



REVOLVE

Q2 2020 RESULTS

August 12, 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” and elsewhere in our filings with the Securities and Exchange Commission, including without limitation, our Annual Report on Form 10K for the year ended December 31, 2019 and subsequent filings.

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, free cash flow and adjusted diluted earnings per share. 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 11 for adjusted diluted earnings per share and slide 17 titled “GAAP to Non-GAAP Reconciliation” for Adjusted EBITDA and free cash flow.

SUMMARY: SOLID QUARTER ON KEY PRIORITIES IN CURRENT ENVIRONMENT

(YoY comparisons skewed by COVID-19 impact in Q2 2020)

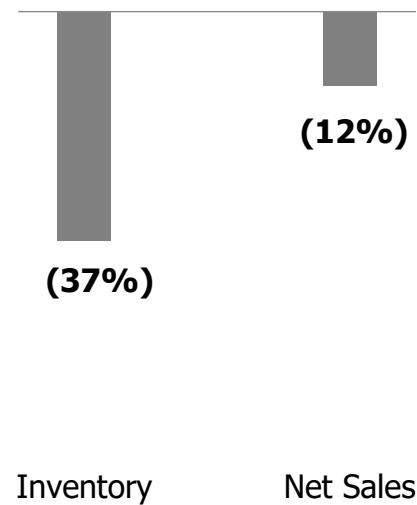
IMPROVED TOP-LINE TREND

YoY Growth (Decline)
in Net Sales



INVENTORY TURNS HIGHER

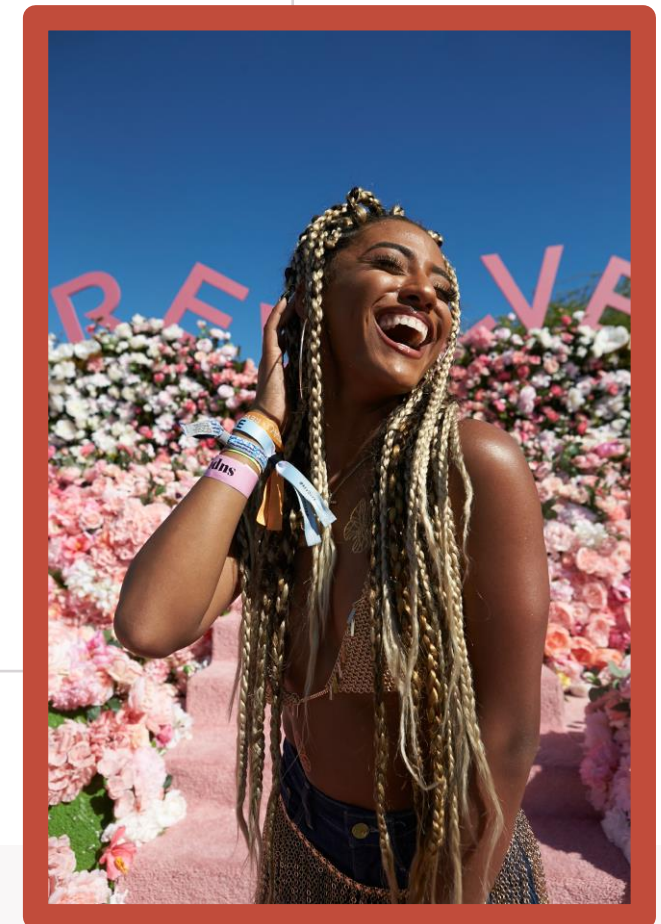
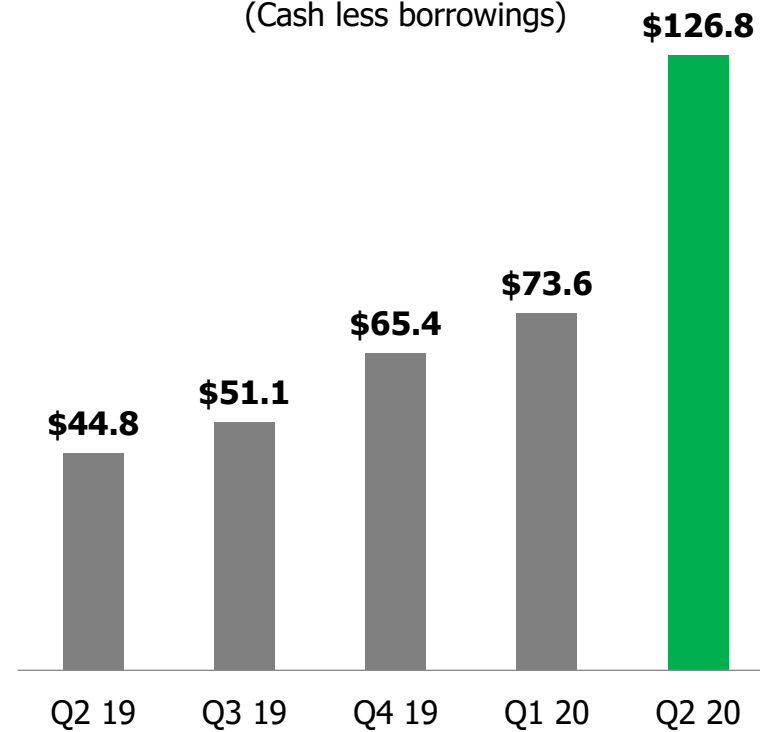
YoY Growth (Decline)
for Q2 2020



FREE CASH FLOW FURTHER STRENGTHENED BALANCE SHEET

Net Cash Position (\$MM)

(Cash less borrowings)

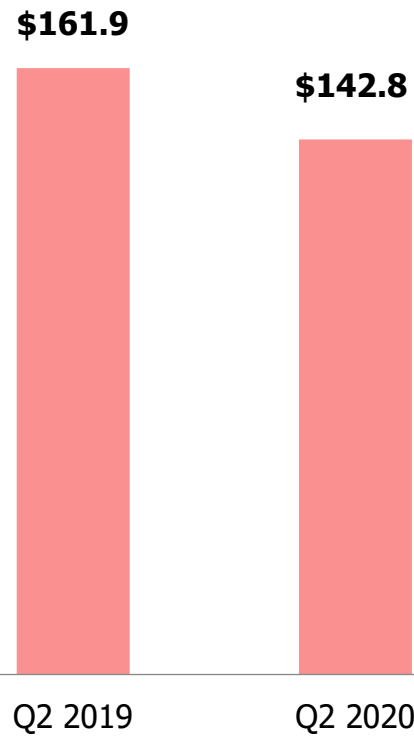


INCOME STATEMENT HIGHLIGHTS

(YoY comparisons skewed by COVID-19 impact in Q2 2020)

