

# REVOLVE

## Q1 2022 FINANCIAL HIGHLIGHTS

May 3, 2022

**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 the continued impact of the COVID-19 pandemic on our business, operations and financial results; demand for our products; macroeconomic conditions; 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, including for the quarter ended March 31, 2022, which we expect to file with the SEC on May 3, 2022.

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.

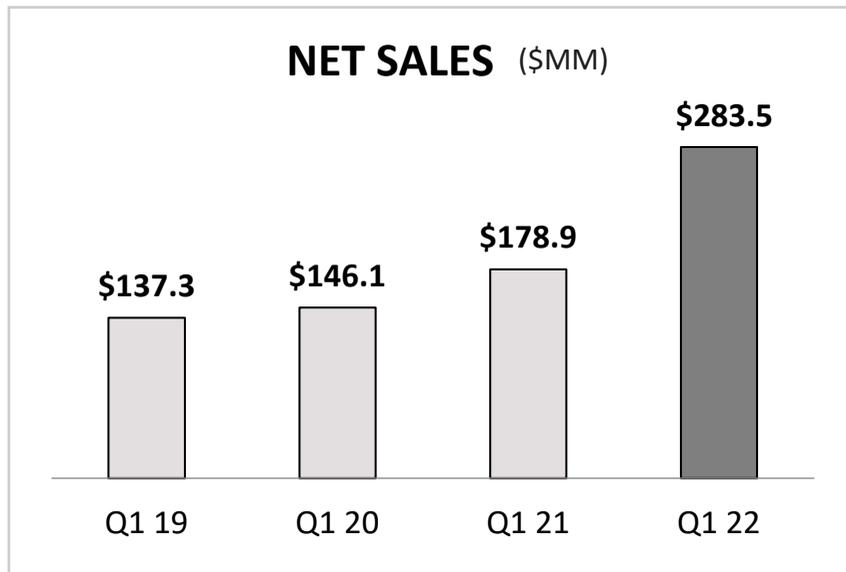
Unless otherwise indicated, all references in this presentation to “we,” “our,” “us,” or similar terms refer to Revolve Group, Inc. and its subsidiaries.

**Use of Non-GAAP Financial Measures**

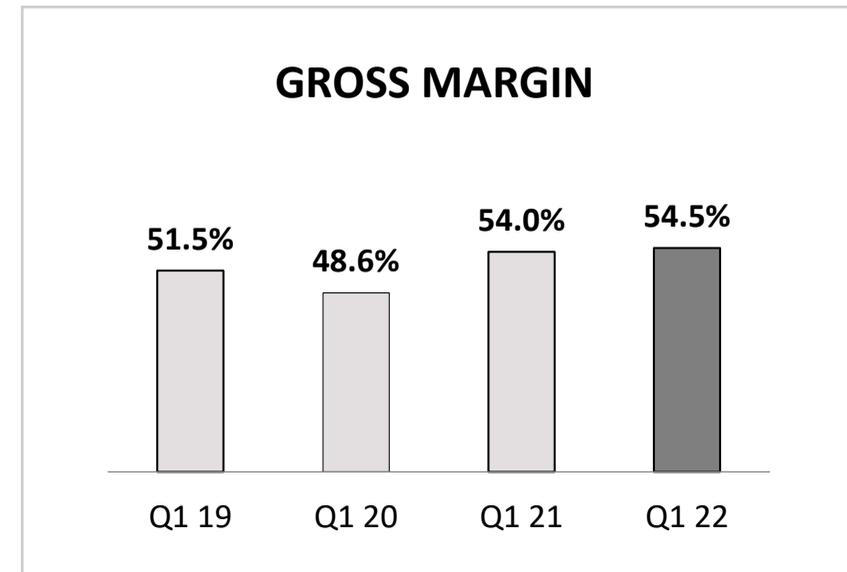
In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures, including Adjusted EBITDA, Adjusted EBITDA margin, and free cash flow. These non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance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

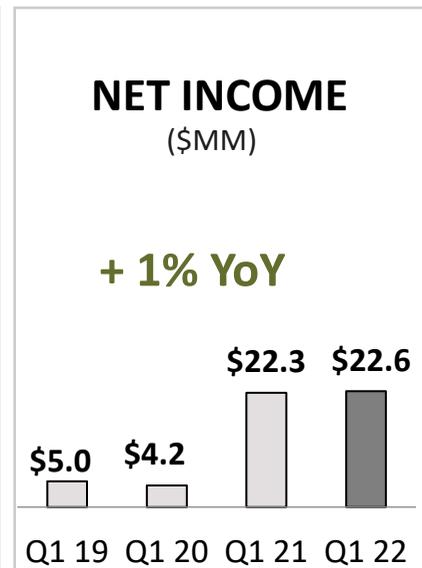
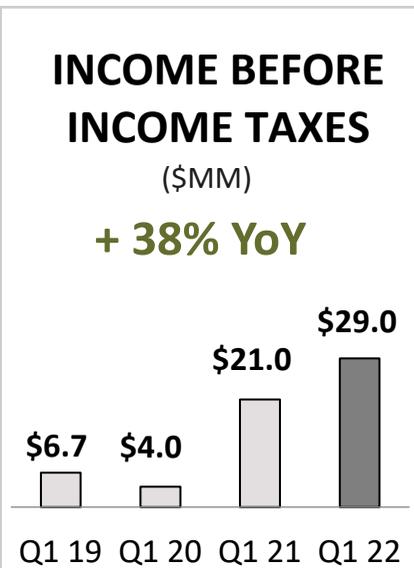
# Q1 2022 SUMMARY



