



REVOLVE

Q3 2023 Financial Highlights
November 1, 2023

Note on Forward-Looking Statements

This presentation contains “forward-looking statements” 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 changing economic conditions and their impact on consumer demand and our business, operating results and financial condition; demand for our products; supply chain challenges; inflation; the War in Israel; 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; the impact of the COVID-19 pandemic and other health crises on our business, operations and financial results; the effect of pending or threatened claims, lawsuits, government investigations, or other legal or regulatory proceedings or commercial or contractual disputes; 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, 2022 and our subsequent Quarterly Reports on Form 10-Q, including for the quarter ended September 30, 2023, which we expect to file with the SEC on November 1, 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.

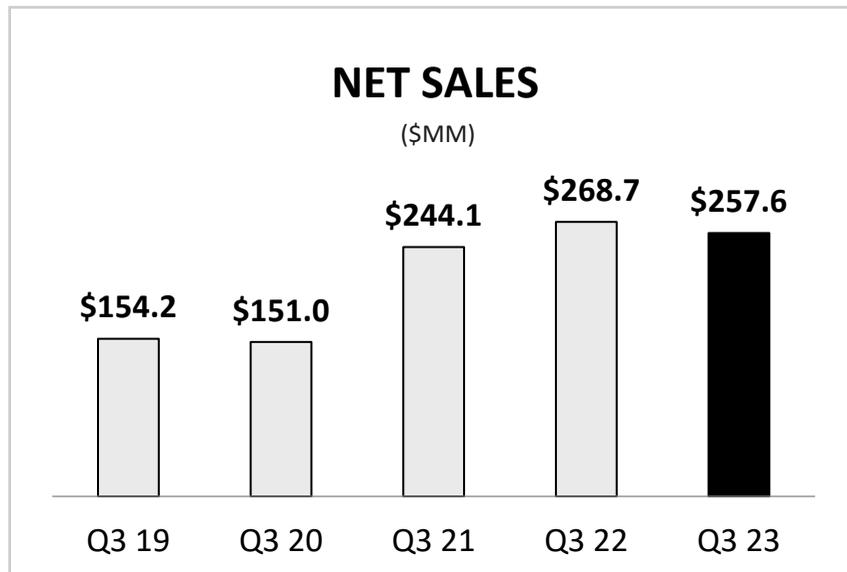
Unless otherwise indicated, all references in this presentation to “we,” “our,” “us,” or similar terms refer to Revolve Group, Inc. and its subsidiaries.

Use of Non-GAAP Financial Measures

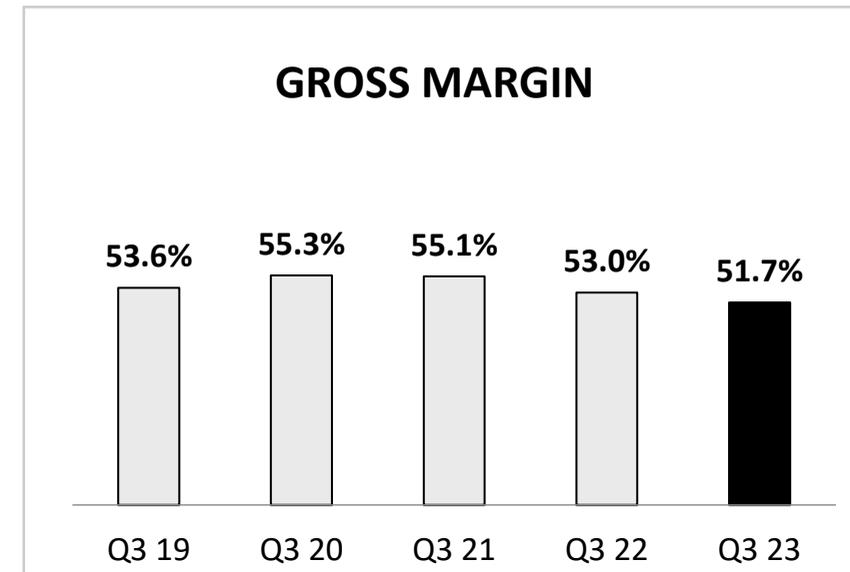
In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures, including Adjusted EBITDA, Adjusted EBITDA margin, and free cash flow. These non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance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

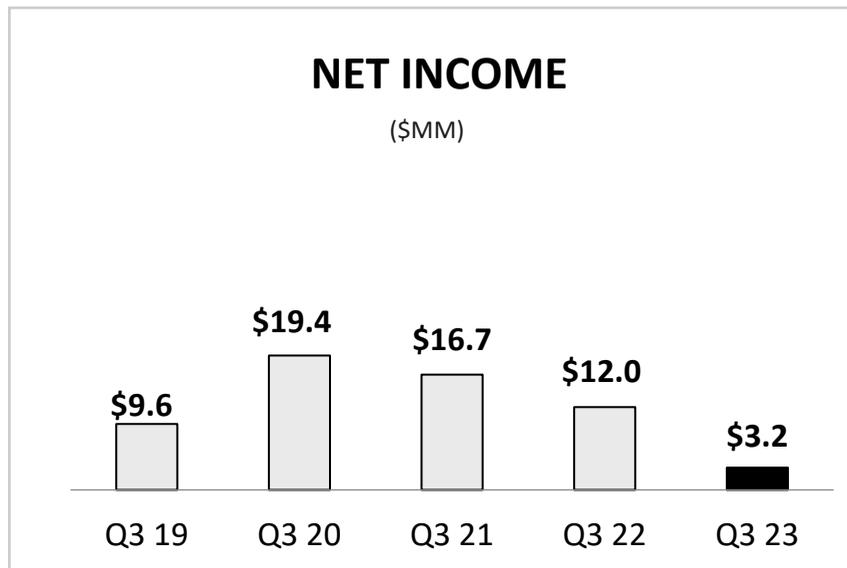
Q3 2023 SUMMARY



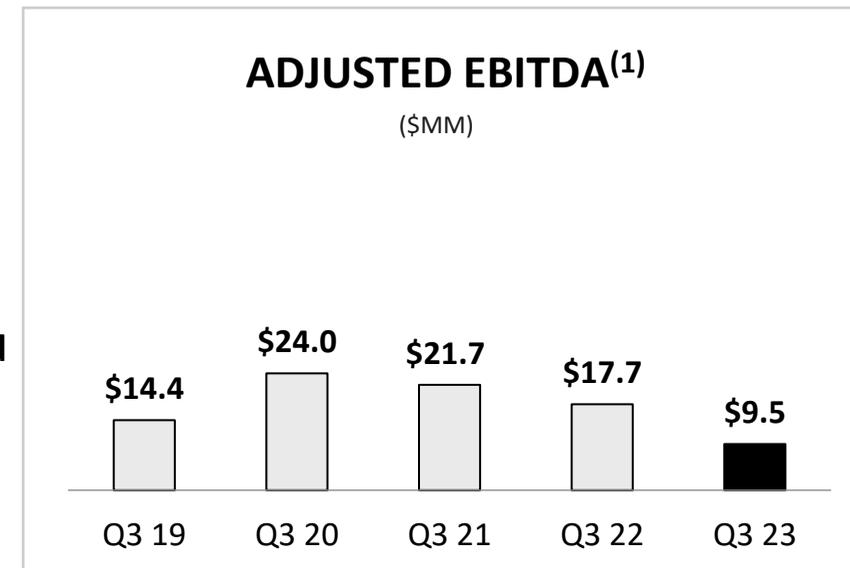
(4%) YoY
14% 4-Year CAGR



(127) BPs YoY
(190) BPs Vs. Q3 2019



(73%) YoY
YoY comparison skewed by non-routine legal accrual in Q3 23
(\$5.0 M, net of tax)