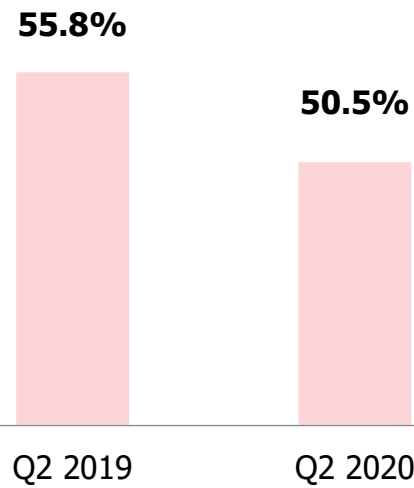
NET SALES (\$MM)

(12%) YoY



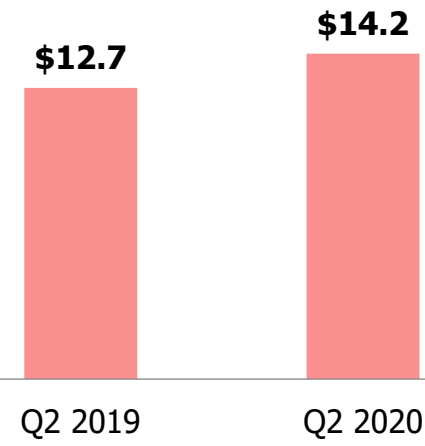
GROSS MARGIN

(530 BPs) YoY



NET INCOME (\$MM)

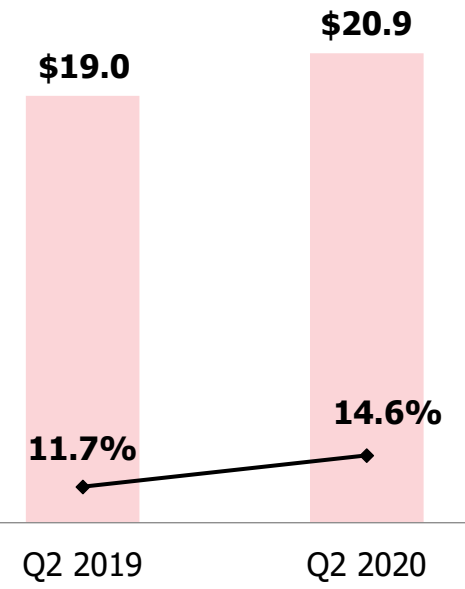
+12% YoY



ADJUSTED EBITDA⁽¹⁾ (\$MM)