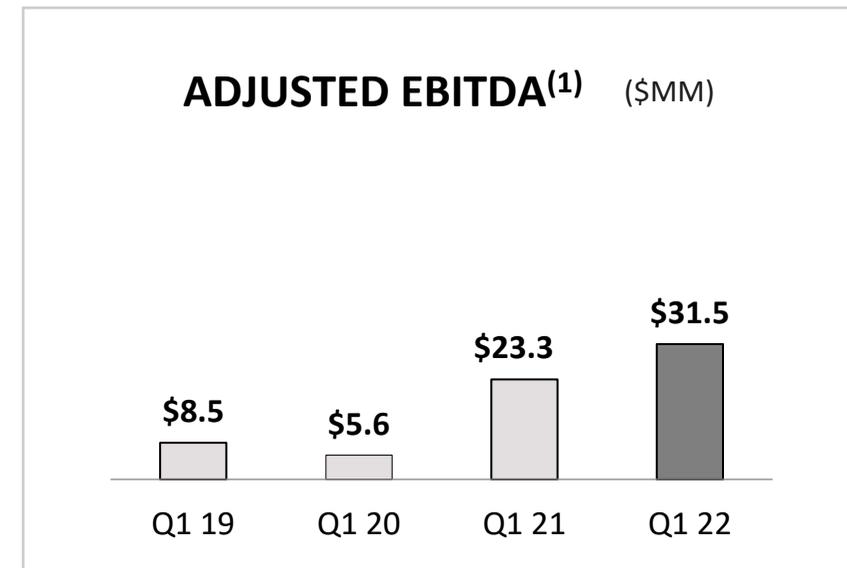
**+ 58% YoY**  
**27% 3-Year CAGR**



**+ 44 BPs YoY**  
**Highest ever for a first quarter**

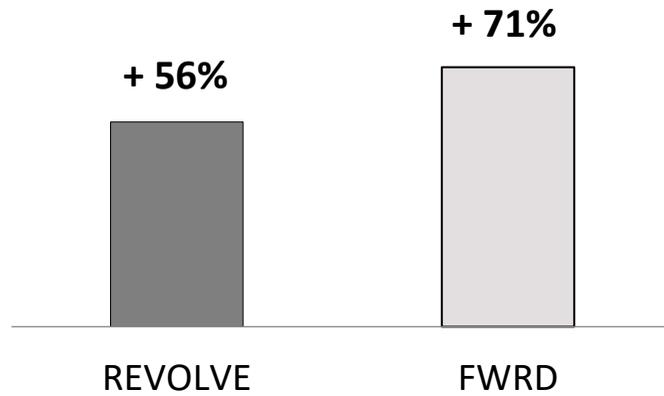


**Tax rates skew net income comparison:**  
**(6%) tax rate Q1 21 vs. 22% tax rate Q1 22**



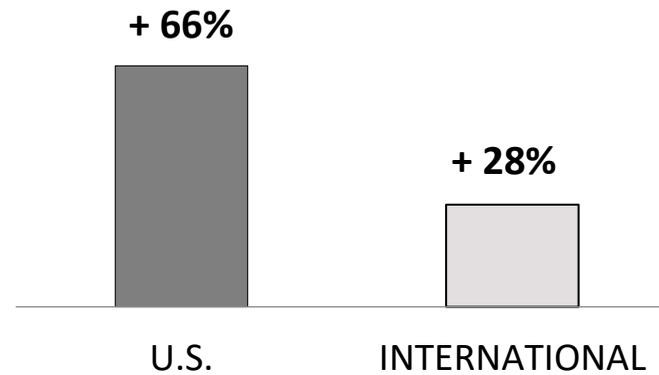
**+ 35% YoY**  
**Nearly 4X in past 3 years**

### YoY GROWTH IN Q1 2022 NET SALES BY SEGMENT

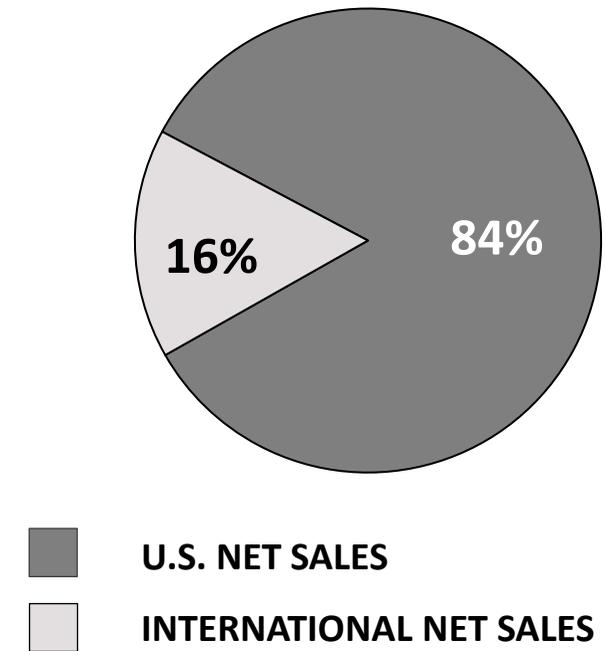


### YoY GROWTH IN Q1 2022 NET SALES BY GEOGRAPHY

Bigger Int'l comps as  
Int'l growth in Q1 21 was  
19 points higher than U.S.



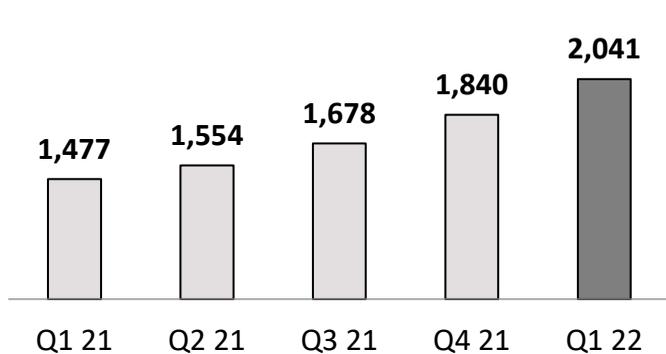
### NET SALES BY GEOGRAPHY IN Q1 2022



# OPERATING METRICS HIGHLIGHTS

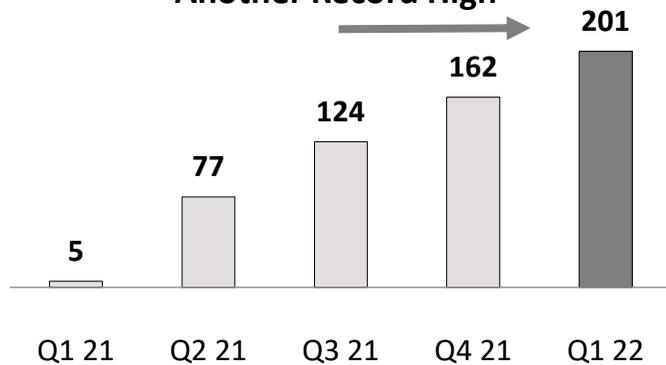
## ACTIVE CUSTOMERS<sup>(1)</sup> (000s)

(TRAILING 12 MONTHS)