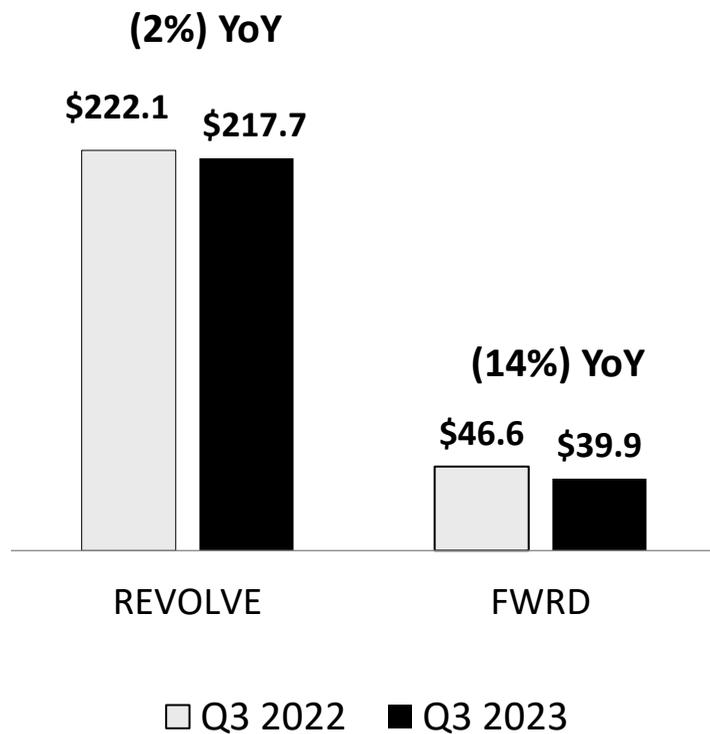


(46%) YoY

NET SALES BY SEGMENT AND GEOGRAPHY

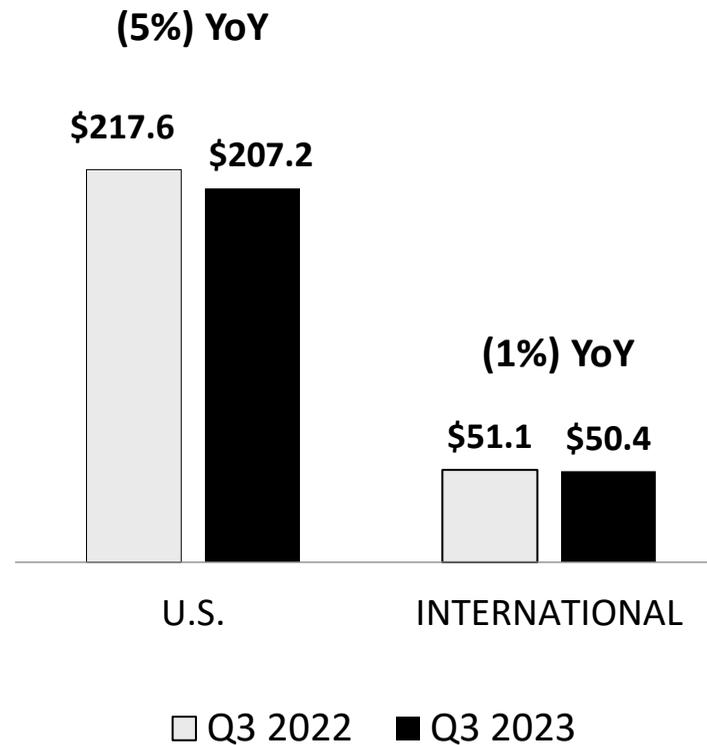
Q3 2023 NET SALES BY SEGMENT

(\$MM)