% ADJ. EBITDA MARGIN

+10% YoY

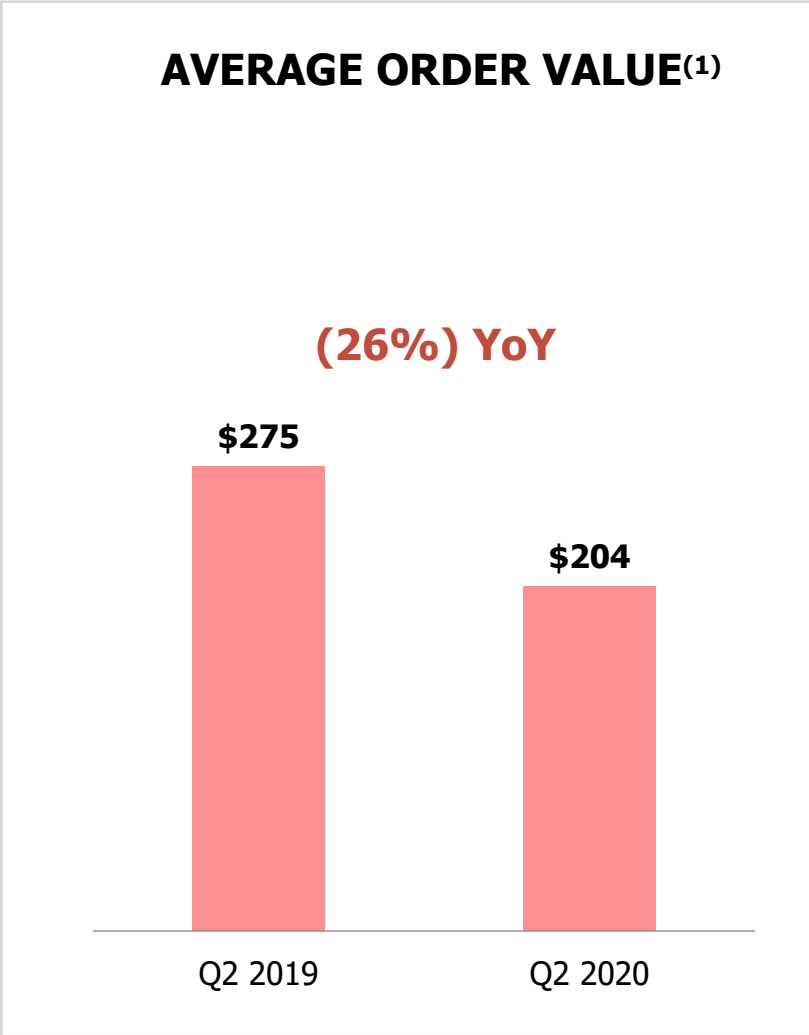
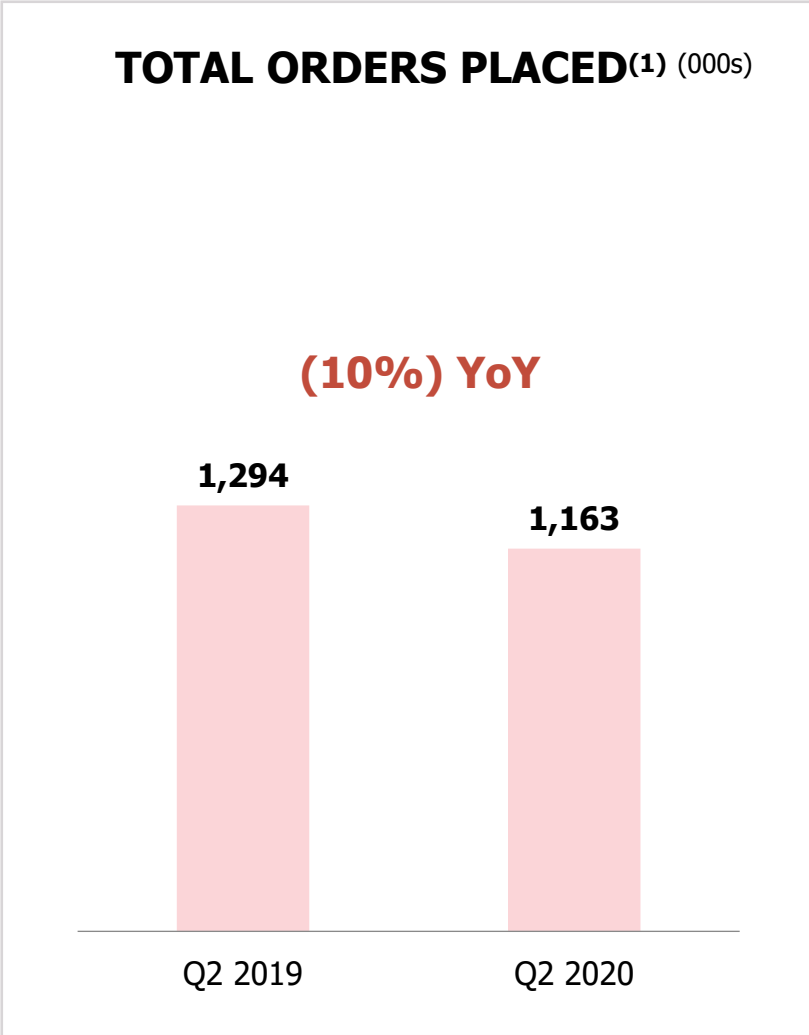
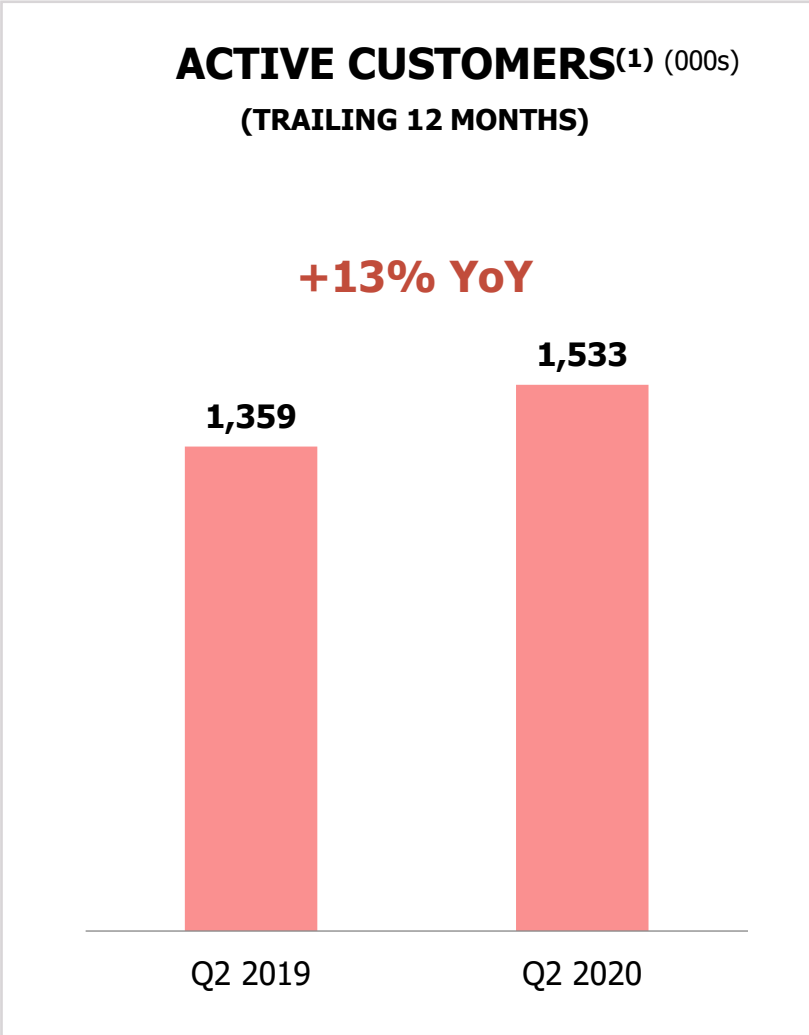


Notes:

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 Q2 2020)



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

CATEGORY PERFORMANCE IS KEY DRIVER OF AOV YOY DECREASE

(YoY comparisons skewed by COVID-19 impact in Q2 2020)

HIGHEST YOY NET SALES GROWTH RATES IN Q2 2020



Beauty



Intimates and Loungewear



Accessories

YOY DECLINE IN NET SALES IN Q2 DUE TO "STAY AT HOME"



Dresses

(#1 category)



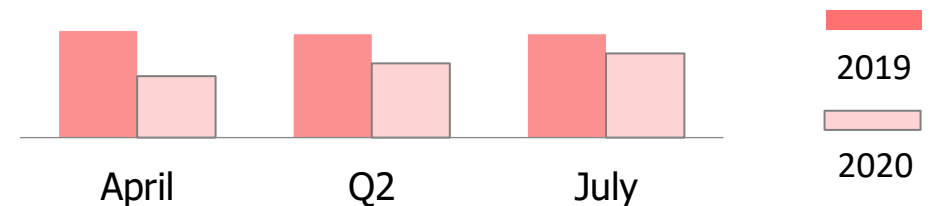
Skirts

The Beauty category net sales grew by

> 100% YoY

in July 2020 for the 4th consecutive month

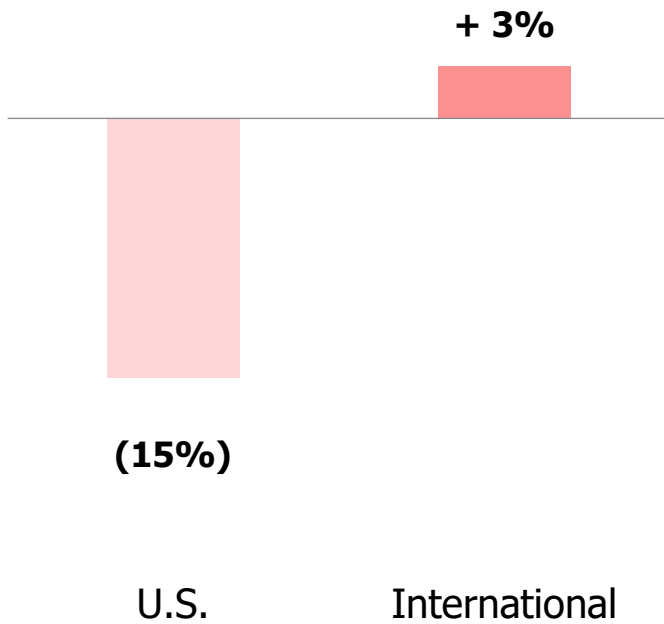
Dresses as % of Total Net Sales Mix:
Improved YoY Comparison in July