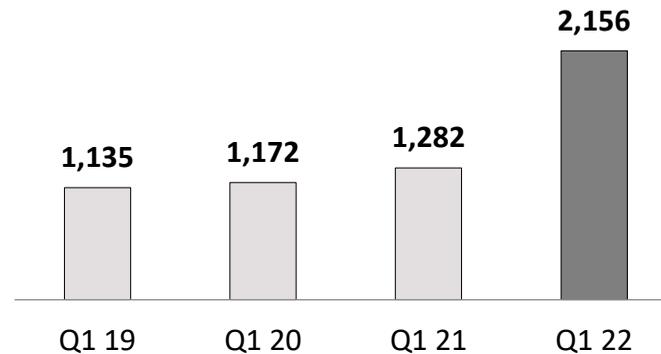


## QoQ GROWTH (000s)

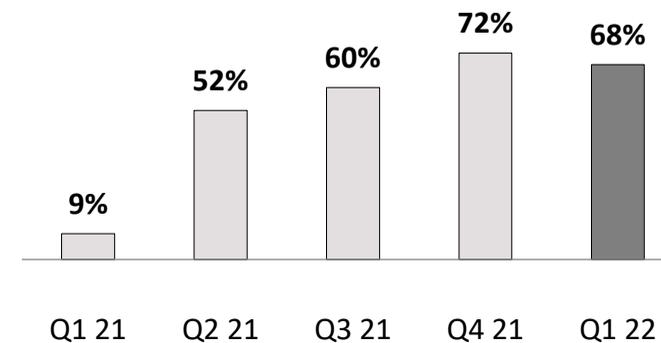
Another Record High →



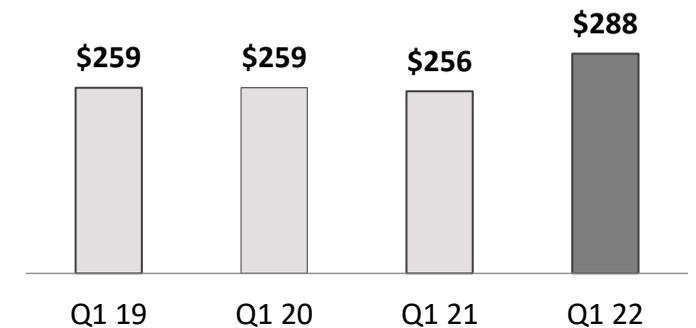
## TOTAL ORDERS PLACED<sup>(1)</sup> (000s)



