



REVOLVE

Q3 2020 RESULTS

November 11, 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 10-K for the year ended December 31, 2019 and subsequent Quarterly Reports on Form 10-Q.

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.

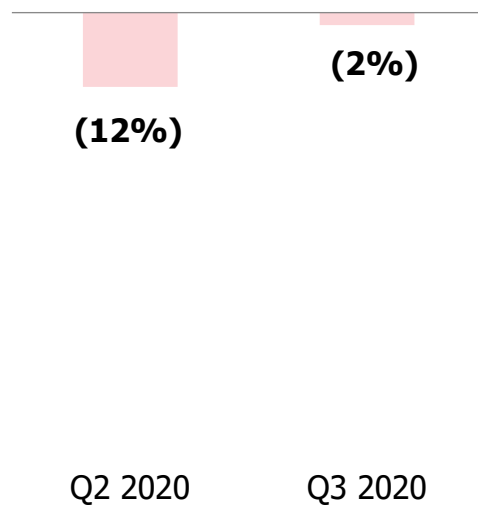
For a reconciliation of these non-GAAP financial measures to GAAP measures, please see the tables on slide 17 titled “GAAP to Non-GAAP Reconciliation” for Adjusted EBITDA and free cash flow.

SUMMARY: SOLID QUARTER ON KEY PRIORITIES IN CURRENT ENVIRONMENT

(YoY comparisons skewed by COVID-19 impact in Q3 2020)