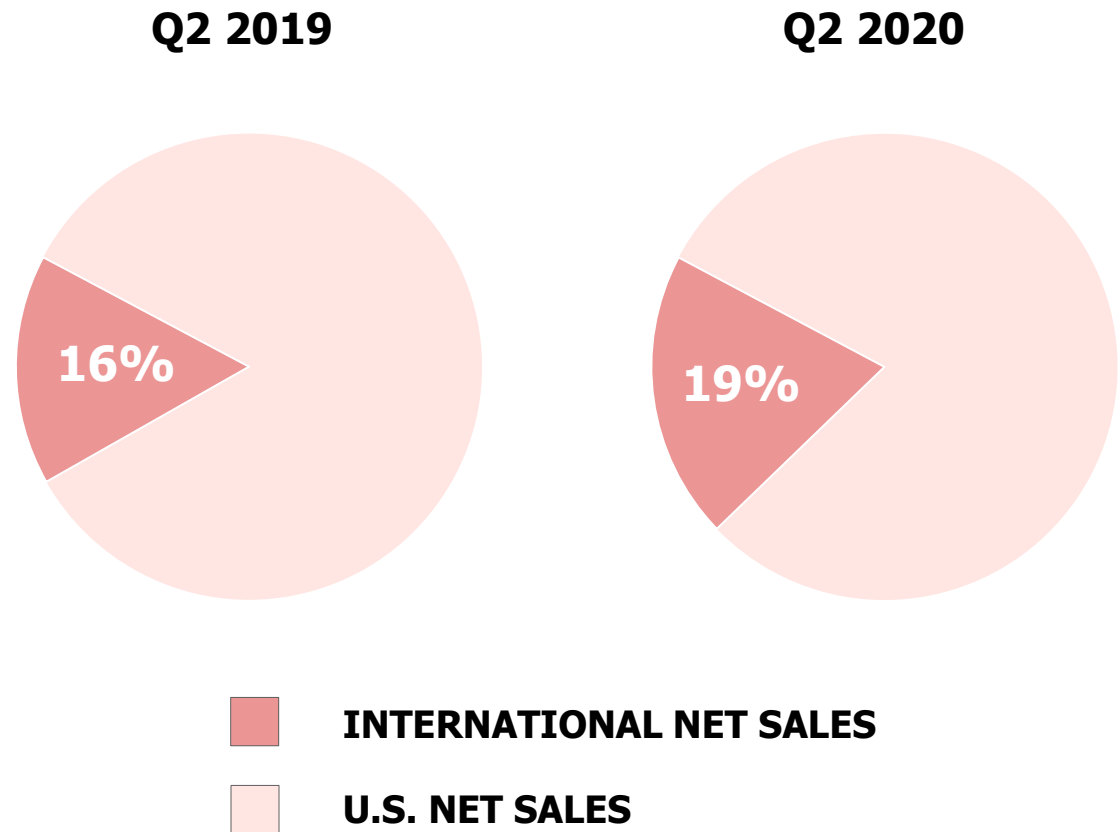
NET SALES BY GEOGRAPHY

(YoY comparisons skewed by COVID-19 impact in Q2 2020)

