



REVOLVE

Q1 2020 RESULTS

May 13, 2020

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” in our Quarterly Report on Form 10-Q filed with the U.S. Securities and Exchange Commission and our other filings with the SEC.

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 17 titled “GAAP to Non-GAAP Reconciliation.”

STATEMENT ON ONE-TIME DISCLOSURES DUE TO COVID-19



COVID-19 Impact Began in March: The COVID-19 outbreak has severely affected consumer spending across many sectors of the global economy and had a significant negative impact on REVOLVE’s results for the first quarter ended March 31, 2020 and for the period since quarter end.

COVID-19 Skewed YoY Comparisons in Q1: Given the significant change in trend that occurred during the second week of March 2020, we believe traditional year-over-year comparisons for the 2020 first quarter are of limited value to investors as these trends are not indicative of how the company started or finished the first quarter. The year-over-year comparisons are also not indicative of current business performance.

Supplemental Trend Disclosures to Illustrate Impact: As a result, in our effort to promote understanding of recent business performance for the investment community during this uncertain time, we have made certain one-time disclosures to supplement the traditional presentation of our quarterly financial results, including select monthly trends through April 2020.

SUMMARY: GOOD START TO Q1 2020, OFFSET BY COVID-19 IMPACT IN MARCH

Monthly trends for March reflects partial impact and April reflects full impact of the COVID-19 Pandemic, including “shelter in place” mandates and shifting consumer demand

	Q1 2020 Ended March 31, 2020			(1st month only) Q2 2020
	Two Months Ended February 29, 2020	Month Ended March 31, 2020	First Quarter Ended March 31, 2020	Month Ended April 30, 2020
COVID-19 Impact Stage	Pre-COVID 19 Impact	Partial Impact		Full Impact
Net sales growth (decline) YoY	21%	(19%)	6%	~(40%)
Average order value	\$266	\$240	\$259	\$204
Site traffic (mobile + desktop)	Strong growth YoY (higher than all 2019 Qs)	+ Low single digit % YoY (down YoY late Mar)		+ Low single digit % YoY (much higher in late April)
Notable growth category	Dresses	Loungewear		Beauty

OPERATIONAL

Protecting Employees

- Ensuring the safety of employees is our top priority
 - Corporate staff successfully transitioned to work from home
 - Distribution center staff protected by daily temperature checks, gloves and masks, social distancing procedures and frequent deep cleaning

While Focusing on Our Customers

- Service, fulfillment and shipping speed for customers has remained strong and consistent
- Successful shift in brand marketing initiatives to engage and provide inspiration for our customers and followers sheltering at home

FINANCIAL

Managing Cost Structure

- Managing every aspect of cost structure to “variabilize” costs as much as possible
- Reduced salaries for senior management (co-CEOs to \$1 each, COO and CFO reduced by 50%)
- Reduced corporate staff costs through furloughs and, to a much lesser extent, layoffs
- Reduced salary or wages for other employees
- Reduced variable fulfillment and customer service costs through reduction in hours

Protecting Balance Sheet

- Reducing planned inventory receipts
- Extending payment terms
- Reducing capital expenditures by delaying or canceling projects
- Drew down \$30 million from line of credit

INCOME STATEMENT HIGHLIGHTS

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

NET SALES (\$MM)

+6% YoY

\$137.3
\$146.1

Q1 2019 Q1 2020

GROSS MARGIN

(290 BPs) YoY

51.5%
48.6%

Q1 2019 Q1 2020

NET INCOME (\$MM)

(16%) YoY

\$5.0
\$4.2

Q1 2019 Q1 2020

ADJUSTED EBITDA⁽¹⁾ (\$MM)