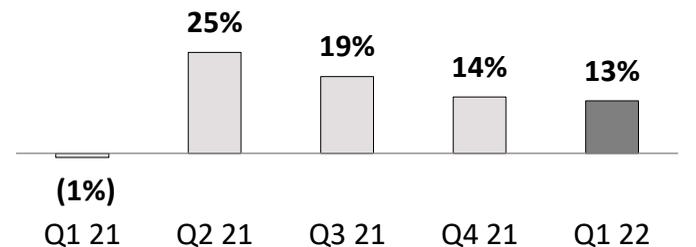
## YoY GROWTH TREND



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

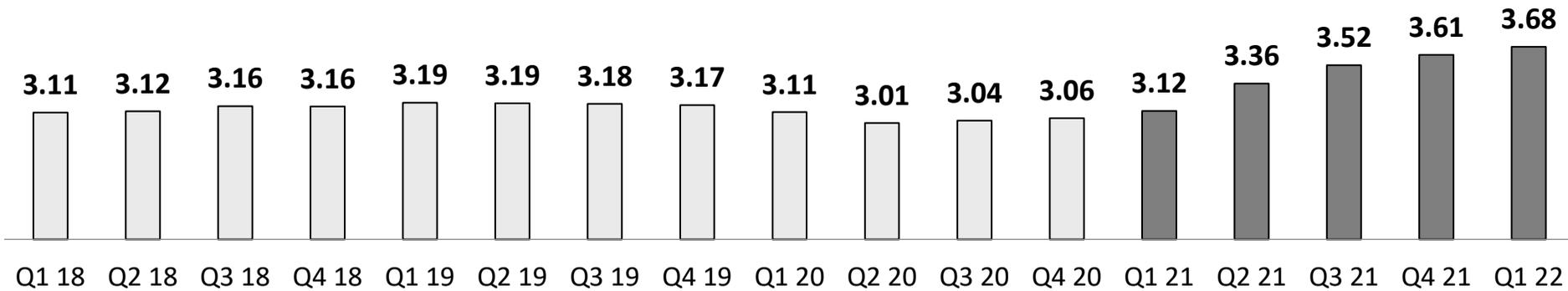


## YoY GROWTH TREND

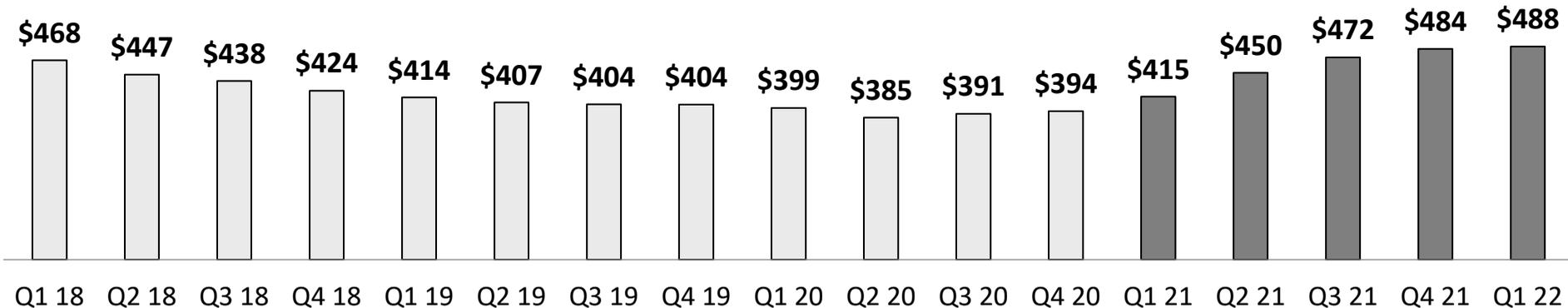


# INCREASED PRODUCTIVITY FROM ACTIVE CUSTOMERS

**AVERAGE # OF ORDERS PLACED PER ACTIVE CUSTOMER (LAST 12 MONTHS)**

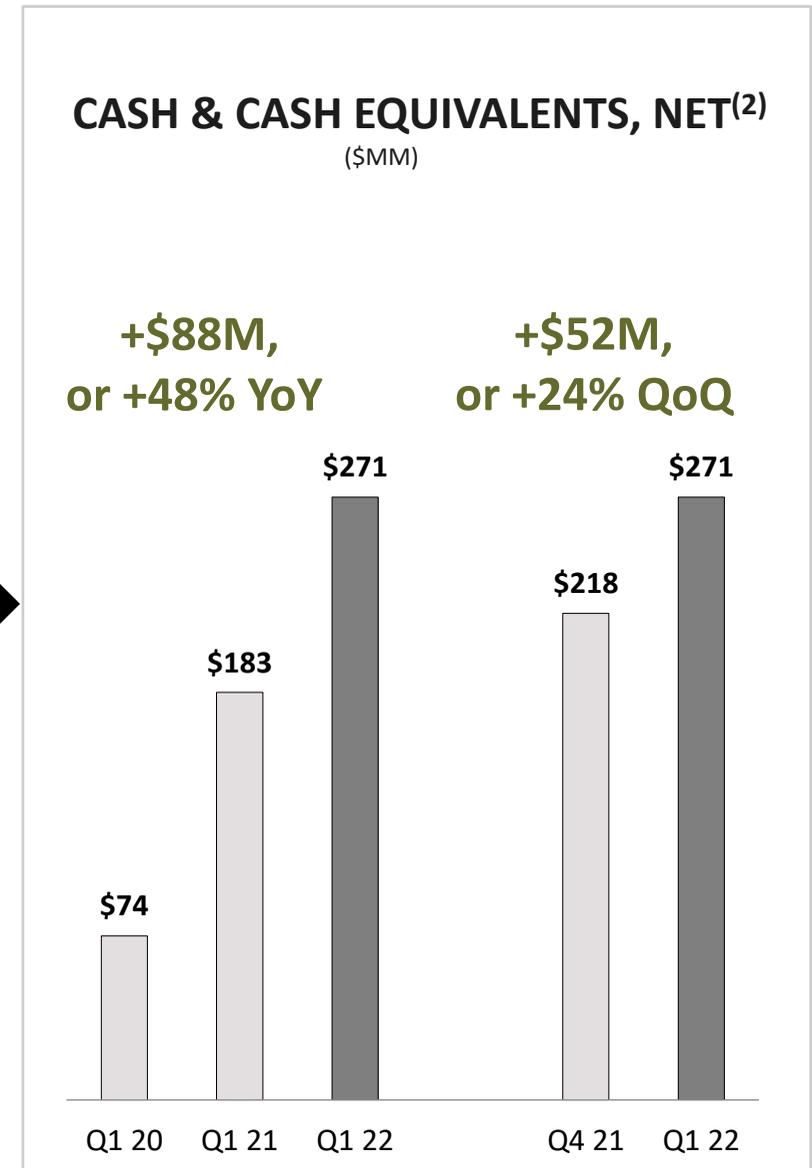
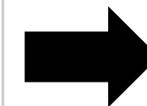
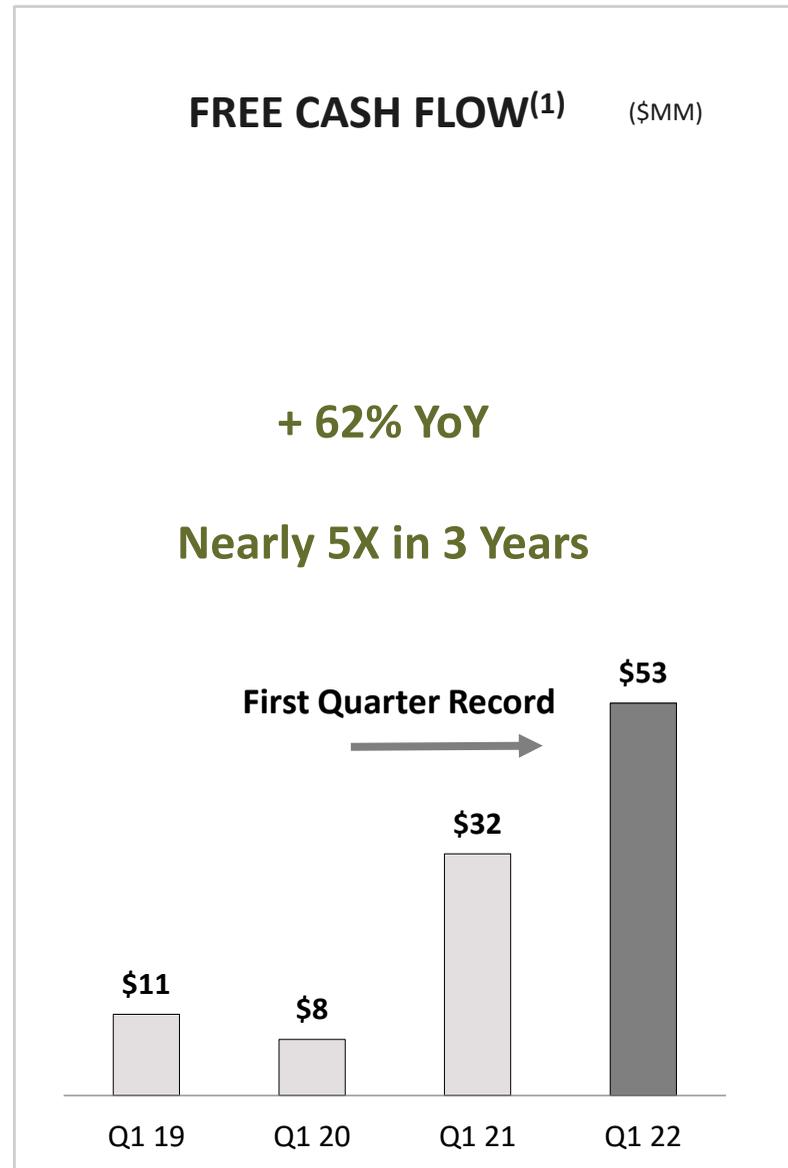
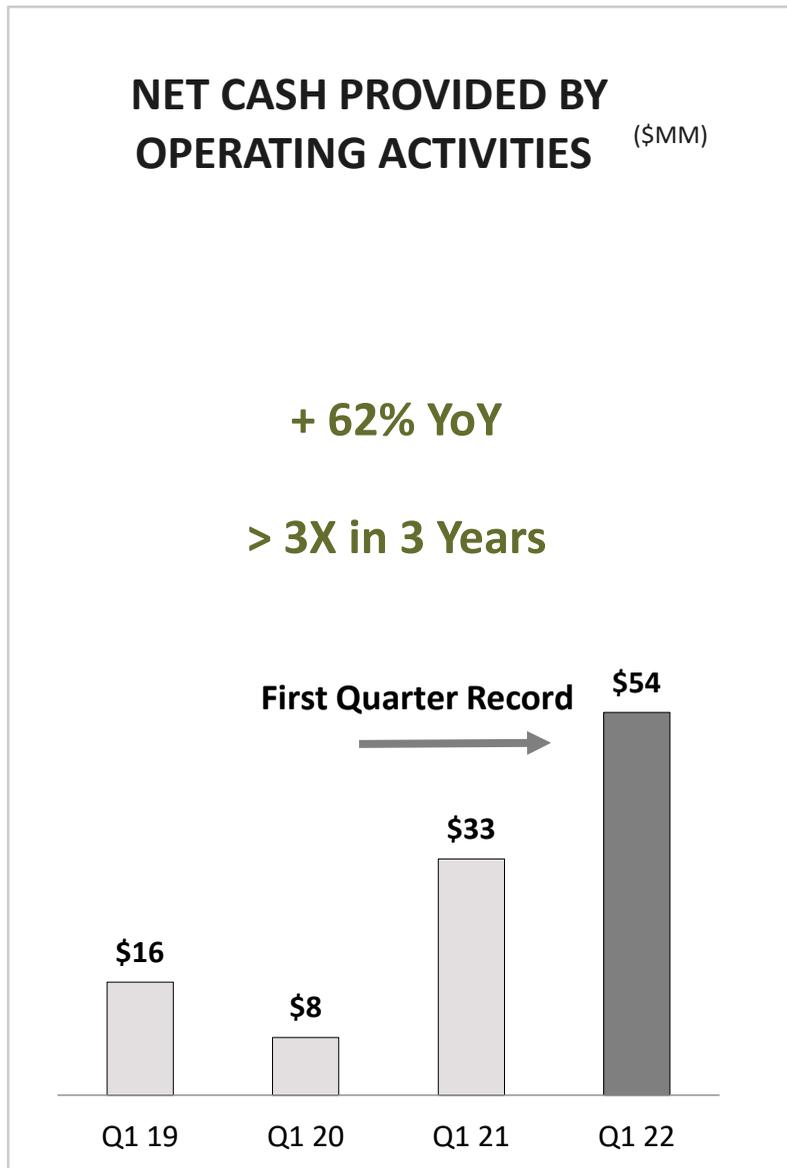