YoY GROWTH (DECLINE) IN NET SALES IN Q2 2020



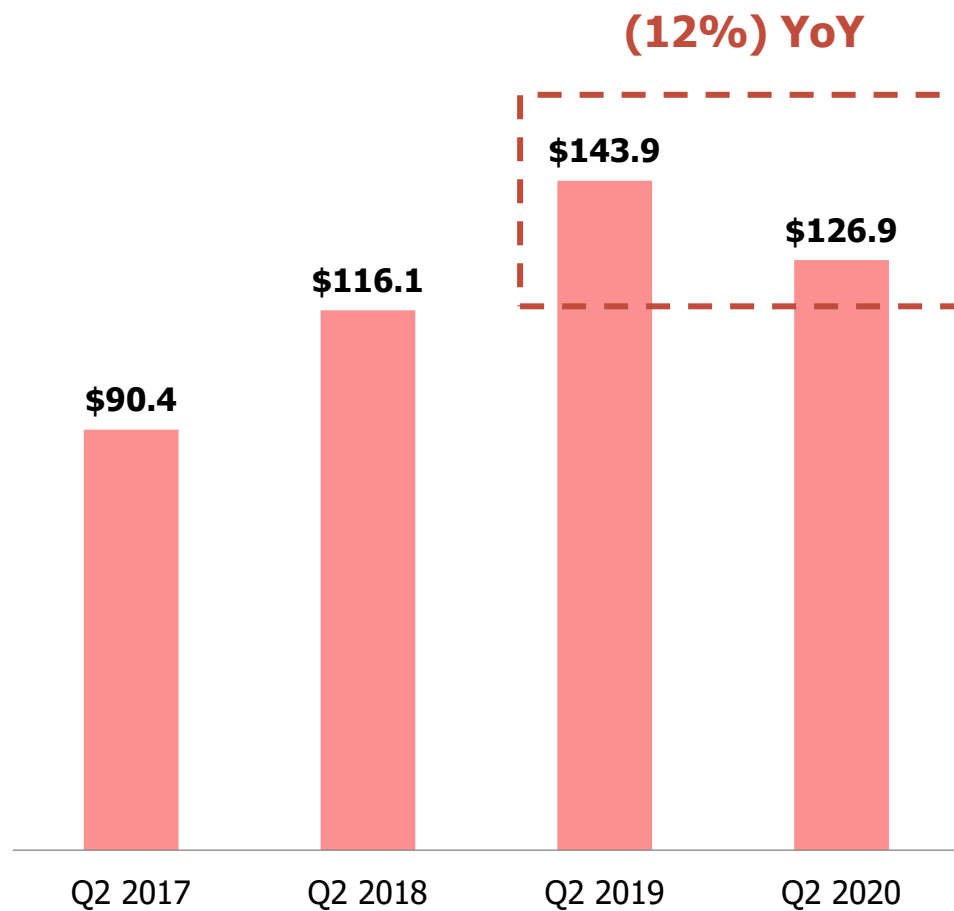
INTERNATIONAL MIX OF TOTAL NET SALES



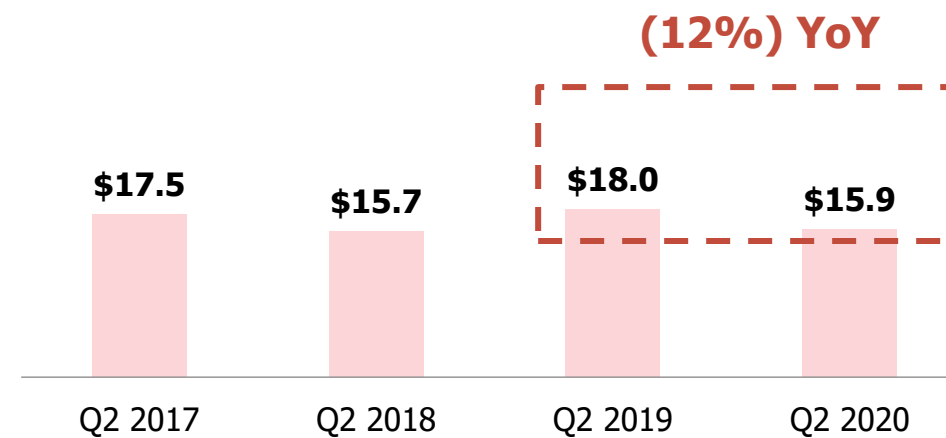
SEGMENT NET SALES

(YoY comparisons skewed by COVID-19 impact in Q2 2020)

REVOLVE SEGMENT NET SALES (\$MM)



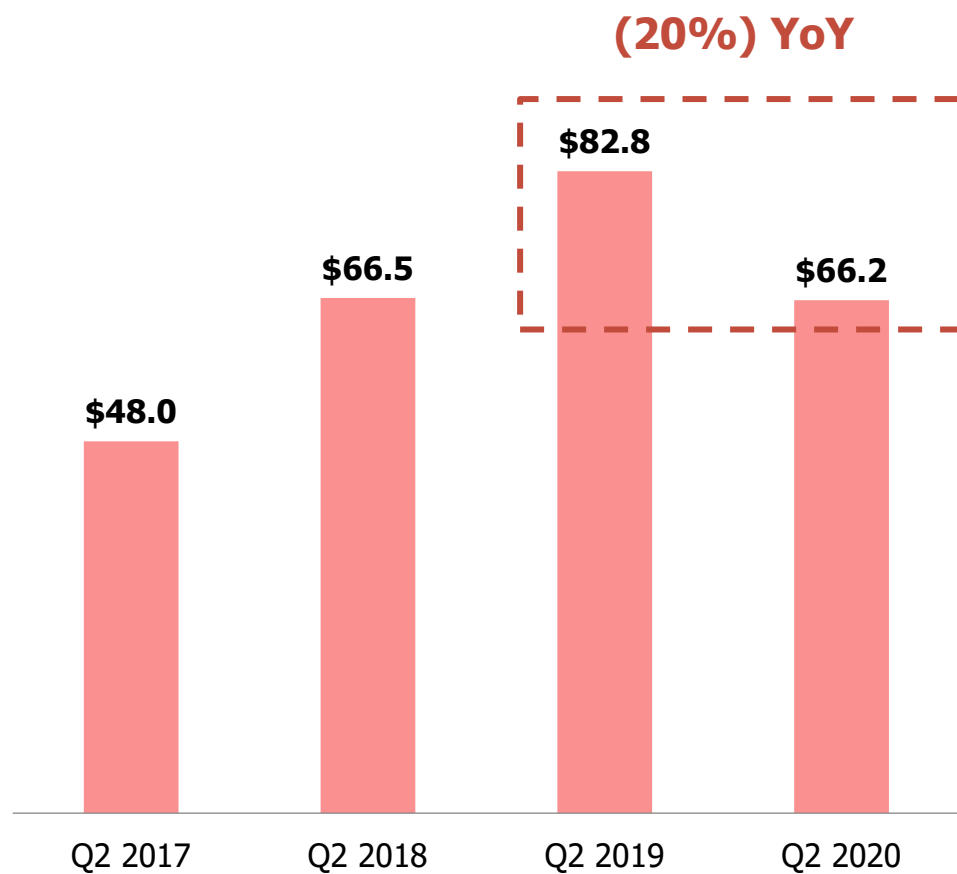
FORWARD SEGMENT NET SALES (\$MM)



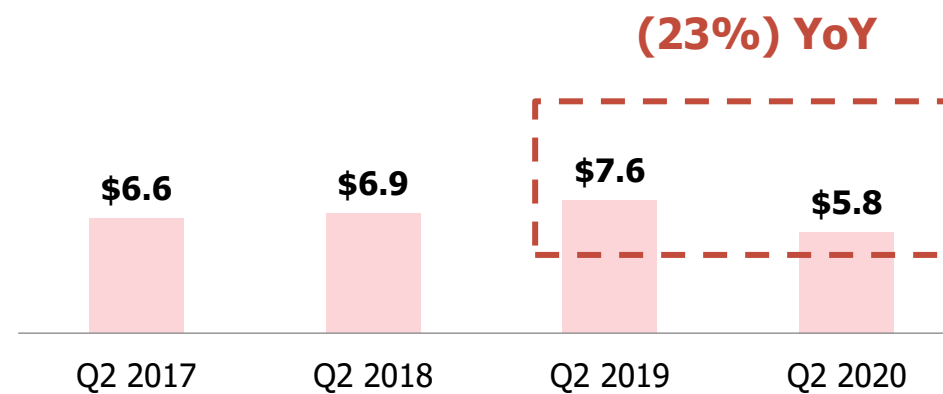
SEGMENT GROSS PROFIT

(YoY comparisons skewed by COVID-19 impact in Q2 2020)

REVOLVE SEGMENT GROSS PROFIT (\$MM)