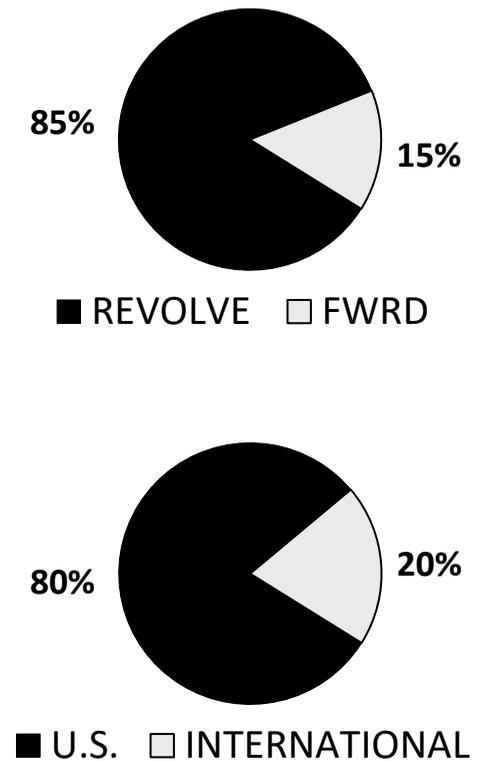


Q3 2023 NET SALES BY GEOGRAPHY

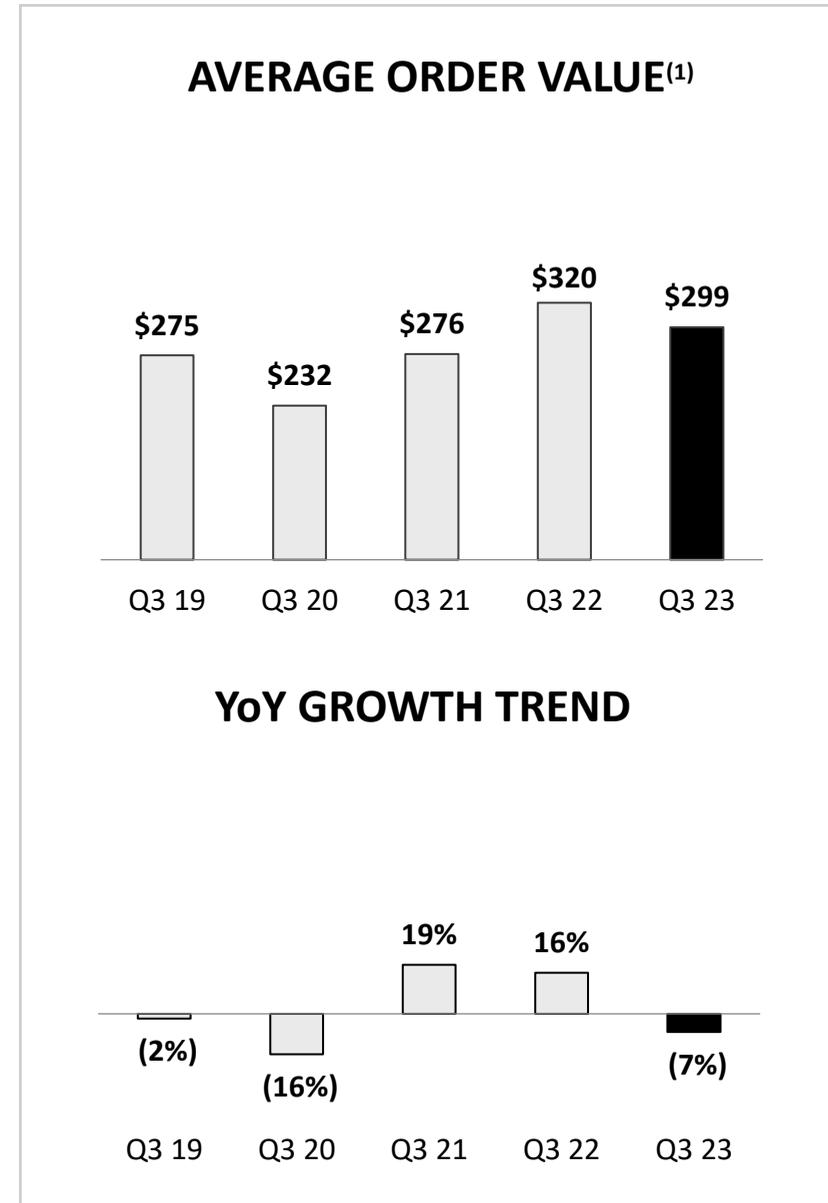
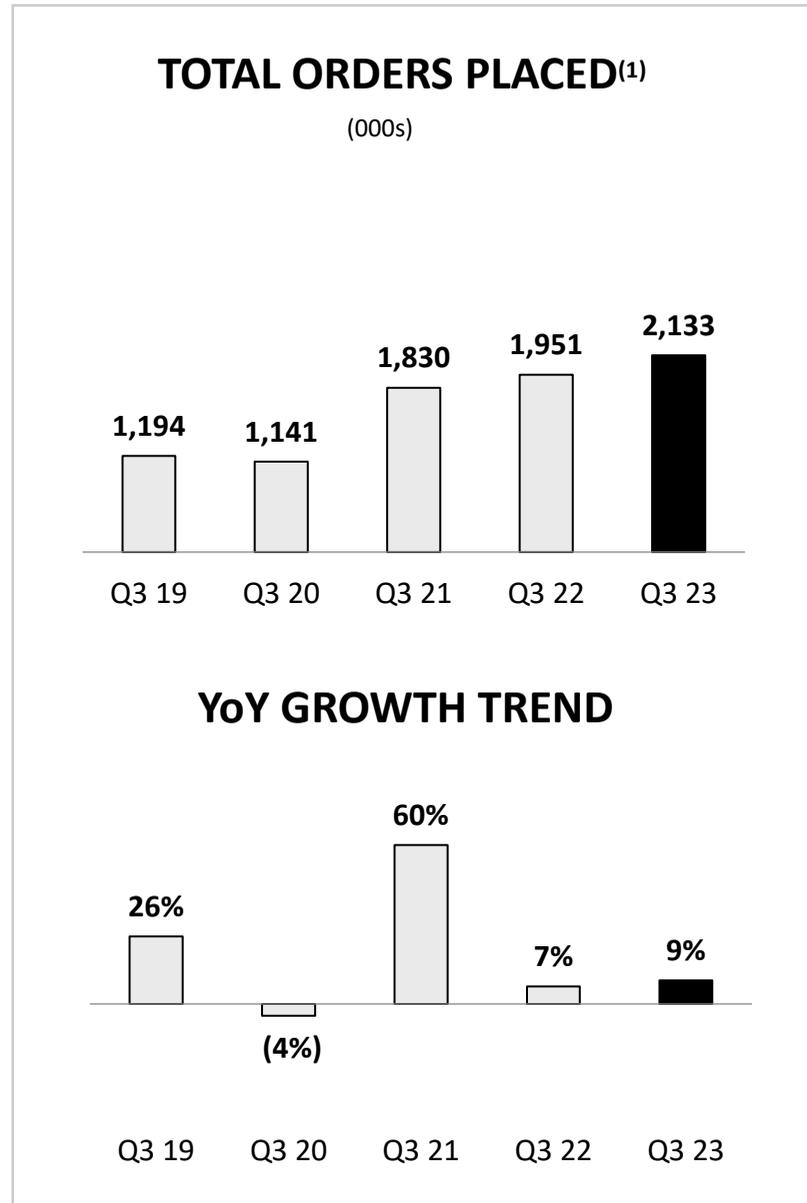
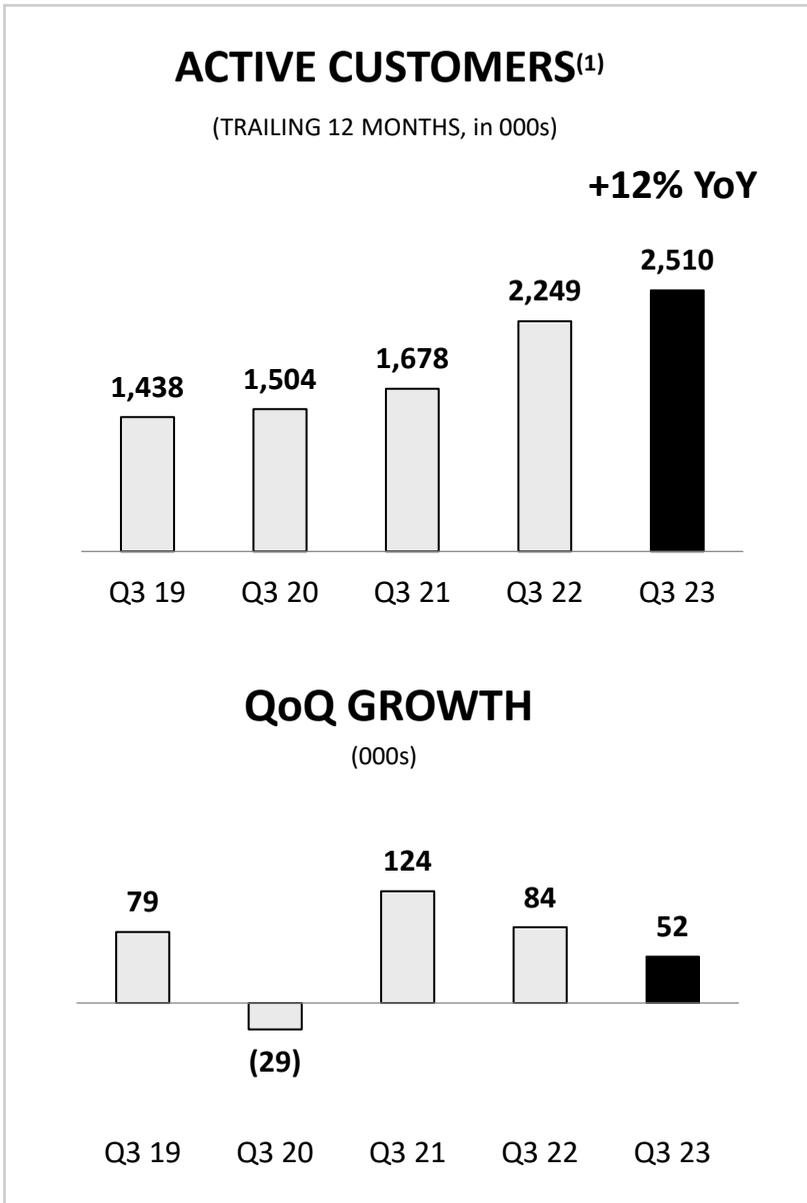
(\$MM)