% ADJ. EBITDA MARGIN

(34%) YoY

\$8.5
6.2%
\$5.6
3.8%

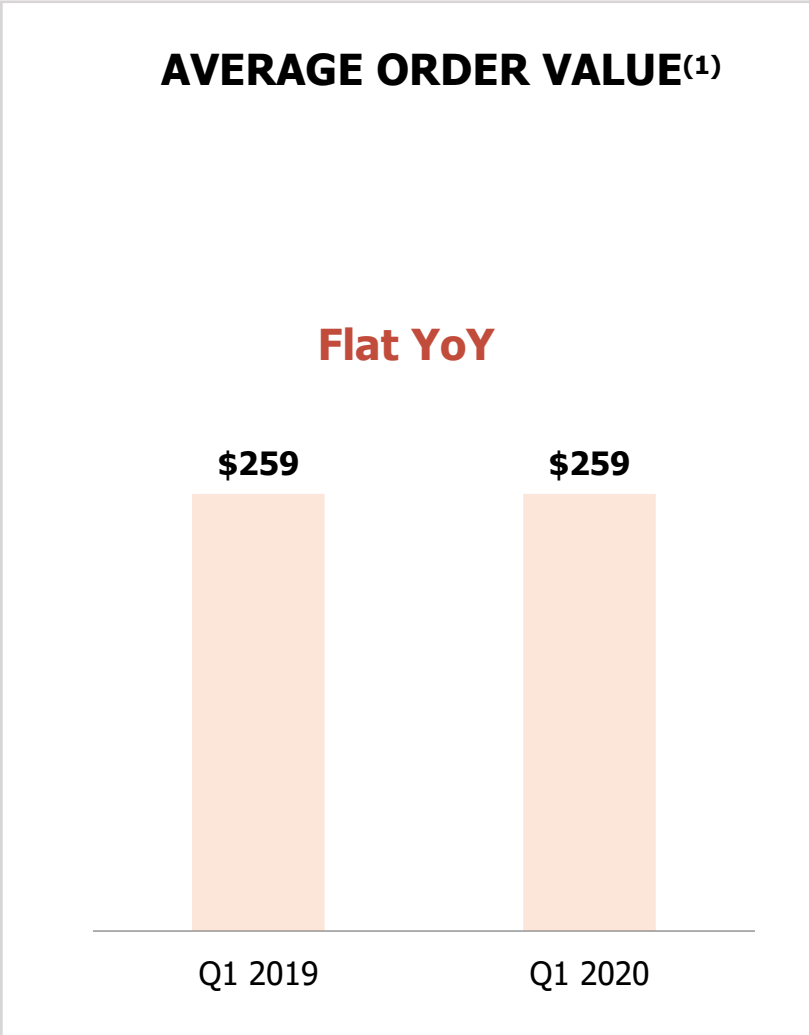
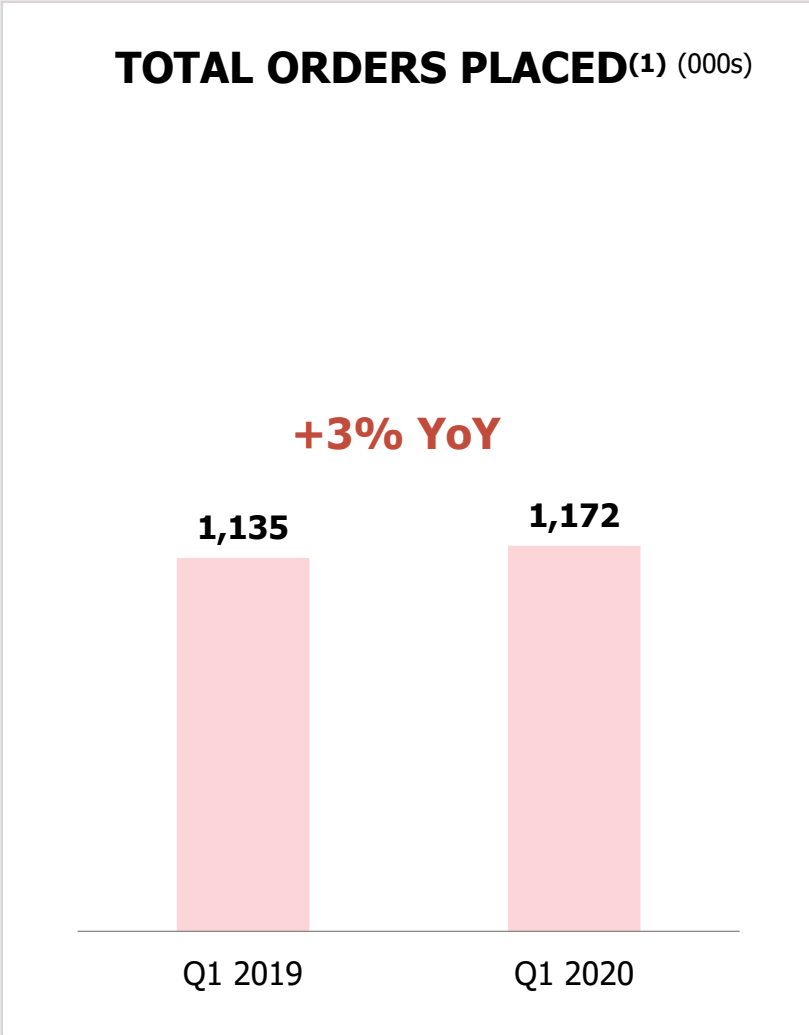
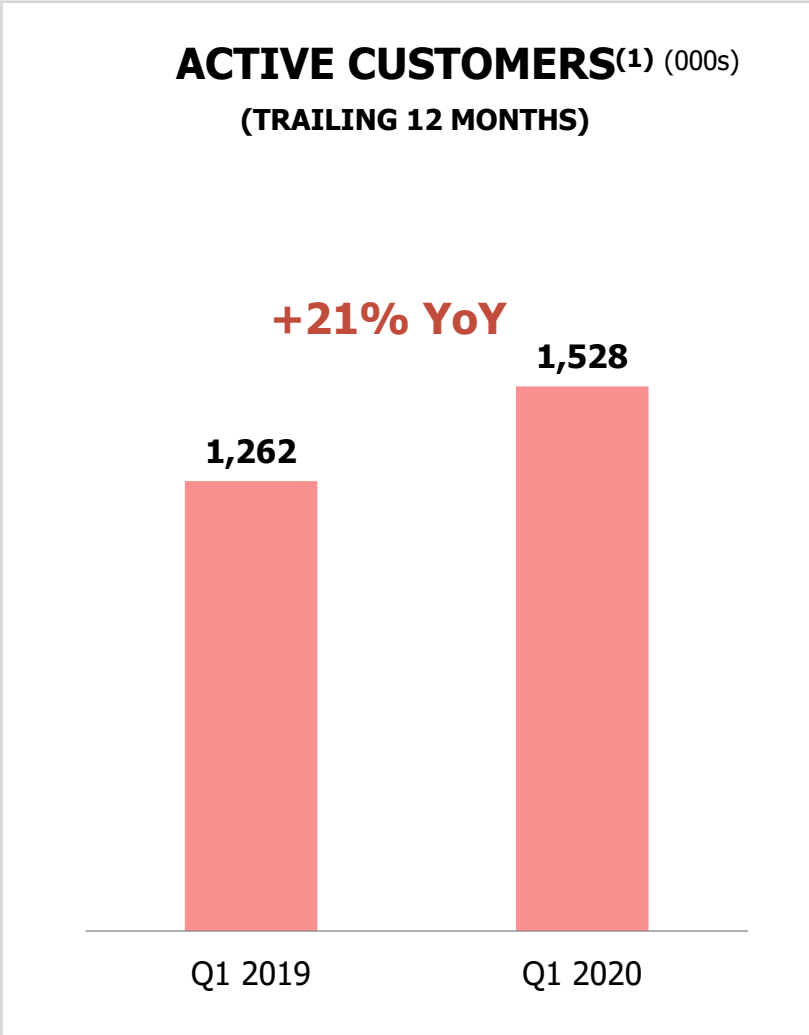
Q1 2019 Q1 2020