**NET SALES PER ACTIVE CUSTOMER (LAST 12 MONTHS)**



## Key Drivers

- Loyalty Program
- Increased REVOLVE / FWRD customer overlap
- Product category expansion
- Record customer cohort revenue retention in 2021
- Momentum of our brands



**Note:**

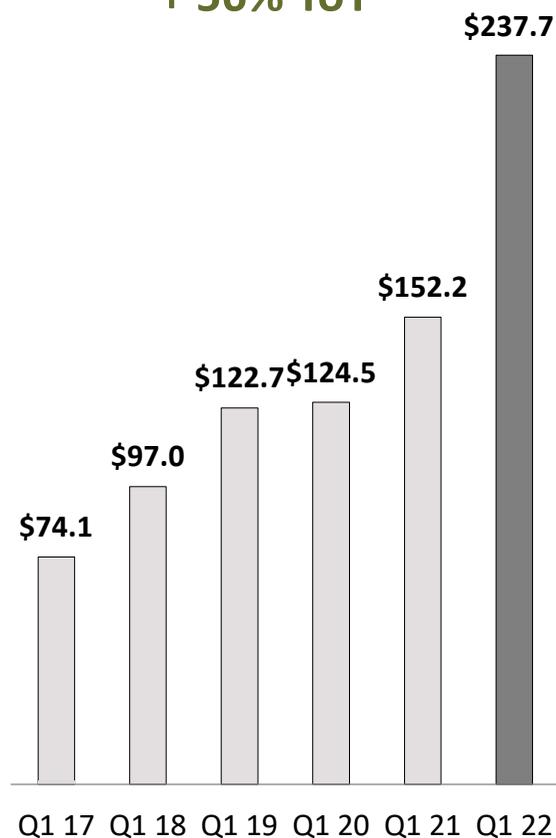
1. See the Appendix for a definition of Free Cash Flow and reconciliations to its corresponding GAAP financial measure.
2. Net of borrowings for the quarter ended March 31, 2020. There were no other borrowings in other periods presented.