NET SALES MIX BY SEGMENT AND GEOGRAPHY IN Q3 2023



OPERATING METRICS HIGHLIGHTS



SEGMENT RESULTS

SEGMENT NET SALES

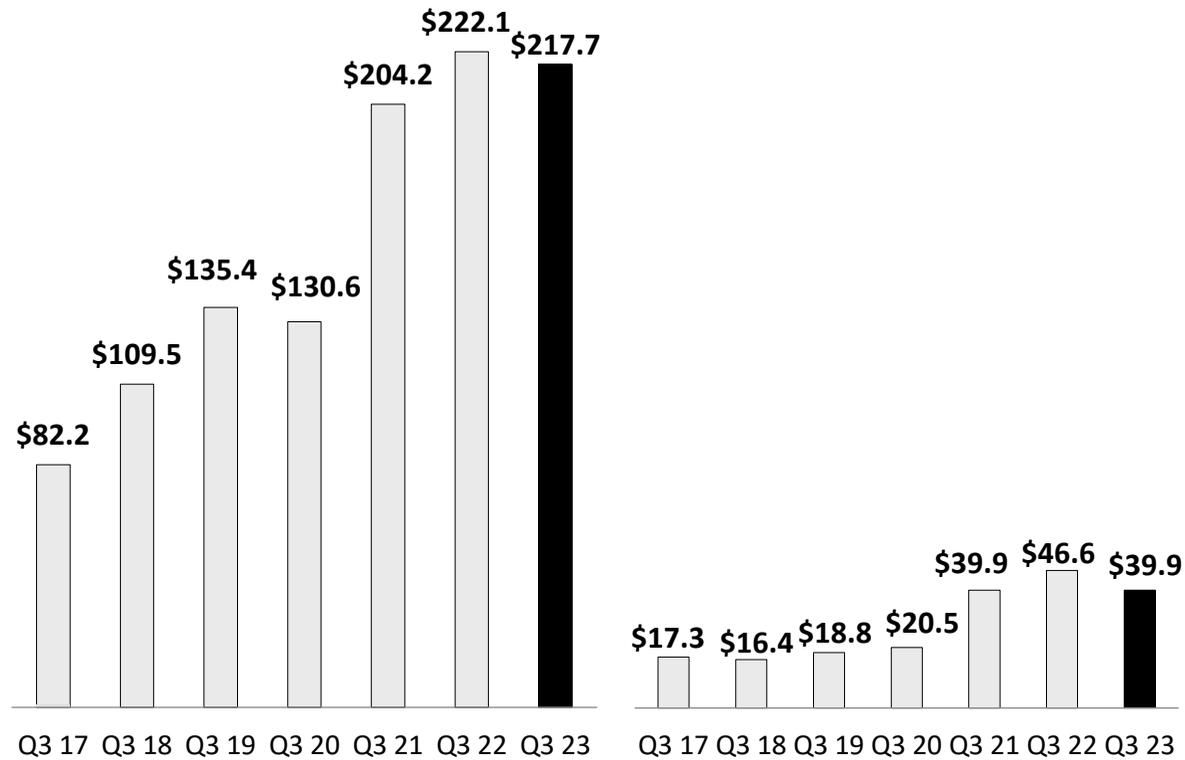
(\$MM)

REVOLVE

(2%) YoY

FWRD

(14%) YoY



SEGMENT GROSS PROFIT

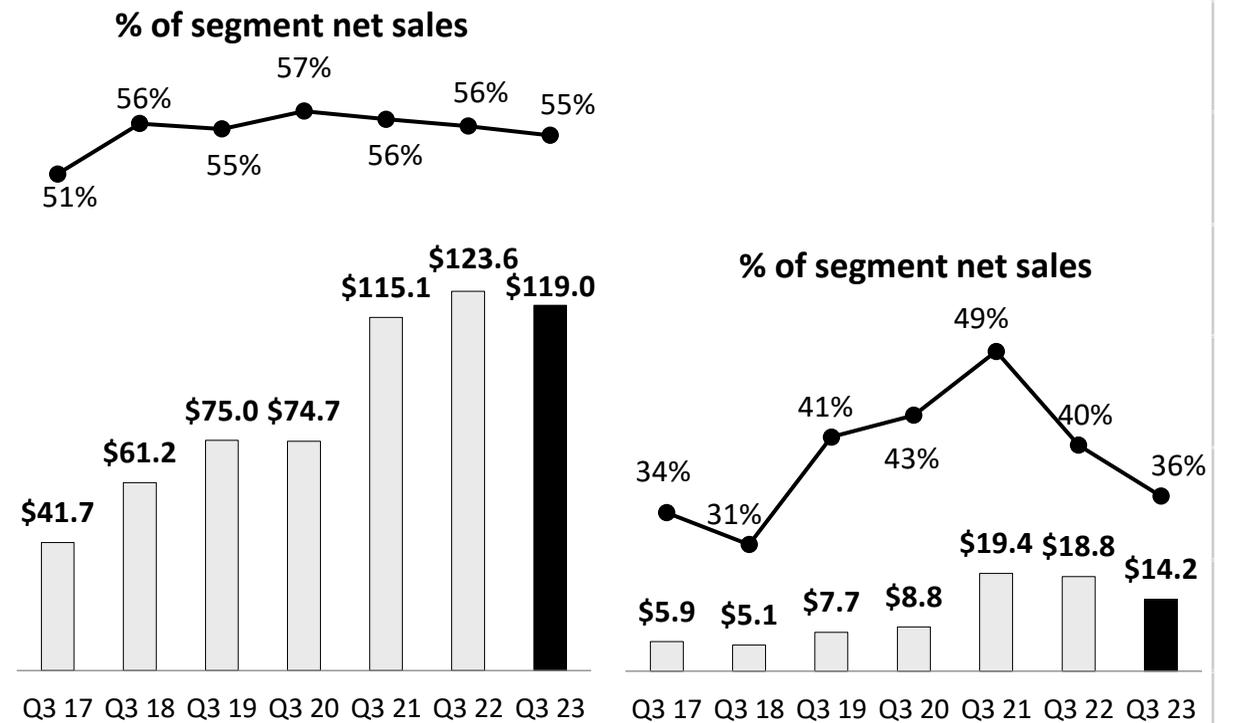
(\$MM)