Notes:

1. See slide 16 for a definition of Adjusted EBITDA and slide 17 for a reconciliation to Net Income, its corresponding GAAP financial measure.

OPERATING METRICS HIGHLIGHTS

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

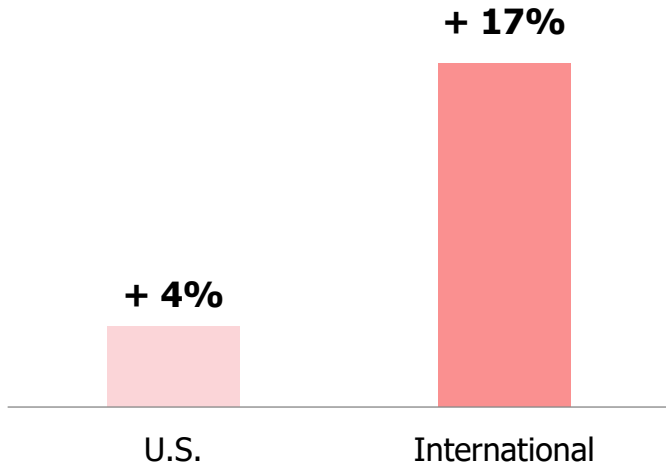


Note:
1. See slide 16 for a definition of Active Customers, Total Orders Placed and Average Order Value (AOV).

NET SALES BY GEOGRAPHY

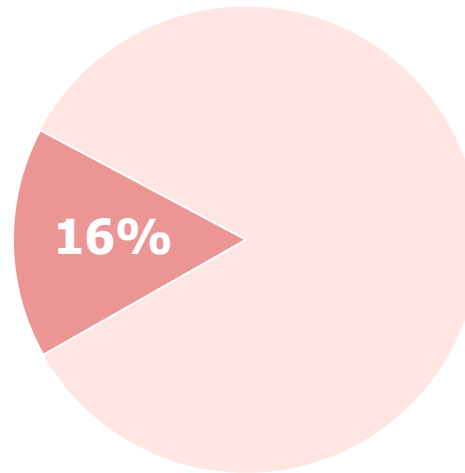
(YoY comparisons skewed by COVID-19 impact in March)