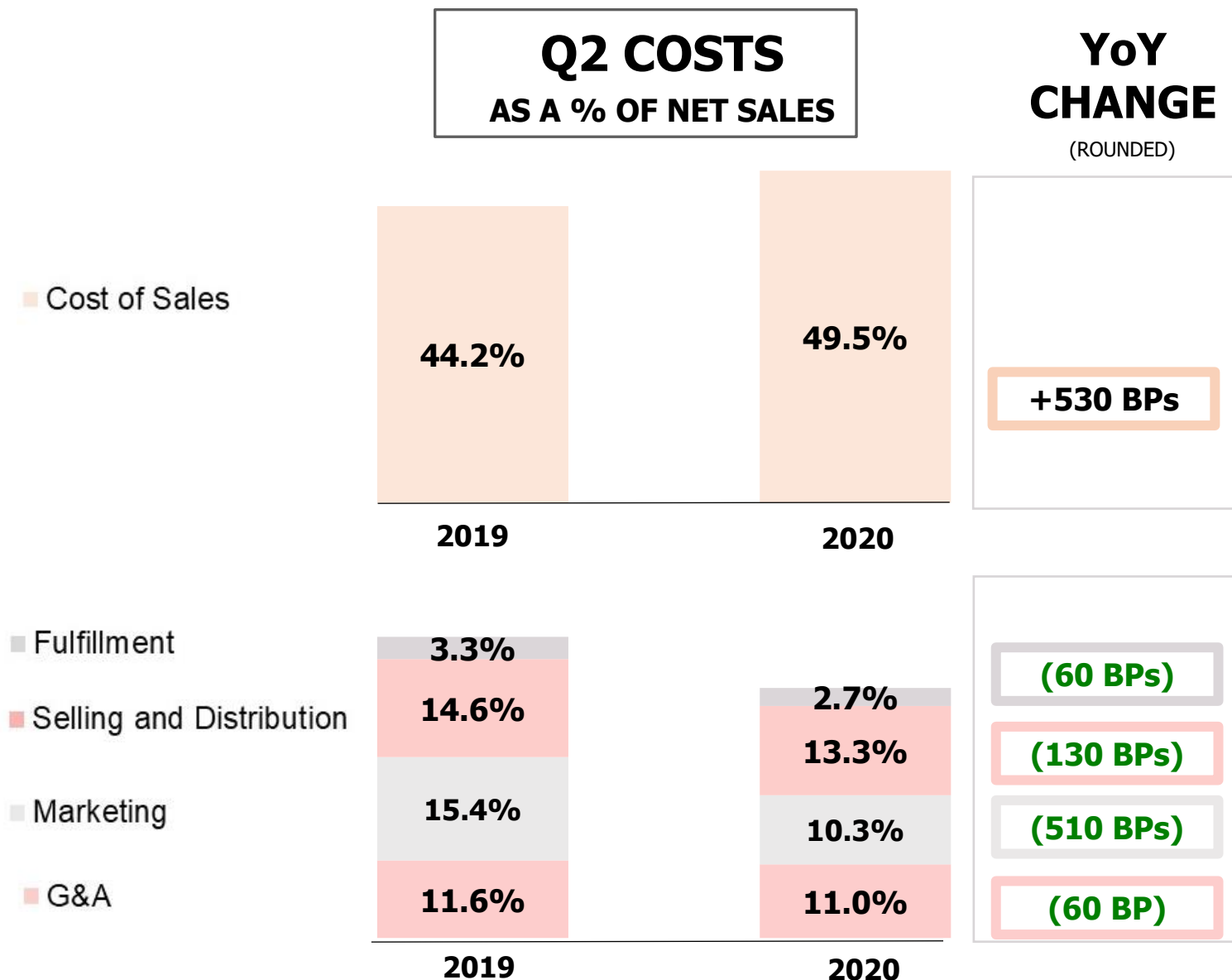


FORWARD SEGMENT GROSS PROFIT (\$MM)



GAAP COST STRUCTURE

(YoY comparisons skewed by COVID-19 impact in Q2 2020)



OBSERVATIONS:

Cost of Sales: Cost of sales deleverage in Q2 2020 consistent with commentary on the REVOLVE Q1 2020 investor call. REVOLVE’s inventory dynamics and industry pressures in response to COVID-19 resulted in reduced full price selling and higher markdowns on marked down product. In addition, there was a shift in REVOLVE’s net sales mix to less Owned Brand product and into product categories that generate comparatively lower gross margins.

Fulfillment: Fulfillment efficiency YoY primarily reflects a lower return rate in Q2 2020 and efficiencies gained as a result of automation that was successfully implemented during 2019 and further enhanced in Q2 2020. These gains were partially offset by cost pressure as a result of lower average order values when compared to the prior year.

Selling and Distribution: Selling & Distribution efficiency primarily reflects a lower return rate in Q2 2020 and a reduction in merchant processing fees and customer service costs.

Marketing: Marketing leverage reflects a successful pivot into cost-effective Brand Marketing initiatives in Q2 2020 at a much lower cost compared to spend in Q2 2019 on in-person events, as well as YoY efficiency in performance marketing spend on digital advertising.

General and Administrative: G&A leverage reflects temporary cost reductions in Q2 2020, including reductions in salaries and hours, furloughs and to a lesser extent, layoffs, that reduced G&A costs. Most of the salary reductions and furloughs have since been reinstated.

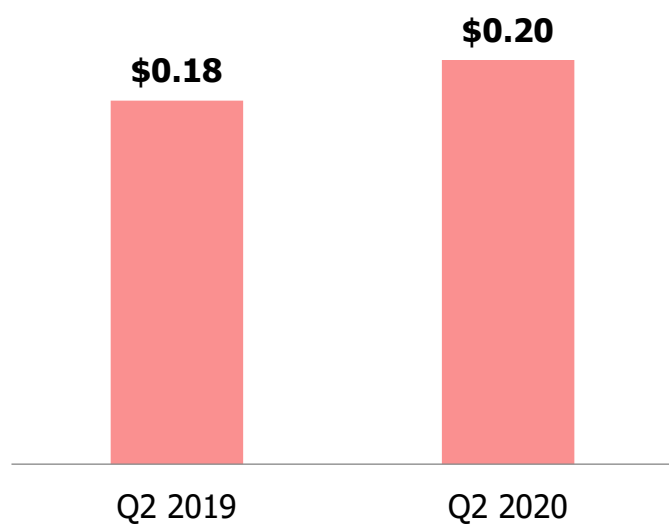
DILUTED EARNINGS PER SHARE

(YoY comparisons skewed by COVID-19 impact in Q2 2020)

THE EPS MATH

DILUTED EPS ⁽¹⁾

+ 11% YoY



(000s, except per share figures)	Q2 2020	Q2 2019
Net income	\$14,236	\$12,741
Less repurchase of Class B common stock upon corporate conversion (at the time of the IPO in June 2019)	----	(40,816)
Net income attributable to common stockholders	\$14,236	(\$28,075)
Diluted shares	71,659	49,025
GAAP diluted EPS	\$0.20	(\$0.57)
+ repurchase of Class B common stock, net	----	\$0.75
Adjusted diluted EPS	\$0.20	\$0.18

1) Q2 2019 reflects Adjusted diluted EPS.