REVOLVE

(4%) YoY

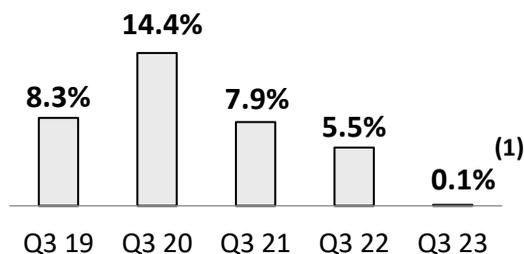
FWRD

(24%) YoY

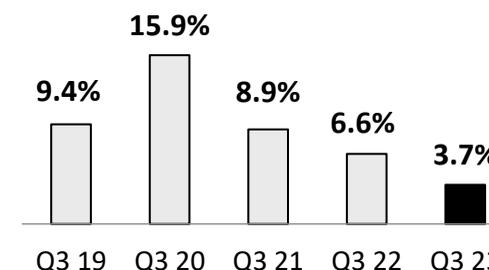


COST AND MARGIN STRUCTURE

GAAP OPERATING INCOME MARGIN



ADJUSTED EBITDA MARGIN⁽²⁾



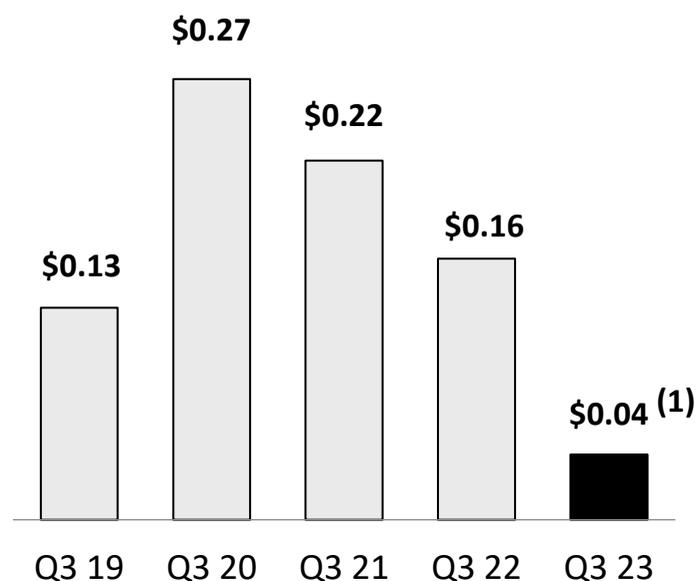
AS A % OF NET SALES	Q3 23	Q3 22	CHANGE	OBSERVATIONS
Gross Profit	51.7%	53.0%	(127) BPs	Primarily reflects a lower mix of net sales at full price year-over-year and a lower mix of Owned Brands as a percentage of Revolve Segment net sales year-over-year.
Fulfillment	(3.6%)	(3.0%)	+56 BPs	Primarily reflects the higher return rate year-over-year, higher rent for existing facilities and expansion of our fulfillment center footprint, lower AOV, and higher wages for fulfillment staff.
Selling and Distribution	(19.0%)	(17.3%)	+170 BPs	Primarily reflects the higher return rate and lower AOV year-over-year.
Marketing	(15.4%)	(16.6%)	(123) BPs	Primarily reflects decreased investment year-over-year in brand marketing activations and performance marketing efficiencies. The reduced brand marketing investment year-over-year is largely due to a shift in timing from the third quarter to a very active calendar of brand building events in Q4 2023 heading into 2024.
General and Administrative ⁽¹⁾	(13.7%)	(10.6%)	+307 BPs	Primarily reflects the \$6.6 million non-routine accrual for a pending legal matter and a slight increase in other G&A expenses that outpaced the 4% year-over-year decrease in net sales.
GAAP Operating Income Margin ^(1,3)	0.1%	5.5%	(536) BPs	

Notes:

1. Q3 2023 operating income and general and administrative expenses included a \$6.6M negative impact related to a non-routine accrual for a pending legal matter.
2. See the Appendix for a definition of Adjusted EBITDA margin and reconciliations to its corresponding GAAP financial measure.
3. Due to rounding, some numbers presented may not add up precisely to the totals provided.

EARNINGS PER SHARE

THE EPS MATH

Q3 DILUTED EPS⁽¹⁾

(000s, except per share figures and percentages)	Q3 23	Q3 22	YoY
Income before income taxes	\$4,308	\$16,191	(73%)
Provision for income taxes	(1,130)	(4,203)	(73%)
Effective tax rate	(26%)	(26%)	--
Net income (GAAP)	\$3,178	\$11,988	(73%)
Weighted average basic shares	73,262	73,328	(0%)
+ Effect of dilutive stock options and RSUs	454	1,026	(56%)
Weighted average diluted shares	73,716	74,354	(1%)
Diluted EPS (GAAP)	\$0.04	\$0.16	(75%)

Note:

1. Q3 2023 GAAP EPS was negatively impacted by the accrual for a pending legal matter of \$6.6 million, or \$0.07 per diluted share.