U.S. / INTERNATIONAL YoY NET SALES GROWTH Q1 2020

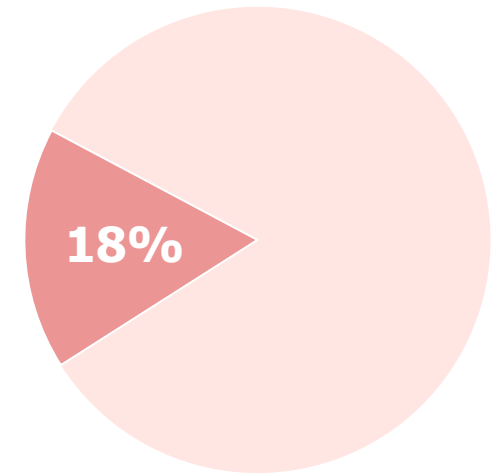


INTERNATIONAL MIX OF TOTAL NET SALES

Q1 2019



Q1 2020

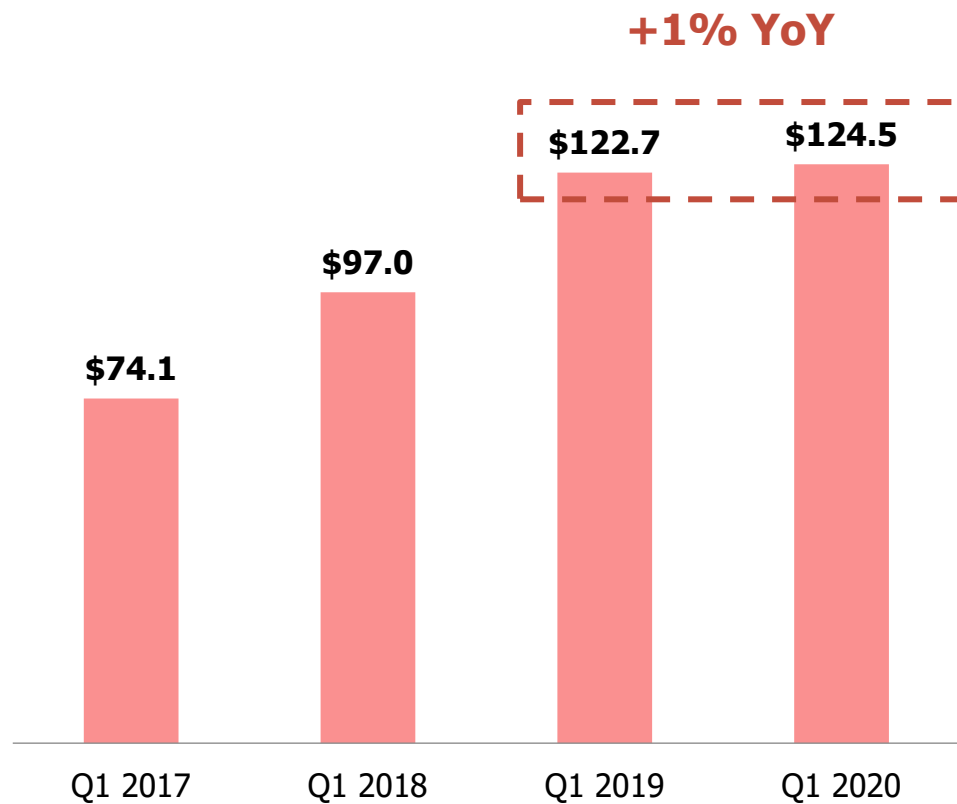


-  INTERNATIONAL NET SALES
-  U.S. NET SALES

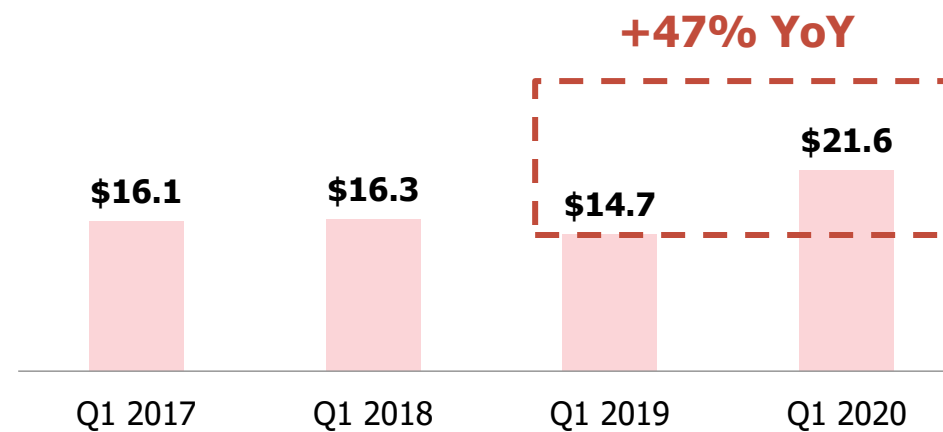
SEGMENT NET SALES

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

REVOLVE SEGMENT NET SALES (\$MM)



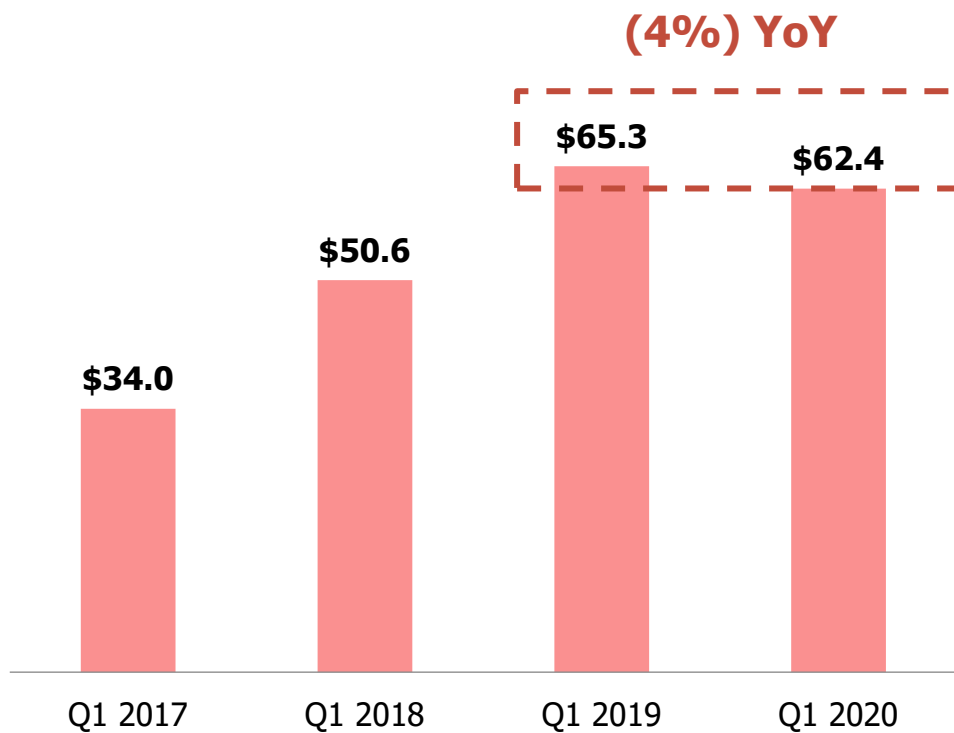
FORWARD SEGMENT NET SALES (\$MM)