## SEGMENT RESULTS

## SEGMENT NET SALES (\$MM)

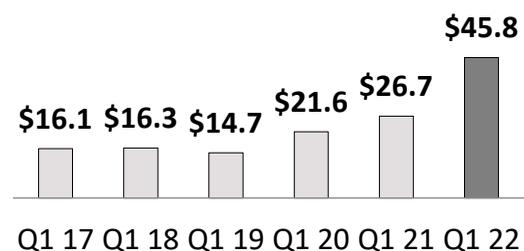
## REVOLVE

+ 56% YoY



## FWRD

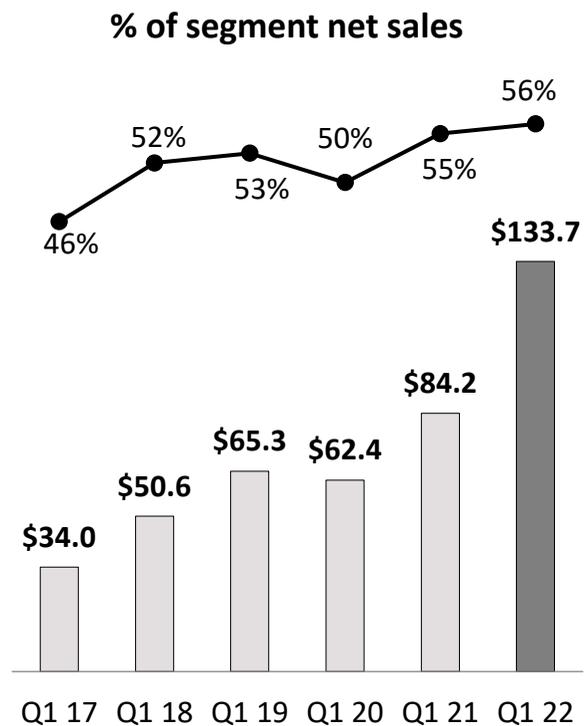
+ 71% YoY



## SEGMENT GROSS PROFIT (\$MM)

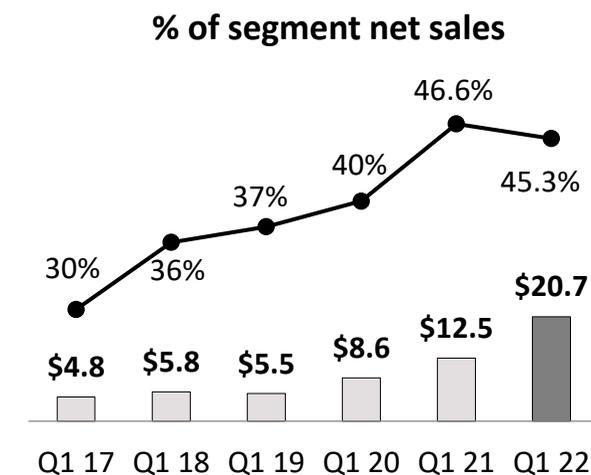
## REVOLVE

+ 59% YoY



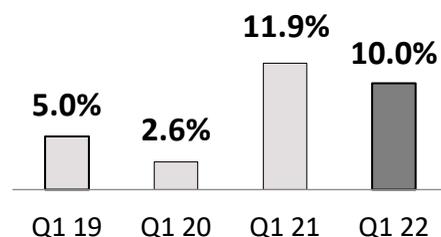
## FWRD

+ 66% YoY

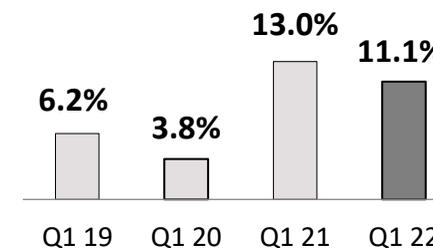


# COST AND MARGIN STRUCTURE

## GAAP OPERATING INCOME MARGIN



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

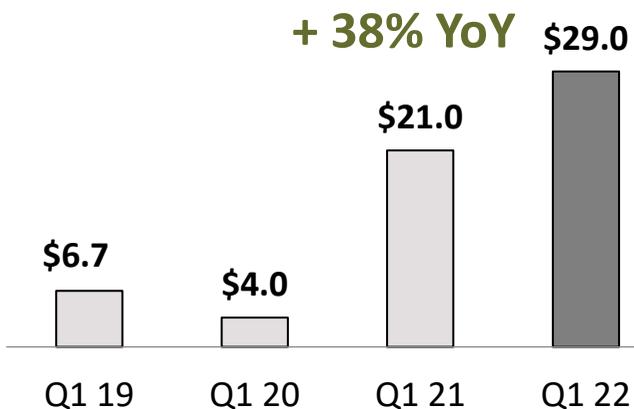


AS A % OF NET SALES	Q1 22	Q1 21	CHANGE	OBSERVATIONS
Gross Profit	54.5%	54.0%	<b>+44 BPs</b>	Strong full price selling and an increased mix of owned brands year-over-year, partially offset by slightly deeper markdowns, among other factors.
Fulfillment	(2.6%)	(2.4%)	<b>+13 BPs</b>	Efficiencies gained resulting from our higher average order values, increased volume and scale and continued automation efforts were offset by a higher return rate year-over-year and input cost pressures.
Selling and Distribution	(16.4%)	(14.0%)	<b>+247 BPs</b>	Higher return rate year-over-year as the product mix normalizes and higher shipping rates, partially driven by increased fuel surcharges.
Marketing	(16.0%)	(14.7%)	<b>+130 BPs</b>	Reflects an increase in performance marketing and brand marketing investment YoY, including for the impactful, in-person Super Bowl and REVOLVE Social Club brand building events that created excitement for the REVOLVE community during Q1 2022.
General and Administrative	(9.5%)	(11.1%)	<b>(165) BPs</b>	Driven primarily by the strong 58% year-over-year growth in net sales that more than offset the \$7.0M, or 35%, year-over-year increase in G&A expense.
GAAP Operating Income Margin <sup>(2)</sup>	10.0%	11.9%	<b>(182) 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.

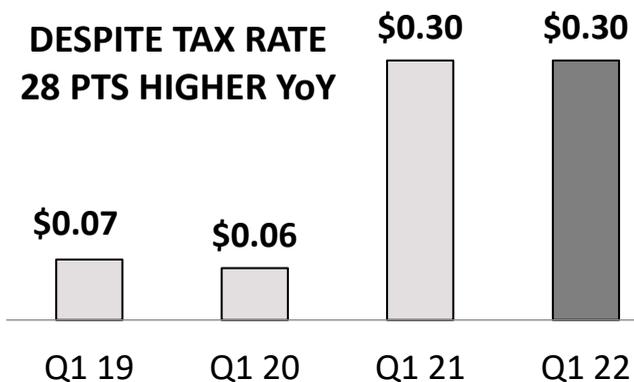
## EARNINGS PER SHARE

Q1 INCOME BEFORE  
INCOME TAXES (\$M)