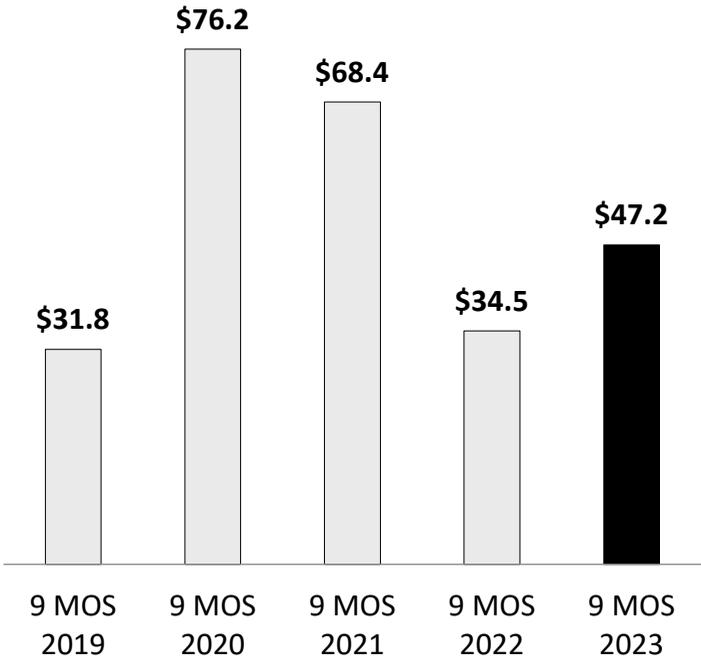
CASH FLOW HIGHLIGHTS

NET CASH PROVIDED BY OPERATING ACTIVITIES

(\$MM)

37% YoY

10% 4-Year CAGR



PURCHASE OF PROPERTY AND EQUIPMENT

(\$MM)

Average of 0.7% of Net Sales

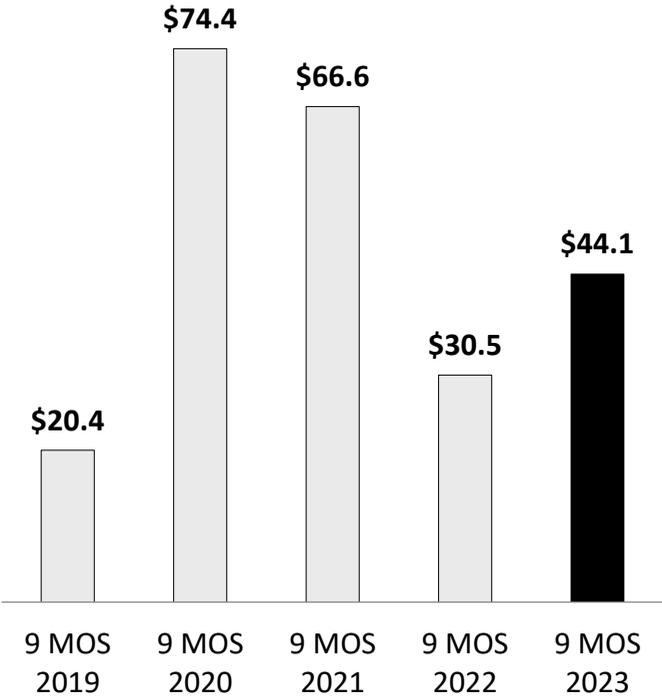


FREE CASH FLOW⁽¹⁾

(\$MM)

44% YoY

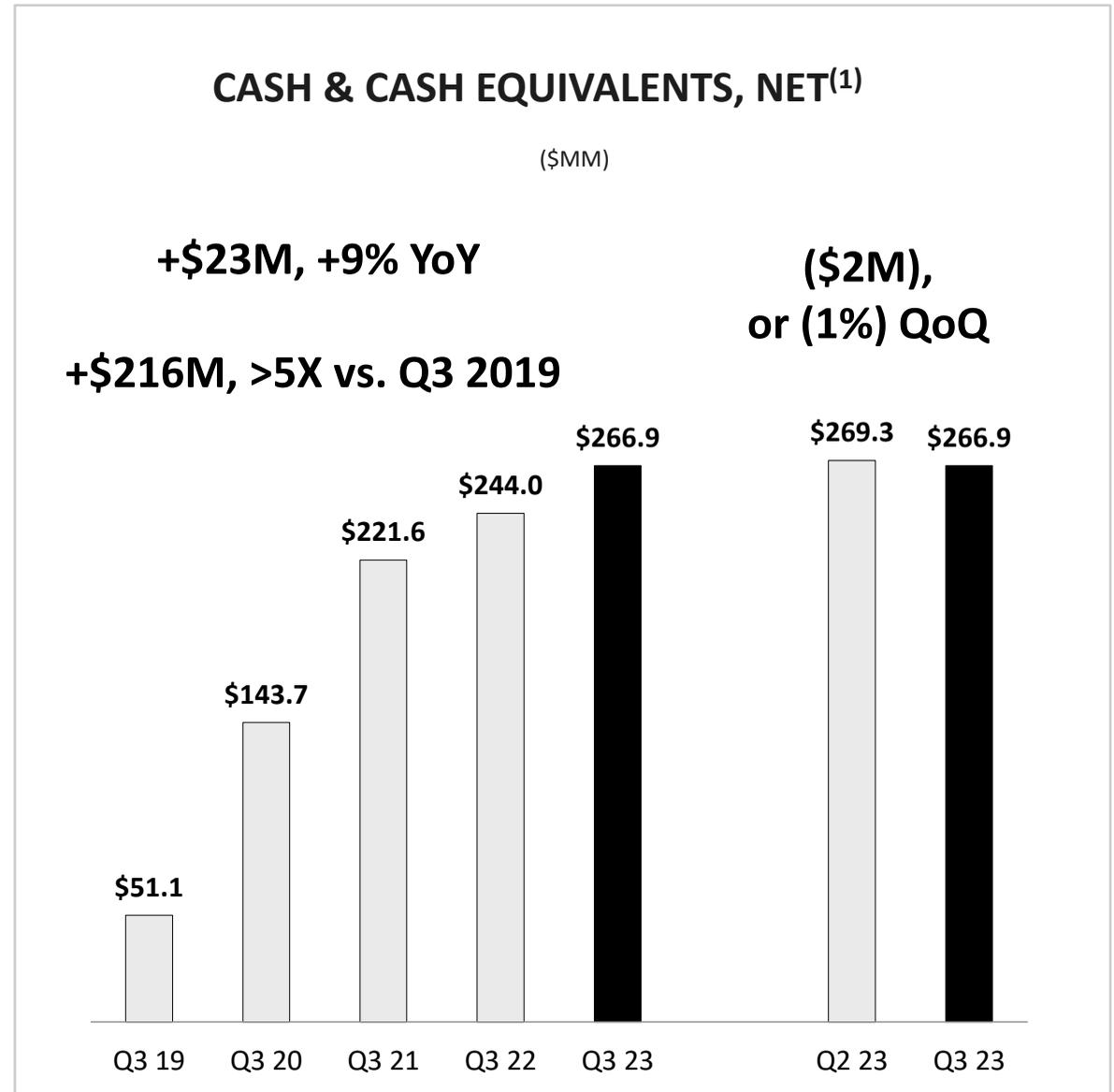
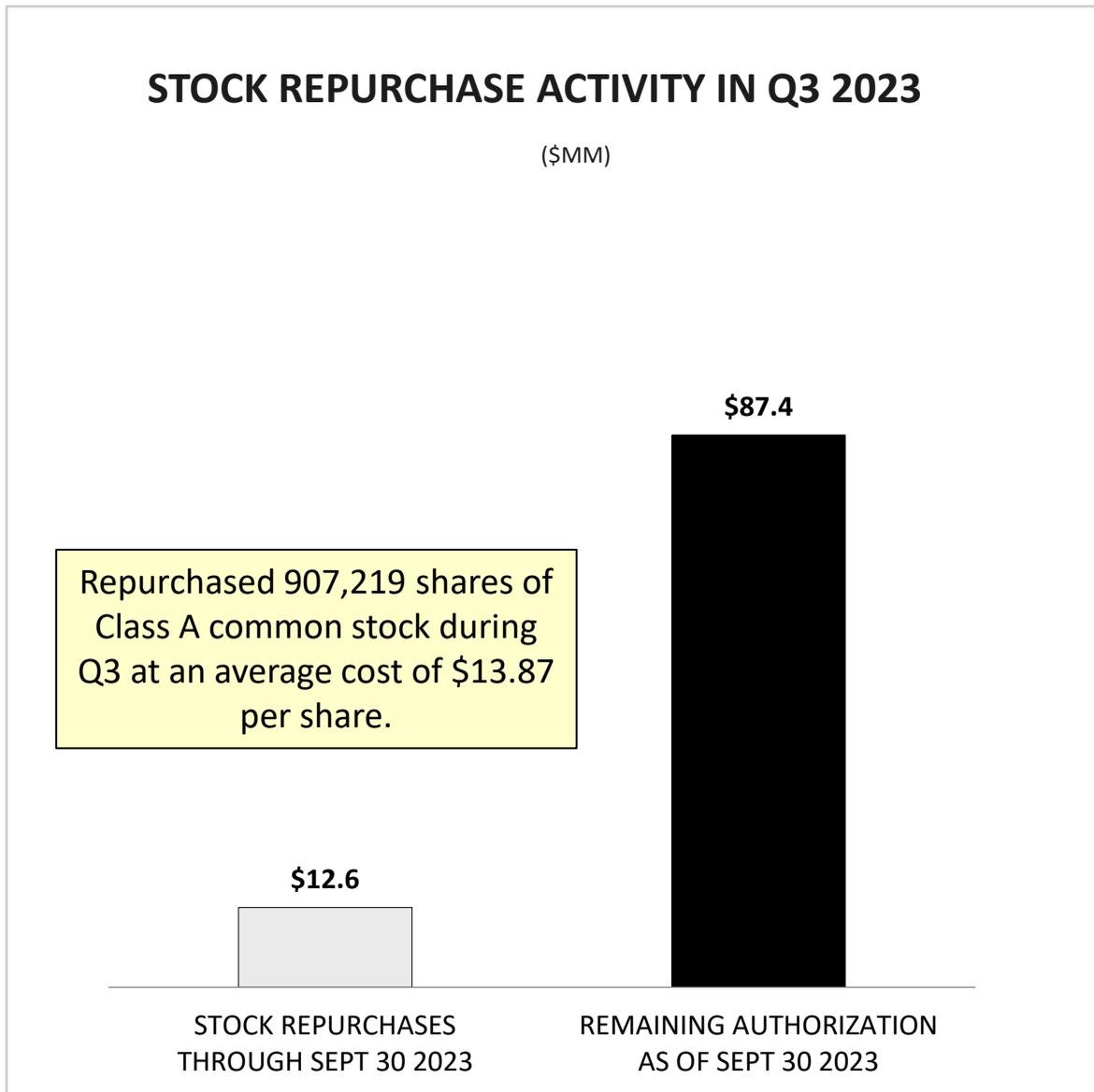
21% 4-Year CAGR