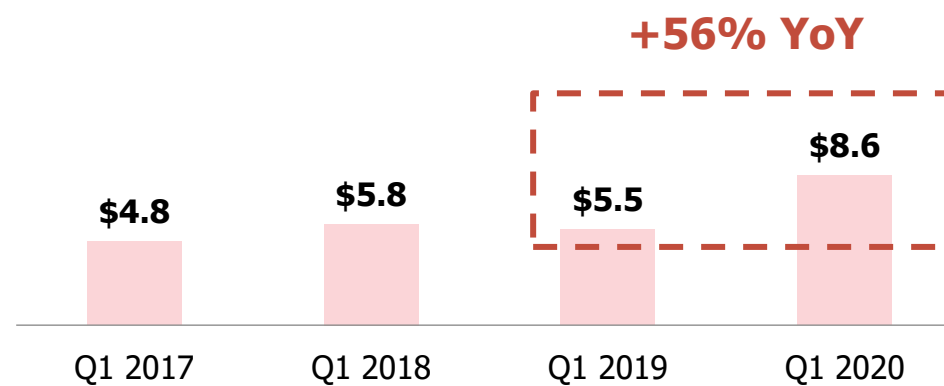
SEGMENT GROSS PROFIT

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

REVOLVE SEGMENT GROSS PROFIT (\$MM)

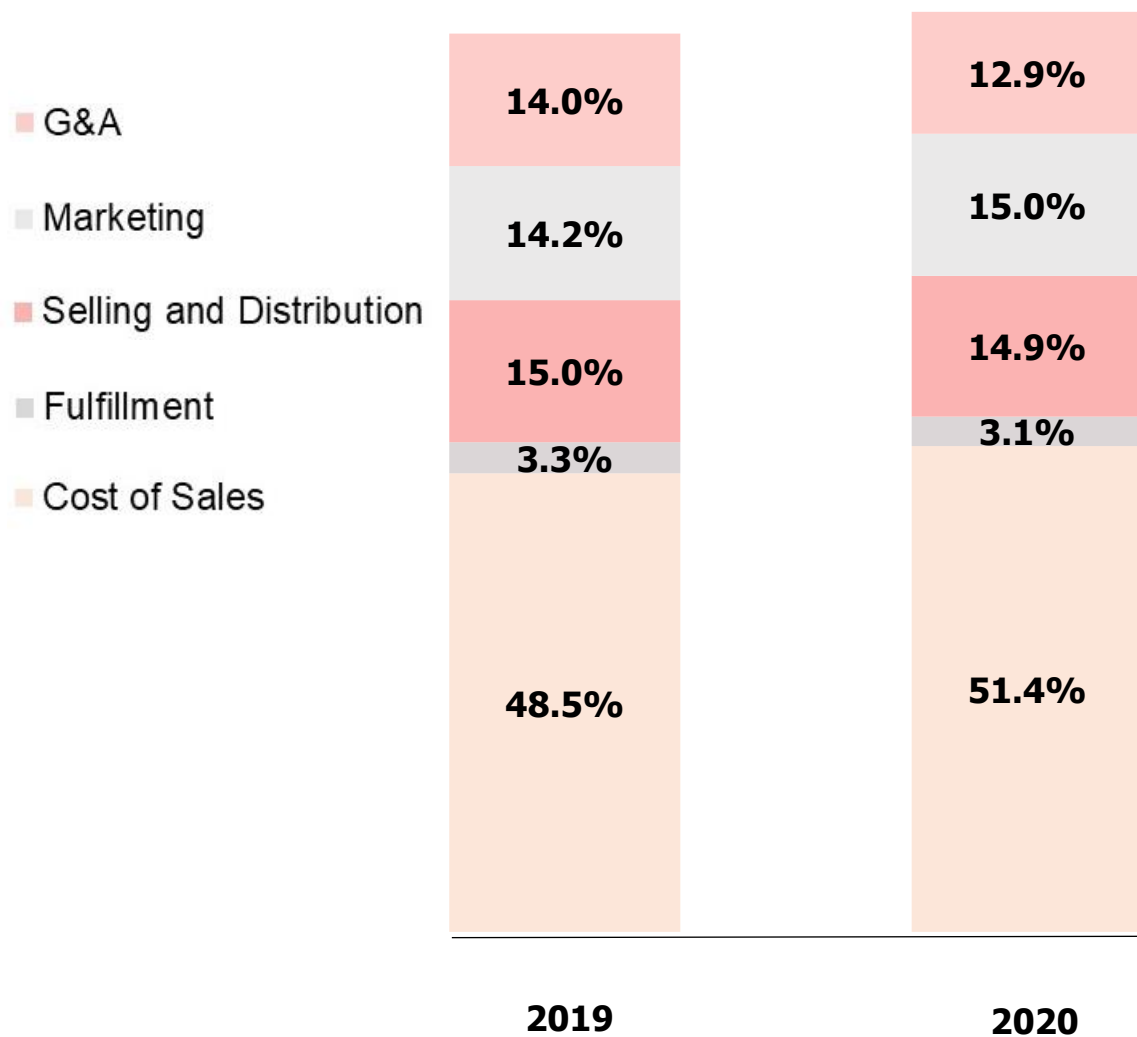


FORWARD SEGMENT GROSS PROFIT (\$MM)



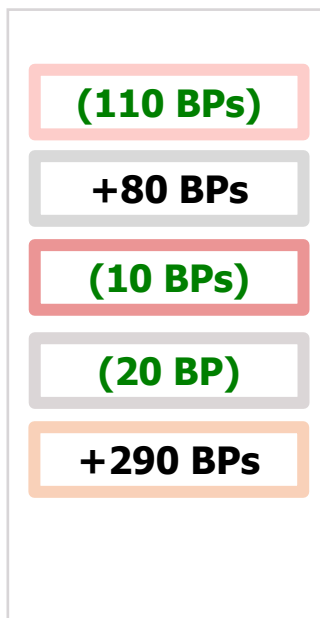
GAAP COST STRUCTURE

Q1 COSTS AS A % OF NET SALES



YoY CHANGE

(ROUNDED)



OBSERVATIONS:

Marketing: Marketing deleverage primarily reflects increased investment costs in the quarter as well as reduced efficiency from the negative COVID-19 impact on net sales late in the quarter and Brand Marketing event cancellations in response to COVID-19 restrictions on social distancing.

