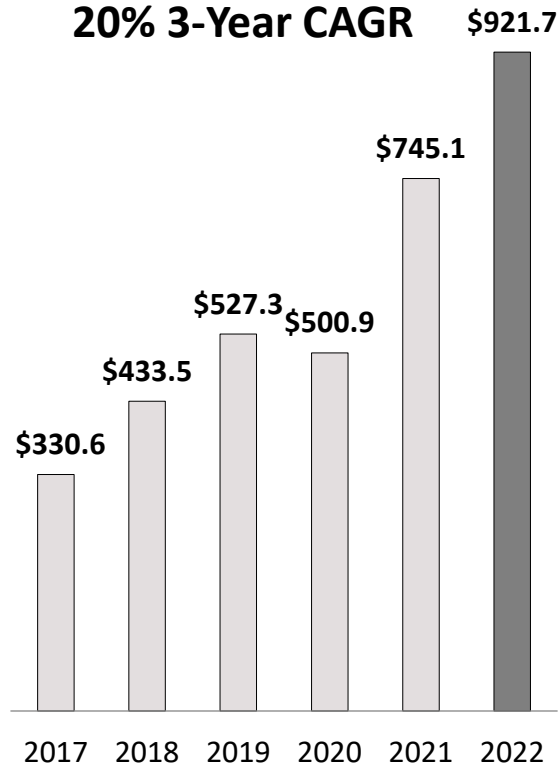
# FULL YEAR SEGMENT RESULTS

## SEGMENT NET SALES (\$MM)

### REVOLVE

+24% YoY

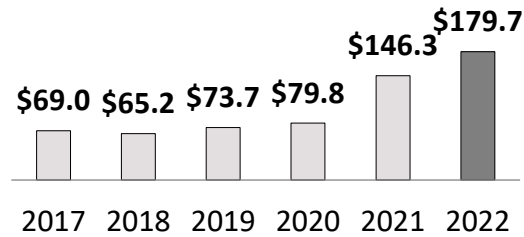
20% 3-Year CAGR



### FWRD

+23% YoY

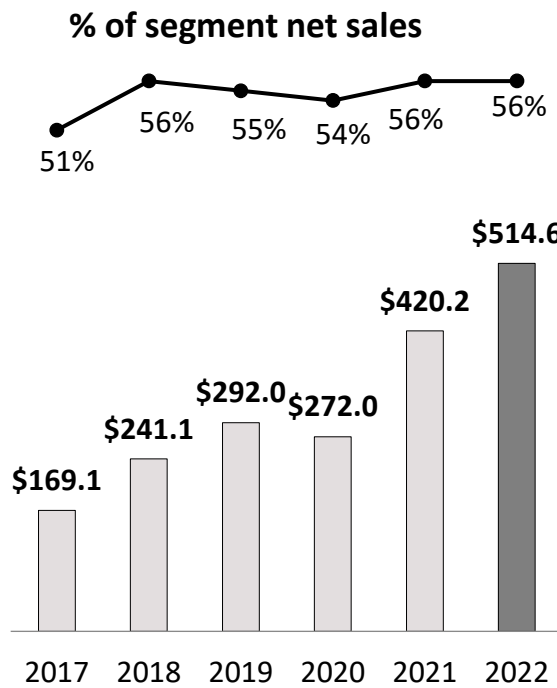
35% 3-Year CAGR



## SEGMENT GROSS PROFIT (\$MM)

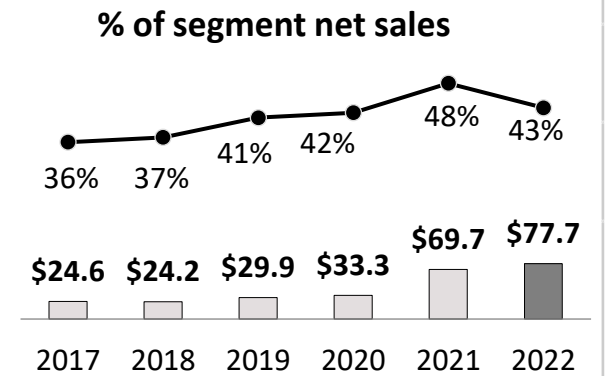
### REVOLVE

+22% YoY



### FWRD

+12% YoY





## UPCOMING INVESTOR CONFERENCE

**BofA SECURITIES 2023 CONSUMER AND RETAIL CONFERENCE**

- **MARCH 14, 2023**

# REVOLVE

**APPENDIX: DEFINITIONS AND RECONCILIATIONS**

# GAAP TO NON-GAAP RECONCILIATION – INCOME STATEMENT

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

|   | Q4 2019       | Q4 2020       | Q4 2021       | Q4 2022       |
|---|---------------|---------------|---------------|---------------|
| <b>NET INCOME</b>                             | <b>\$8.4</b>  | <b>\$19.0</b> | <b>\$29.4</b> | <b>\$7.9</b>  |
| (+) OTHER EXPENSE, NET                        | 0.3           | 0.7           | 0.2           | 0.3           |
| (+) PROVISION FOR (BENEFIT FROM) INCOME TAXES | 2.0           | (3.0)         | 2.3           | 2.5           |
| (+) DEPRECIATION AND AMORTIZATION             | 1.2           | 1.2           | 1.1           | 1.3           |
| (+) EQUITY-BASED COMPENSATION                 | 0.5           | 1.0           | 1.1           | 1.5           |
| (+) NON-ROUTINE ITEMS <sup>(2)</sup>          | 1.3           | --            | --            | 0.8           |
| <b>ADJUSTED EBITDA</b>                        | <b>\$13.7</b> | <b>\$18.7</b> | <b>\$34.2</b> | <b>\$14.1</b> |
| <b>NET INCOME MARGIN</b>                      | <b>5.7%</b>   | <b>13.5%</b>  | <b>12.3%</b>  | <b>3.0%</b>   |
| <b>ADJUSTED EBITDA MARGIN</b>                 | <b>9.3%</b>   | <b>13.3%</b>  | <b>14.3%</b>  | <b>5.5%</b>   |

**Notes:**

1. Due to rounding, some numbers presented may not add up precisely to the totals provided.

2. Non-routine items for Q4 2022 relate to an accrual for a then-pending legal matter that has since been resolved. Non-routine items for Q4 2019 primarily relate to legal settlements.