Note:

1. See the Appendix for a definition of free cash flow and reconciliations to its corresponding GAAP financial measure.

STOCK REPURCHASE AND BALANCE SHEET HIGHLIGHTS



Note:

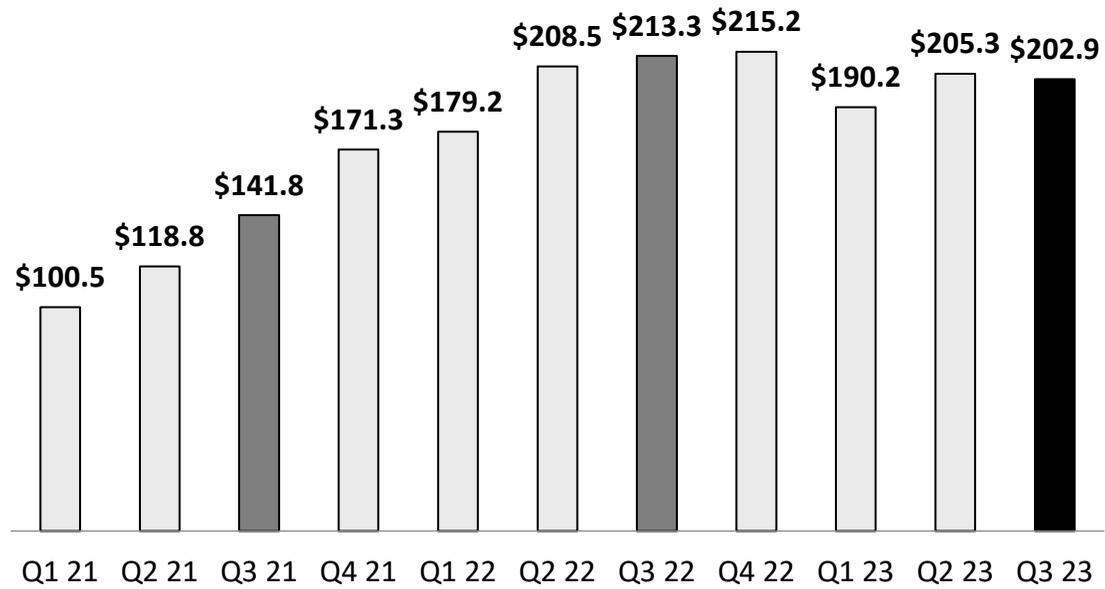
1. Net of borrowings for the quarter ended September 30, 2020. There were no other borrowings in other periods presented.