Fulfillment: Fulfillment efficiency YoY reflects warehouse moving costs in Q1 2019, less duplicate warehouse rent in Q1 2020 and automation that was successfully implemented during 2019 -- partially offset by the negative COVID-19 impact on sales and reduced efficiency due to COVID-19.

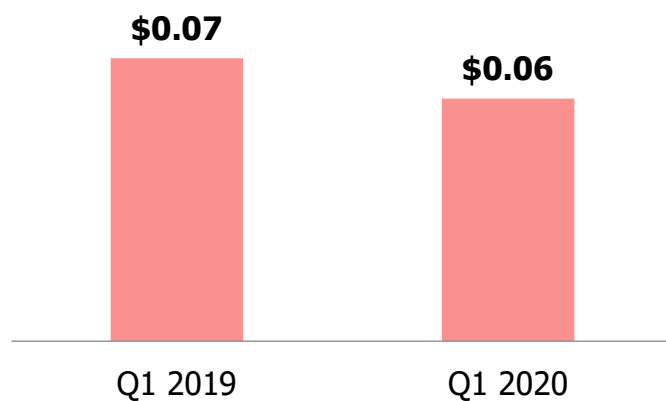
Cost of Sales: Cost of sales deleverage in Q1 2020 consistent with commentary on the REVOLVE Q4 2019 results investor call predicting a lower mix of Owned Brands, higher discounts resulting from REVOLVE's inventory dynamics, as well as the unexpected impact of COVID-19 in March on consumer demand and the industry promotional environment.

EARNINGS PER SHARE

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

EARNINGS PER SHARE

(14%) YoY



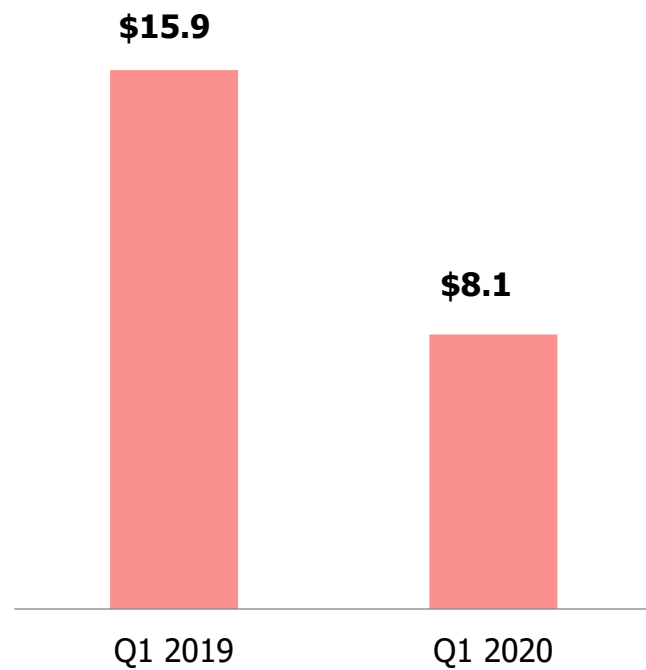
THE EPS MATH

(000s, except per share figures)	Q1 2020	Q1 2019
Net income	\$4,156	\$4,962
Net income attributable to participating security	----	(1,785)
Net income attributable to common stockholders	\$4,156	\$3,177
Diluted shares	71,903	44,821
GAAP Diluted EPS	\$0.06	\$0.07

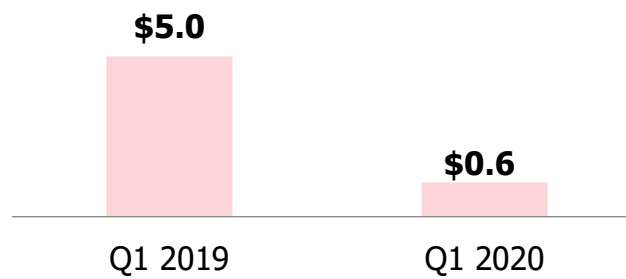
CASH FLOW HIGHLIGHTS

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

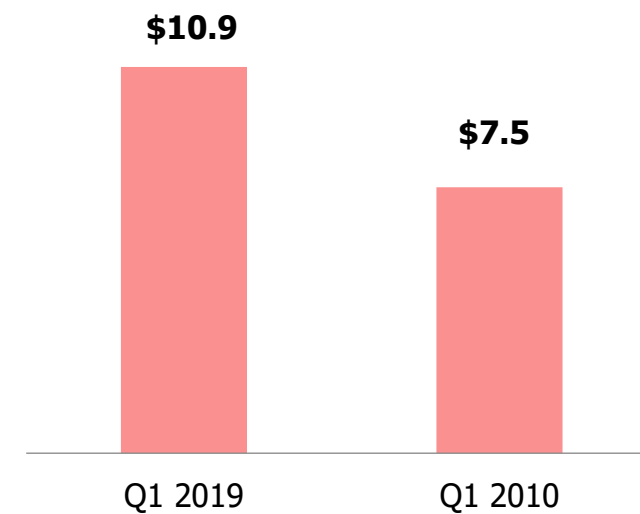
NET CASH PROVIDED BY OPERATING ACTIVITIES (\$MM)



CAPITAL EXPENDITURES (\$MM)