## Q1 DILUTED EPS

## FLAT YoY

DESPITE TAX RATE  
28 PTS HIGHER YoY



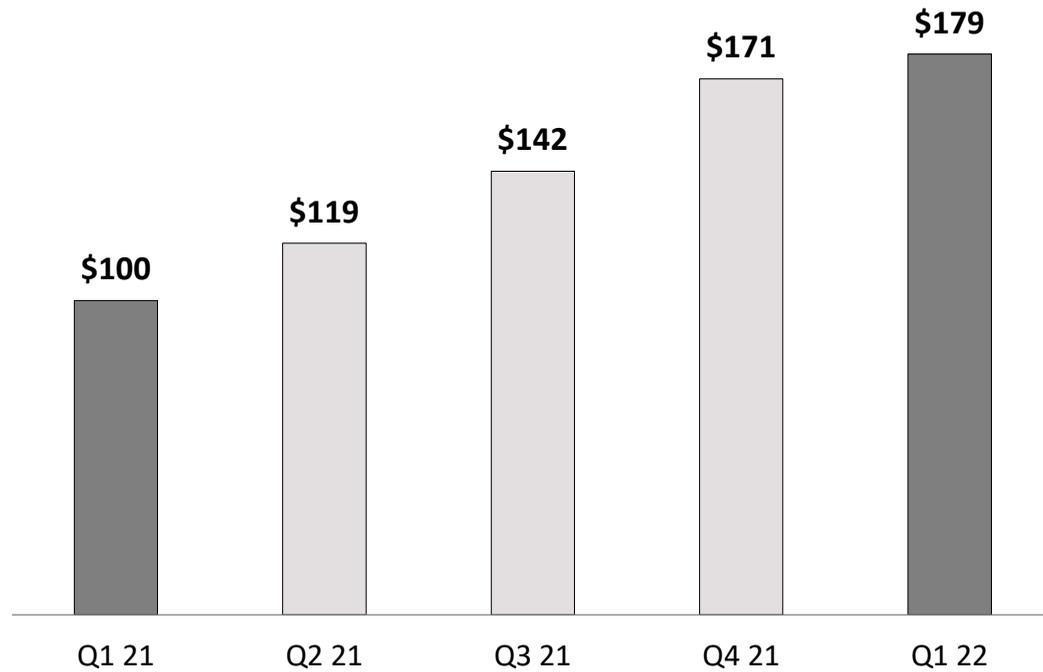
## THE EPS MATH

(000s, except per share figures and percentages)	Q1 22	Q1 21	YoY
Income before income taxes	\$28,966	\$20,982	38%
Provision (benefit) for income taxes	6,398	(1,270)	N/A
<b>Effective tax rate</b>	<b>22%</b>	<b>(6%)</b>	<b>28 PTs</b>
Net income (GAAP)	\$22,568	\$22,252	1%
Weighted average basic shares	73,264	71,782	2%
+ Effect of dilutive stock options and RSUs	1,539	2,251	(32%)
Weighted average diluted shares	74,803	74,033	1%
Diluted EPS (GAAP)	\$0.30	\$0.30	--

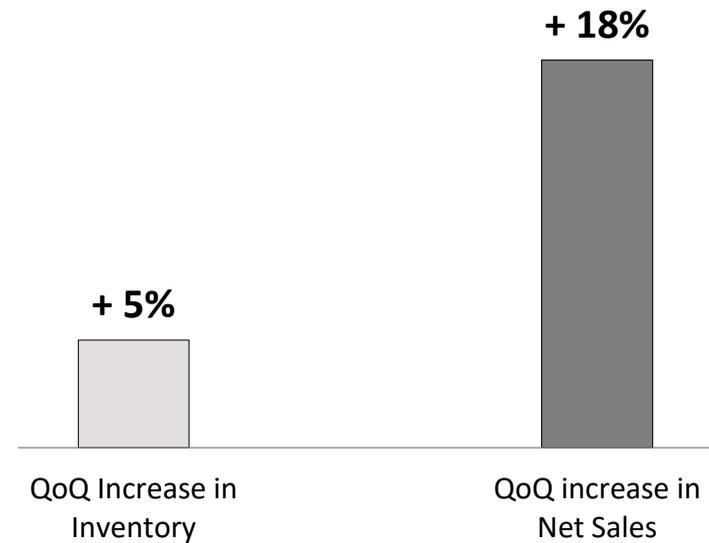
The much lower effective tax rate in Q1 2021 was primarily due to excess tax benefits realized as a result of the exercise of non-qualified stock options. Absent discrete items in future quarters, we expect an effective tax rate of approximately 25%.

## INVENTORY BALANCE INCREASED SEQUENTIALLY INTO TYPICAL Q2 PEAK PERIOD (\$MM)

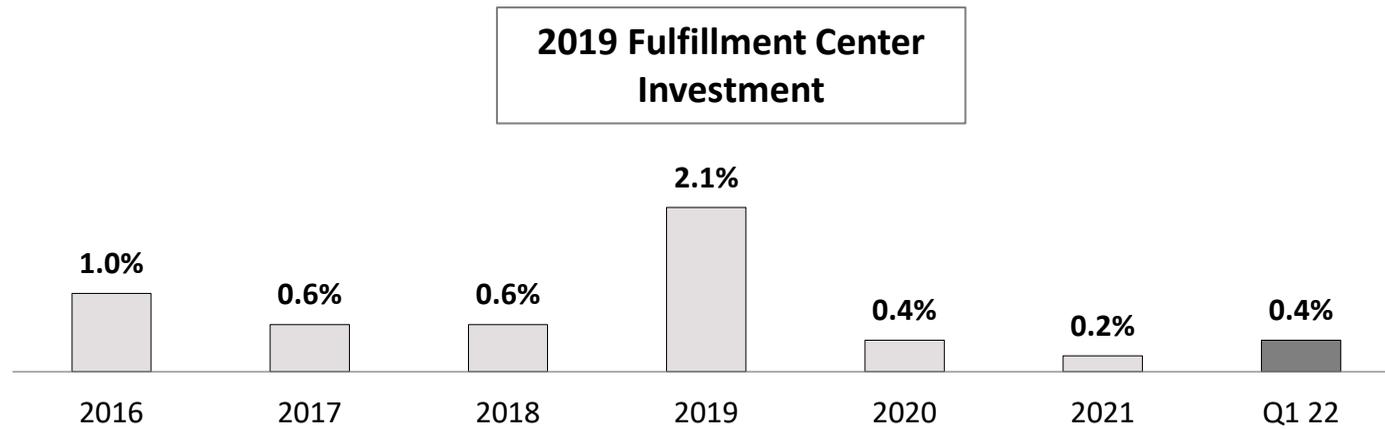
+78% YoY, +5% QoQ



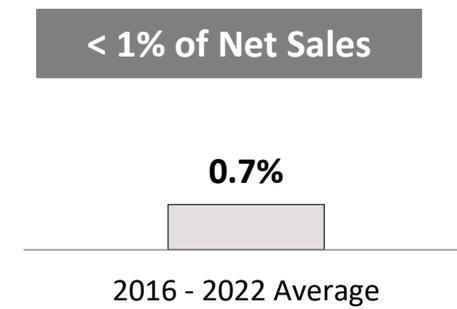
## QoQ GROWTH IN NET SALES IN Q1 2022 (vs. Q4 2021) OUTPACED QoQ GROWTH IN INVENTORY