BALANCE SHEET HIGHLIGHTS

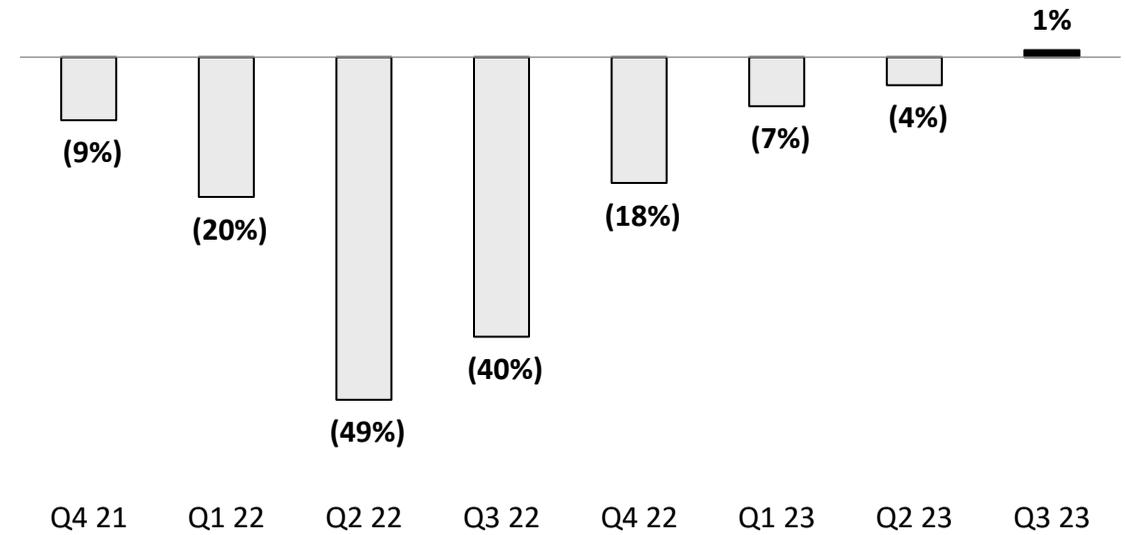
INVENTORY

(\$MM)

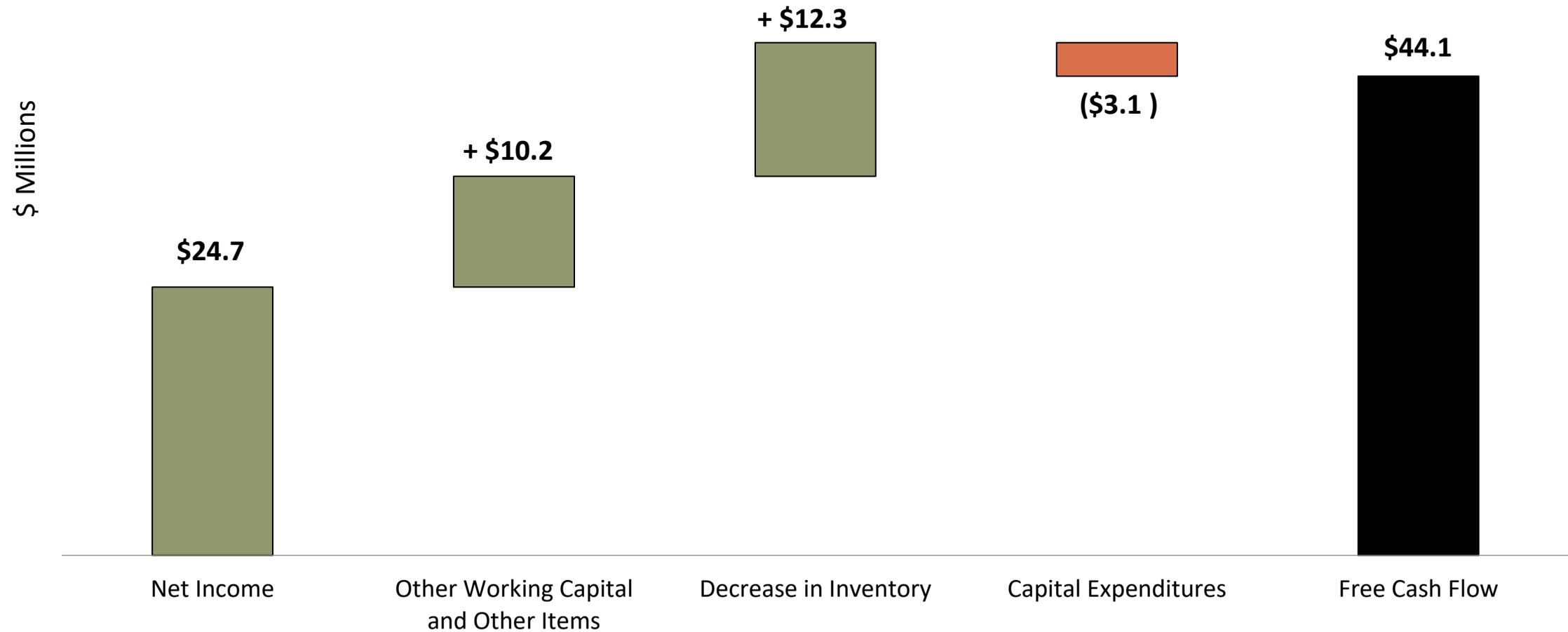
Inventory Declined 5% YoY



YoY SALES GROWTH % MINUS YoY INVENTORY GROWTH %



BUILD UP OF FREE CASH FLOW IN 9 MONTHS YTD 2023



REVOLVE

APPENDIX: DEFINITIONS AND RECONCILIATIONS



UPCOMING INVESTOR CONFERENCES

RAYMOND JAMES TMT & CONSUMER CONFERENCE

- **DECEMBER 5, 2023**

MORGAN STANLEY GLOBAL CONSUMER & RETAIL CONFERENCE

- **DECEMBER 6, 2023**

GAAP TO NON-GAAP RECONCILIATION

ADJUSTED EBITDA (\$MM) ⁽¹⁾	Q3 2019	Q3 2020	Q3 2021	Q3 2022	Q3 2023
NET INCOME	\$9.6	\$19.4	\$16.7	\$12.0	\$3.2
(+) OTHER EXPENSE (INCOME), NET	0.0	0.3	(0.2)	(1.4)	(4.0)
(+) PROVISION FOR INCOME TAXES	3.3	2.1	2.7	4.2	1.1
(+) DEPRECIATION AND AMORTIZATION	1.1	1.3	1.1	1.2	1.3
(+) EQUITY-BASED COMPENSATION	0.5	1.0	1.3	1.5	1.2
(+) NON-ROUTINE ITEMS ⁽²⁾	--	--	--	0.2	6.6
ADJUSTED EBITDA	\$14.4	\$24.0	\$21.7	\$17.7	\$9.5
NET INCOME MARGIN	6.2%	12.9%	6.8%	4.5%	1.2%
ADJUSTED EBITDA MARGIN	9.4%	15.9%	8.9%	6.6%	3.7%
FREE CASH FLOW (\$MM) ⁽¹⁾	9 MOS 2019	9 MOS 2020	9 MOS 2021	9 MOS 2022	9 MOS 2023
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$31.8	\$76.2	\$68.4	\$34.5	\$47.2
PURCHASES OF PROPERTY AND EQUIPMENT	(11.5)	(1.8)	(1.8)	(3.9)	(3.1)
FREE CASH FLOW	\$20.4	\$74.4	\$66.6	\$30.5	\$44.1

Notes:

1. Due to rounding, some numbers presented may not add up precisely to the totals provided.
2. Non-routine items in 2023 and 2022 include an accrual for a pending legal matter and an accrual for a separate settled legal matter, respectively.

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.