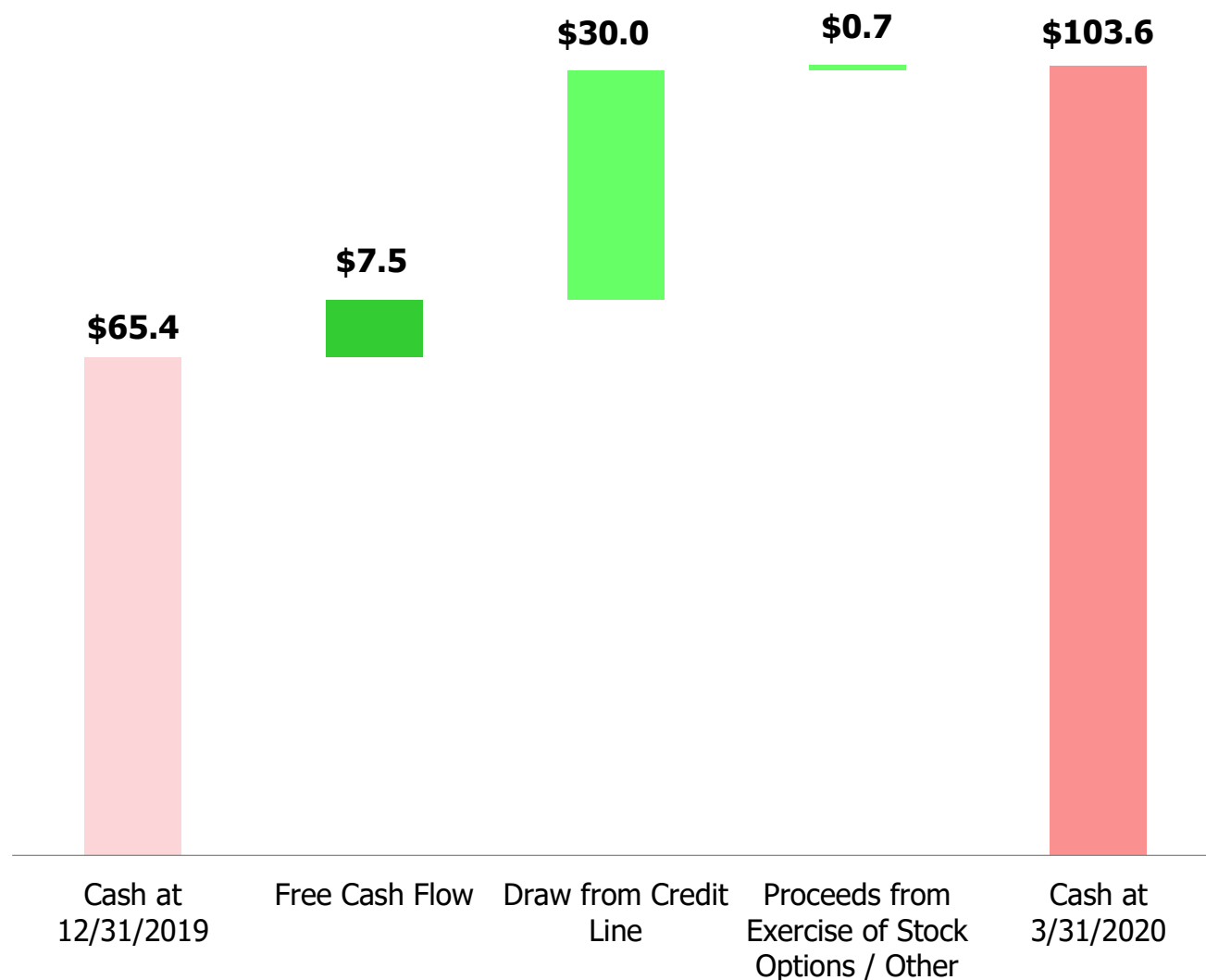
FREE CASH FLOW ⁽¹⁾ (\$MM)



Notes:

1. See Slide 16 for a definition of Free Cash Flow and Slide 17 for a reconciliation to Net Cash Provided by Operating Activities, its corresponding GAAP financial measure.