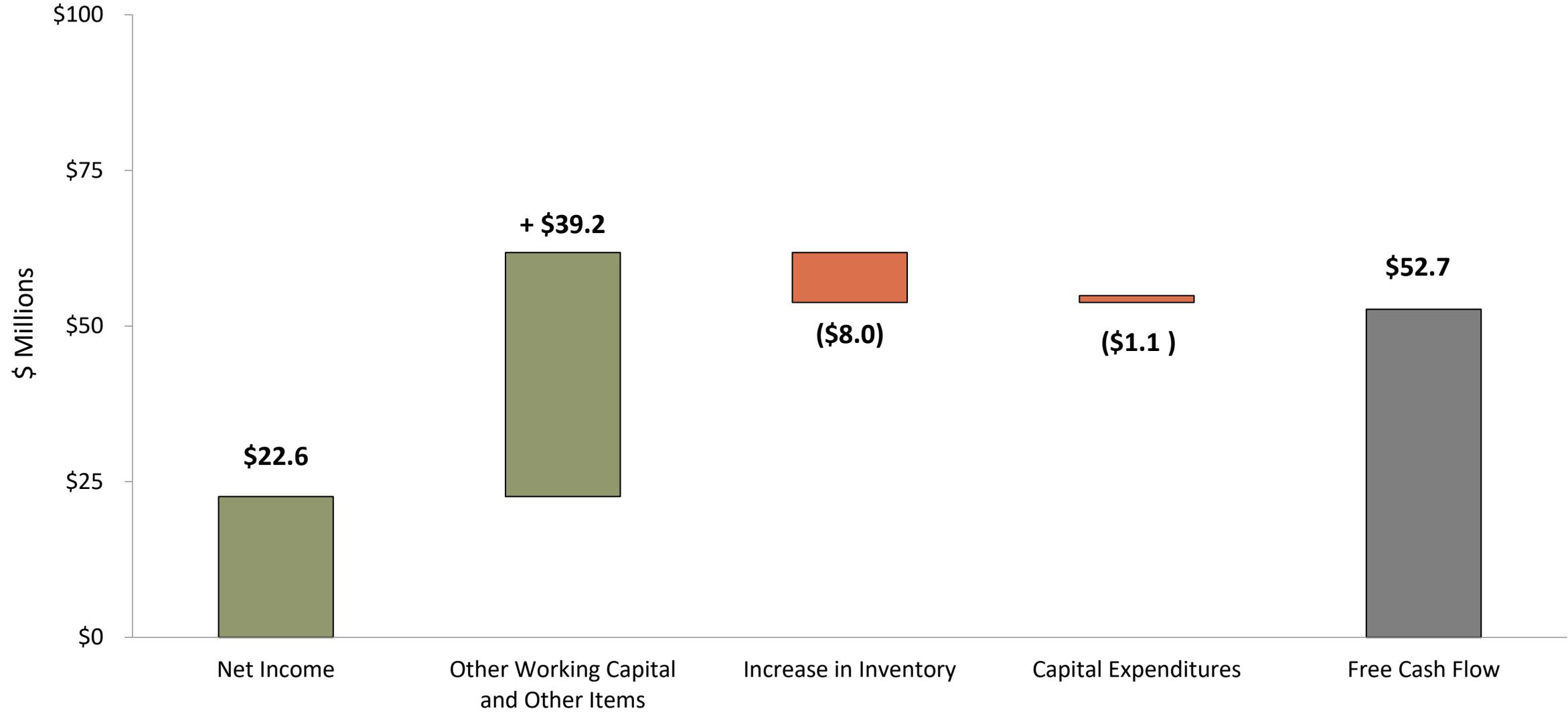
## CAPITAL EXPENDITURES (CAPEX) % OF NET SALES



## AVERAGE CAPEX % OF NET SALES SINCE 2016



# BUILD UP OF FREE CASH FLOW IN Q1 2022



# REVOLVE

**APPENDIX: DEFINITIONS AND RECONCILIATIONS**



## UPCOMING INVESTOR CONFERENCES

### B RILEY INSTITUTIONAL INVESTOR CONFERENCE

- **MAY 26, 2022**

### STIFEL CROSS SECTOR INSIGHT CONFERENCE

- **JUNE 7, 2022**

### WILLIAM BLAIR GROWTH STOCK CONFERENCE

- **JUNE 8, 2022**

## GAAP TO NON-GAAP RECONCILIATION

ADJUSTED EBITDA (\$MM) <sup>(1)</sup>	Q1 2019	Q1 2020	Q1 2021	Q1 2022
<b>NET INCOME</b>	<b>\$5.0</b>	<b>\$4.2</b>	<b>\$22.3</b>	<b>\$22.6</b>
(+) OTHER EXPENSE (INCOME), NET	0.2	(0.1)	0.2	(0.5)
(+) PROVISION FOR (BENEFIT FROM) INCOME TAXES	1.7	(0.2)	(1.3)	6.4
(+) DEPRECIATION AND AMORTIZATION	0.7	1.2	1.1	1.1
(+) EQUITY-BASED COMPENSATION	0.5	0.6	1.0	1.5
(+) NON-ROUTINE ITEMS <sup>(2)</sup>	0.4	--	--	0.5
<b>ADJUSTED EBITDA</b>	<b>\$8.5</b>	<b>\$5.6</b>	<b>\$23.3</b>	<b>\$31.5</b>
<b>NET INCOME MARGIN</b>	<b>3.6%</b>	<b>2.8%</b>	<b>12.4%</b>	<b>8.0%</b>
<b>ADJUSTED EBITDA MARGIN</b>	<b>6.2%</b>	<b>3.8%</b>	<b>13.0%</b>	<b>11.1%</b>
FREE CASH FLOW (\$MM) <sup>(1)</sup>	Q1 2019	Q1 2020	Q1 2021	Q1 2022
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$15.9</b>	<b>\$8.1</b>	<b>\$33.2</b>	<b>\$53.8</b>
PURCHASE OF PROPERTY AND EQUIPMENT	(5.0)	(0.6)	(0.7)	(1.1)
<b>FREE CASH FLOW</b>	<b>\$10.9</b>	<b>\$7.5</b>	<b>\$32.5</b>	<b>\$52.7</b>

## Notes:

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

2. Non-routine items for Q1 2022 and Q1 2019 consist of an accrual for an amount equal to a self-insured retention under our insurance policy and legal settlements, respectively.

# 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 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. 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 customer orders placed by our customers across our platform in any 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.