CASH FLOW HIGHLIGHTS

(YoY comparisons skewed by COVID-19 impact in Q2 2020)

INVENTORY

(\$MM)

\$102.5

\$64.5

Q2 2019

Q2 2020

NET CASH PROVIDED BY OPERATING ACTIVITIES

(\$MM)

\$6.8

\$53.8

Q2 2019

Q2 2020

CAPITAL EXPENDITURES

(\$MM)

\$4.8

\$0.8

Q2 2019

Q2 2020

FREE CASH FLOW ⁽¹⁾

(\$MM)

\$2.0

\$53.0

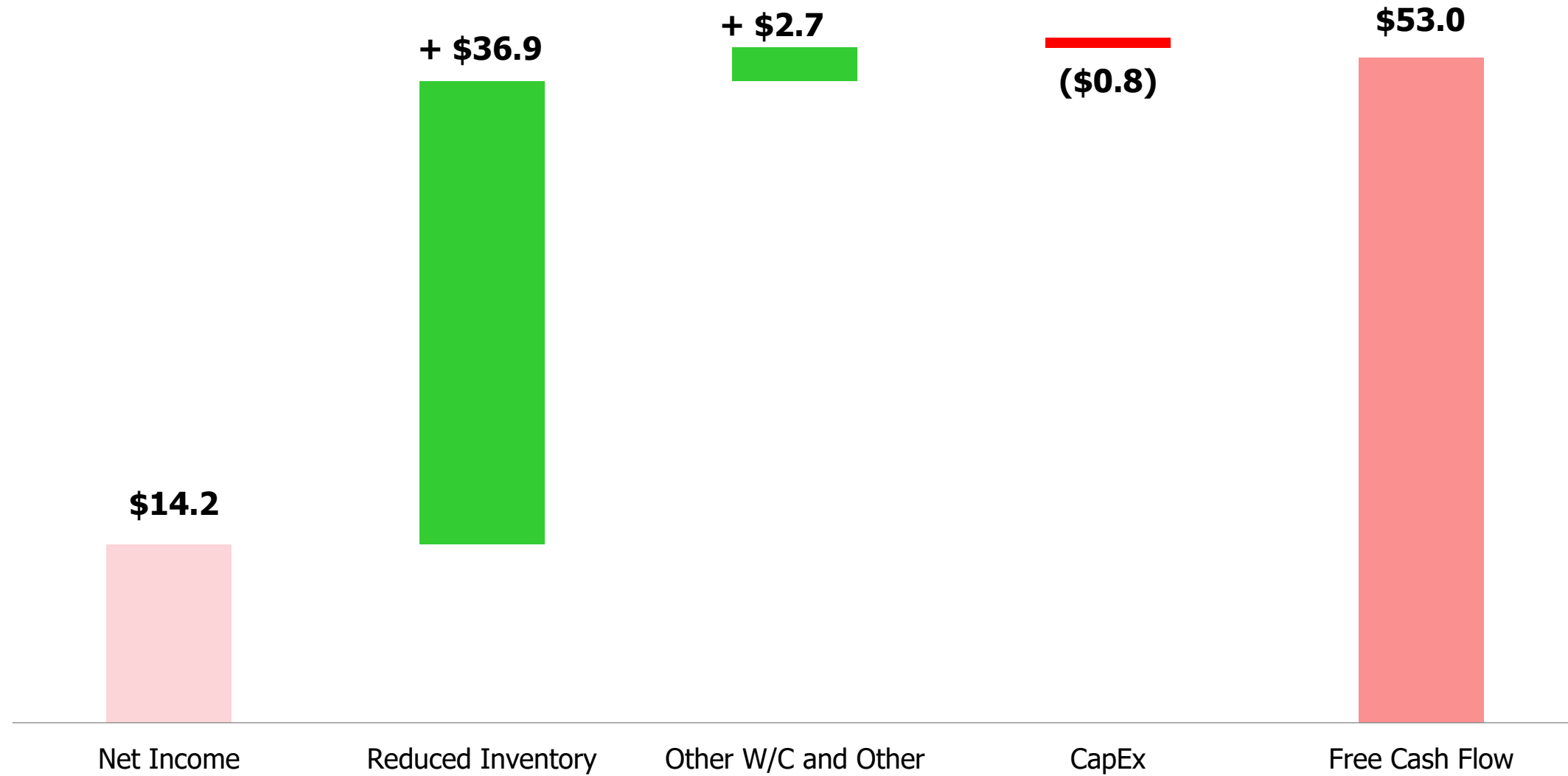
Q2 2019

Q2 2020

Notes:

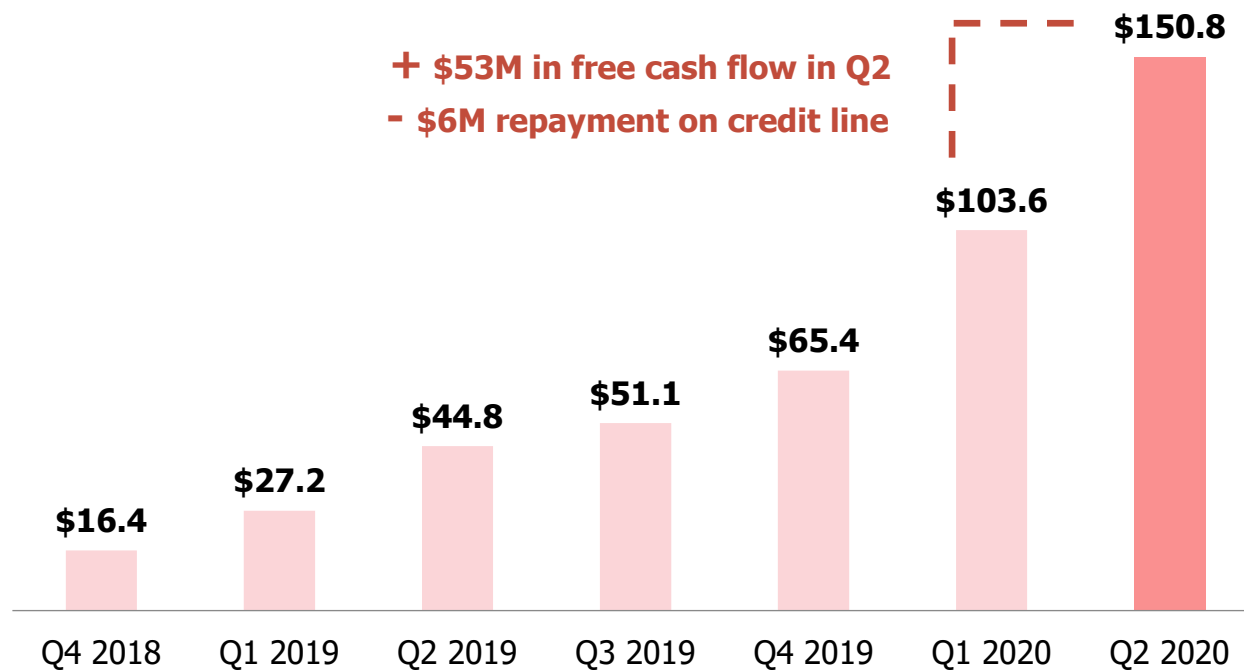
1. See Slide 16 for a definition of Free Cash Flow and Slide 17 for a reconciliation to Net Cash Provided by Operating Activities, its corresponding GAAP financial measure.

BUILD UP OF FREE CASH FLOW IN Q2 2020 (\$MM)

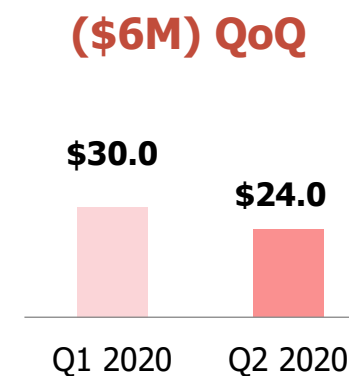


BALANCE SHEET HIGHLIGHTS

CASH ON THE BALANCE SHEET (\$MM)



BALANCE ON CREDIT LINE (\$MM)⁽¹⁾



Notes:

1. There were no borrowings on the credit line during 2019.

1H 2020 HIGHLIGHTS

(YoY comparisons skewed by COVID-19 impact in 1H 2020)

NET SALES

\$289 M

(3%) YoY

EBITDA MARGIN

9.2%

Flat YoY

NET INCOME

\$18 M

+4% YoY

INVENTORY

(37%) YoY

\$38M Decrease YoY

FREE CASH FLOW

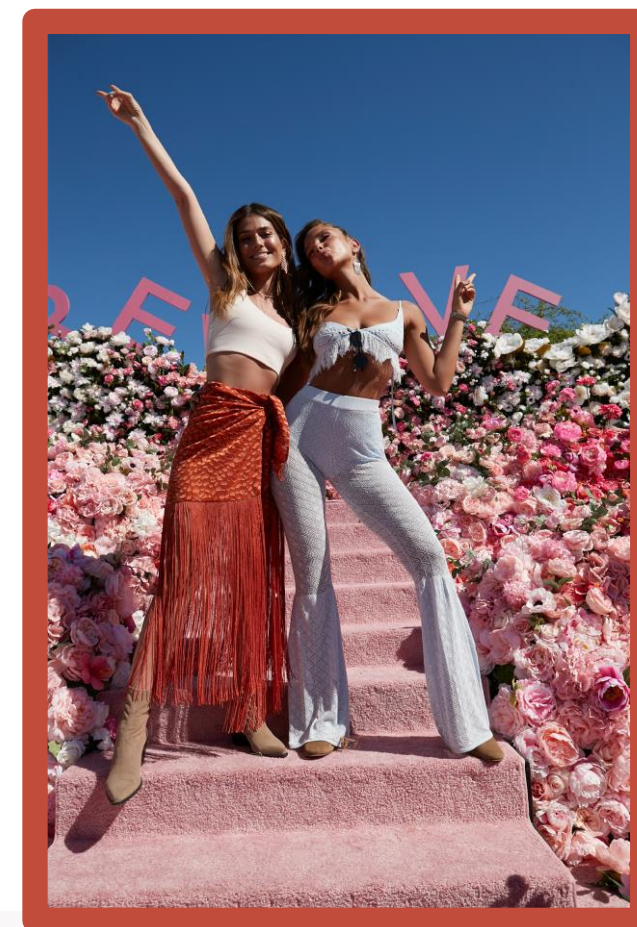
\$61 M

More than All of 2019

NET CASH

\$127 M

+183% YoY



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.

Adjusted Diluted Earnings Per Share is a non-GAAP financial measure that we calculate as diluted earnings (net loss) per share adjusted to exclude the per share impact of the issuance and repurchase of Class B common stock as part of our initial public offering. We intend to report our earnings per share going forward on a GAAP basis. The only instance where we will report a Non-GAAP earnings per share measure is to adjust for the corporate conversion that occurred in connection with our initial public offering.

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

(YoY comparisons skewed by COVID-19 impact in Q2 2020)

ADJ. EBITDA (\$MM)	Q2 2020	Q2 2019
NET INCOME	\$14.2	\$12.7
(+) OTHER EXPENSE, NET	0.2	0.4
(+) PROVISION FOR INCOME TAXES	4.4	4.5
(+) DEPRECIATION AND AMORTIZATION	1.2	0.9
(+) EQUITY-BASED COMPENSATION	0.9	0.5
(+) NON-ROUTINE ITEMS	---	(0.2)
ADJUSTED EBITDA	\$20.9	\$19.0
FREE CASH FLOW (\$MM)	Q2 2020	Q2 2019
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$53.8	\$6.8
(-) PURCHASES OF PROPERTY AND EQUIPMENT	(0.8)	(4.8)
FREE CASH FLOW	\$53.0	\$2.0

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