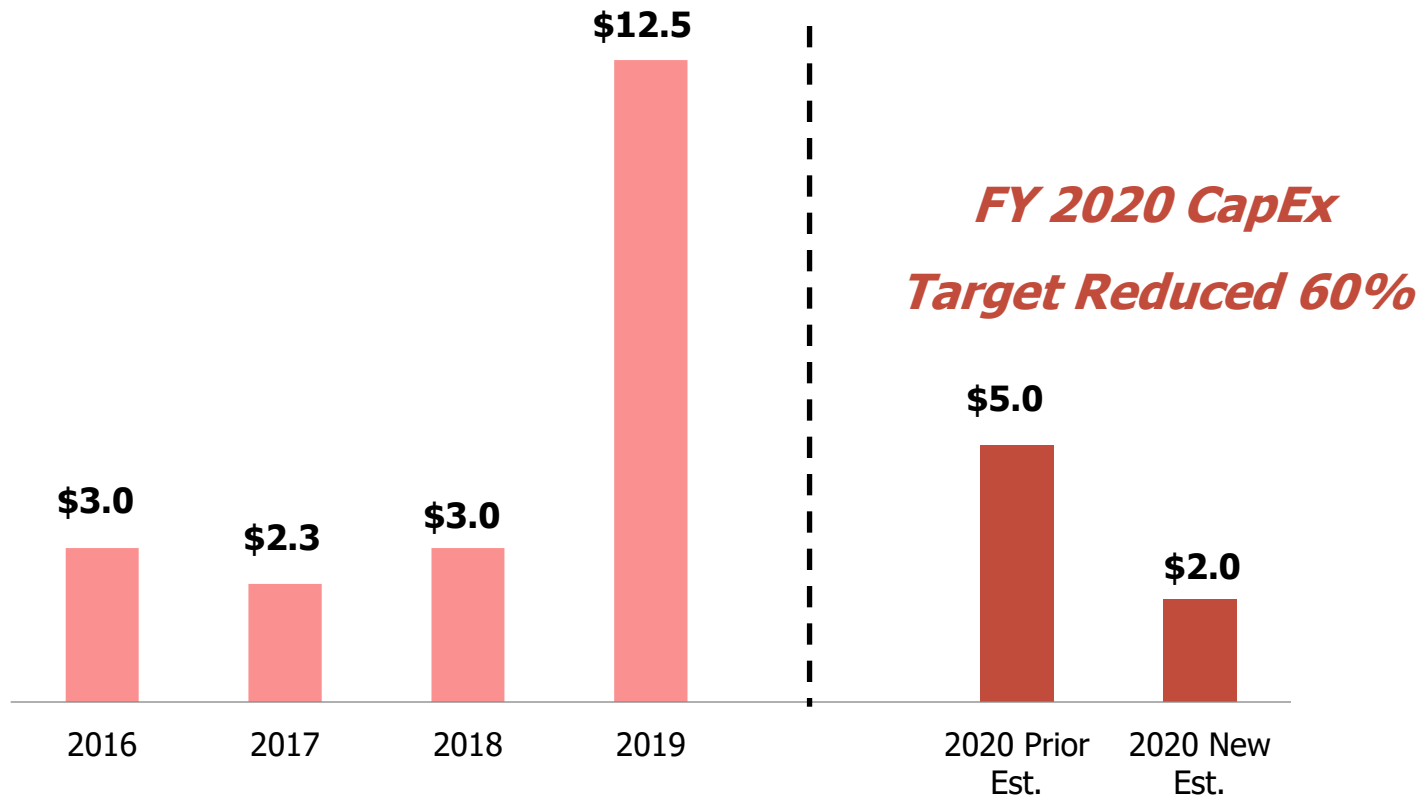
CASH AND EQUIVALENTS BRIDGE (\$M)



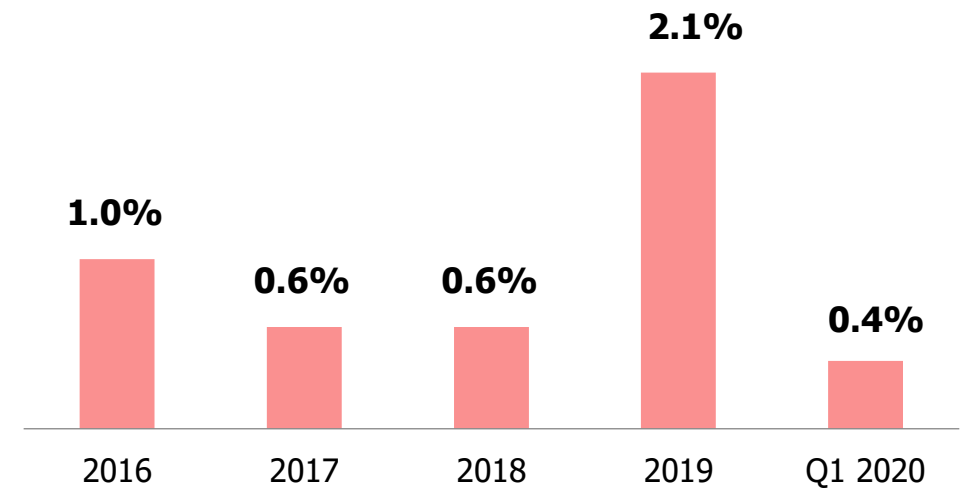
Credit Line Summary as of 3/31/2020	
Total line	\$75 Million ⁽¹⁾
Drawn	\$30 Million
Interest rate	1.5% + 6 month LIBOR

1) Access to the full \$75 million credit line is subject to certain periodic balance sheet tests and requirements.

ANNUAL CAPITAL EXPENDITURES (\$M)



CAPEX % OF NET SALES



METRICS DEFINITIONS

Non-GAAP Financial Measures

Adjusted EBITDA is a non-GAAP financial measure that we calculate as net income before other expense, net, taxes, depreciation and amortization, adjusted to exclude the effects of equity-based compensation expense, and certain non-routine expenses.

Free Cash Flow is a non-GAAP financial measure that we calculate as net cash provided by (used in) operating activities less net cash used in capital expenditures. 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

ADJ. EBITDA (\$MM)	Q1 2020	Q1 2019
NET INCOME	\$4.2	\$5.0
(+) OTHER (INCOME) EXPENSE, NET	(0.1)	0.2
(+) (BENEFIT FROM) PROVISION FOR INCOME TAXES	(0.2)	1.7
(+) DEPRECIATION AND AMORTIZATION	1.2	0.7
(+) EQUITY-BASED COMPENSATION	0.6	0.5
(+) NON-ROUTINE EXPENSES	---	0.4
ADJUSTED EBITDA	\$5.6	\$8.5

FREE CASH FLOW (\$MM)	Q1 2020	Q1 2019
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$8.1	\$15.9
(-) PURCHASES OF PROPERTY AND EQUIPMENT	(0.6)	(5.0)
FREE CASH FLOW	\$7.5	\$10.9