## GAAP TO NON-GAAP RECONCILIATION – FULL YEAR

| <b>ADJUSTED EBITDA</b> (\$MM) <sup>(1)</sup>     | <b>2017</b>   | <b>2018</b>   | <b>2019</b>   | <b>2020</b>   | <b>2021</b>    | <b>2022</b>   |
|--|---------------|---------------|---------------|---------------|----------------|---------------|
| <b>NET INCOME</b>                                | <b>\$5.0</b>  | <b>\$30.6</b> | <b>\$35.7</b> | <b>\$56.8</b> | <b>\$99.8</b>  | <b>\$58.7</b> |
| (+) OTHER EXPENSE (INCOME), NET                  | 1.4           | 0.6           | 0.9           | 1.0           | 0.6            | (3.5)         |
| (+) PROVISION FOR INCOME TAXES                   | 14.1          | 10.5          | 11.5          | 3.3           | 4.9            | 17.9          |
| (+) DEPRECIATION AND AMORTIZATION                | 2.8           | 2.9           | 4.0           | 4.8           | 4.5            | 4.8           |
| (+) EQUITY-BASED COMPENSATION                    | 0.9           | 1.4           | 2.1           | 3.4           | 4.8            | 5.9           |
| (+) NON-ROUTINE ITEMS <sup>(2)</sup>             | 4.1           | 0.4           | 1.5           | --            | --             | 6.4           |
| <b>ADJUSTED EBITDA</b>                           | <b>\$28.4</b> | <b>\$46.5</b> | <b>\$55.6</b> | <b>\$69.3</b> | <b>\$114.6</b> | <b>\$90.2</b> |
| <b>NET INCOME MARGIN</b>                         | <b>1.3%</b>   | <b>6.1%</b>   | <b>5.9%</b>   | <b>9.8%</b>   | <b>11.2%</b>   | <b>5.3%</b>   |
| <b>ADJUSTED EBITDA MARGIN</b>                    | <b>7.1%</b>   | <b>9.3%</b>   | <b>9.3%</b>   | <b>11.9%</b>  | <b>12.9%</b>   | <b>8.2%</b>   |
| <b>FREE CASH FLOW</b> (\$MM) <sup>(1)</sup>      | <b>2017</b>   | <b>2018</b>   | <b>2019</b>   | <b>2020</b>   | <b>2021</b>    | <b>2022</b>   |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b> | <b>\$16.5</b> | <b>\$26.7</b> | <b>\$46.1</b> | <b>\$73.8</b> | <b>\$62.3</b>  | <b>\$23.4</b> |
| PURCHASES OF PROPERTY AND EQUIPMENT              | (2.3)         | (3.0)         | (12.5)        | (2.3)         | (2.2)          | (5.2)         |
| <b>FREE CASH FLOW</b>                            | <b>\$14.2</b> | <b>\$23.6</b> | <b>\$33.6</b> | <b>\$71.4</b> | <b>\$60.1</b>  | <b>\$18.3</b> |

**Notes:**

1. Due to rounding, some numbers presented may not add up precisely to the totals provided.

2. Non-routine items for 2022 relate to an accrual for a then-pending legal matter that has since been resolved. Non-routine items for prior years primarily related to legal settlements (2019), our initial public offering as well as expenses related to our entity restructuring (2018), and expenses related to our entity restructuring as well as one-time bonuses to certain employees (2017).

# METRICS DEFINITIONS

## Non-GAAP Financial Measures

**Adjusted EBITDA** is a non-GAAP financial measure that we calculate as net income before other (income) expense, net; taxes; and depreciation and amortization; adjusted to exclude the effects of equity-based compensation expense and certain non-routine items. Adjusted EBITDA is a key measure used by management to evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA facilitates operating performance comparisons on a period-to-period basis and, in the case of exclusion of the impact of equity-based compensation, excludes an item that we do not consider to be indicative of our core operating performance.

**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

We define an **Active Customer** as 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. We view the number of active customers as a key indicator of our growth, the reach of our sites, the value proposition and consumer awareness of our brand, the continued use of our sites by our customers and their desire to purchase our products.

We define **Average Order Value** as the sum of the total gross sales from our sites in a given period, prior to product returns, divided by the total orders placed in that period. We believe our high average order value demonstrates the premium nature of our product assortment. Average order value varies depending on the site through which we sell merchandise, the mix of product categories sold, the number of units in each order, the percentage of sales at full price, and for sales at less than full price, the level of markdowns.

We define **Total Orders Placed** as the total number of orders placed by our customers, prior to product returns, across our platform in any given period. We view total orders placed as a key indicator of the velocity of our business and an indication of the desirability of our products and sites to our customers. Total orders placed, together with average order value, is an indicator of the net sales we expect to recognize in a given period.