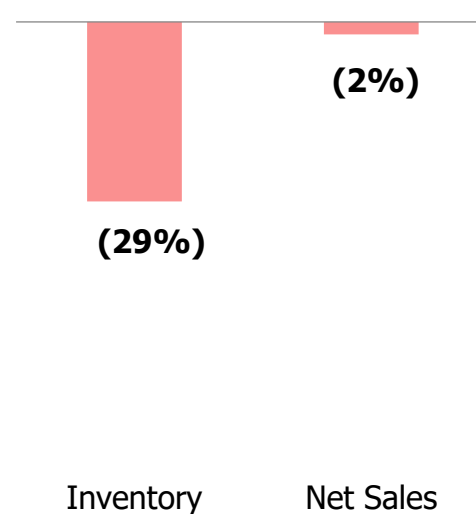
IMPROVED TOP-LINE TREND

YoY Growth (Decline)
in Net Sales



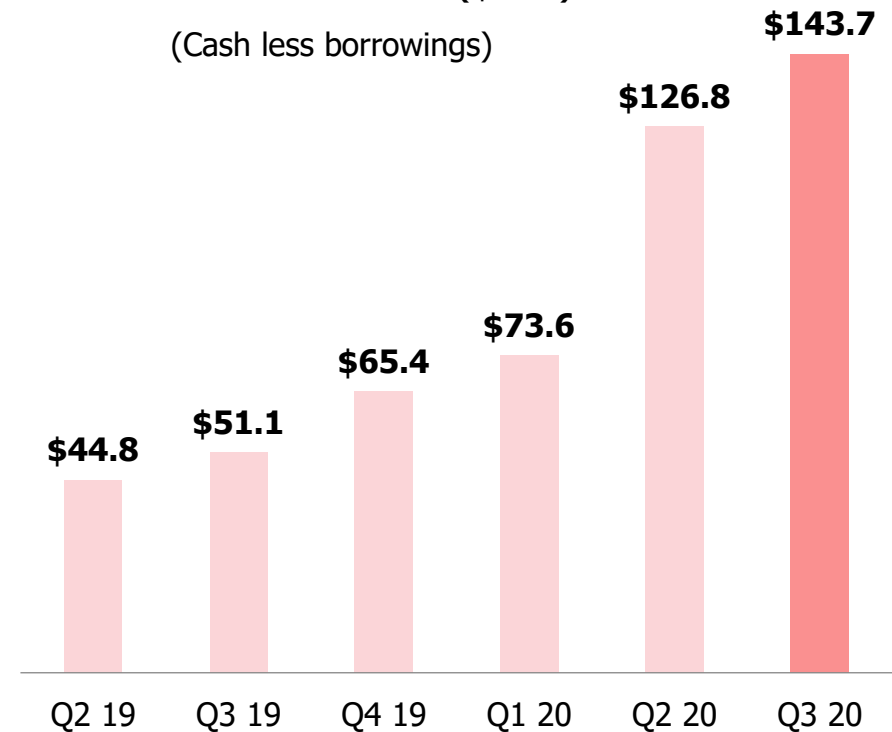
HIGHER INVENTORY TURNS

YoY Growth (Decline)
for Q3 2020



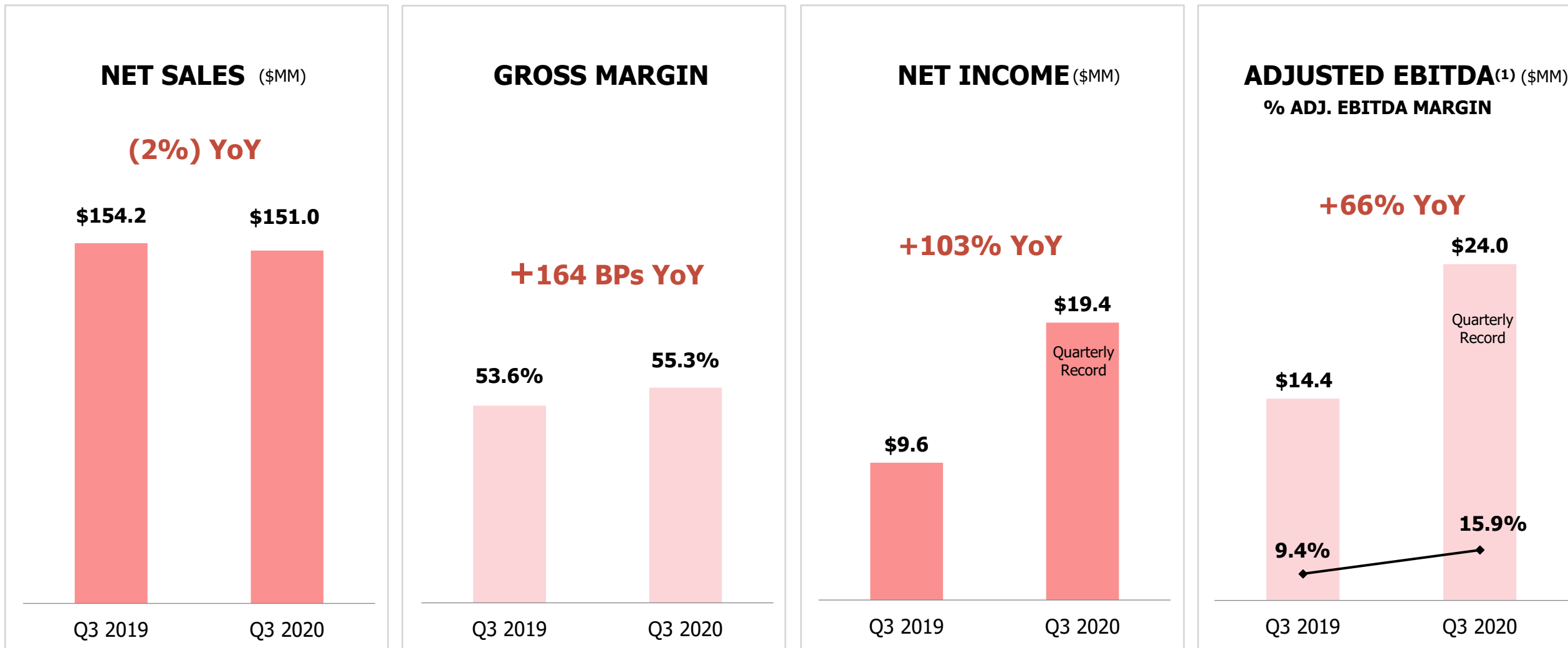
FREE CASH FLOW FURTHER STRENGTHENED BALANCE SHEET

Net Cash Position (\$MM)
(Cash less borrowings)



INCOME STATEMENT HIGHLIGHTS

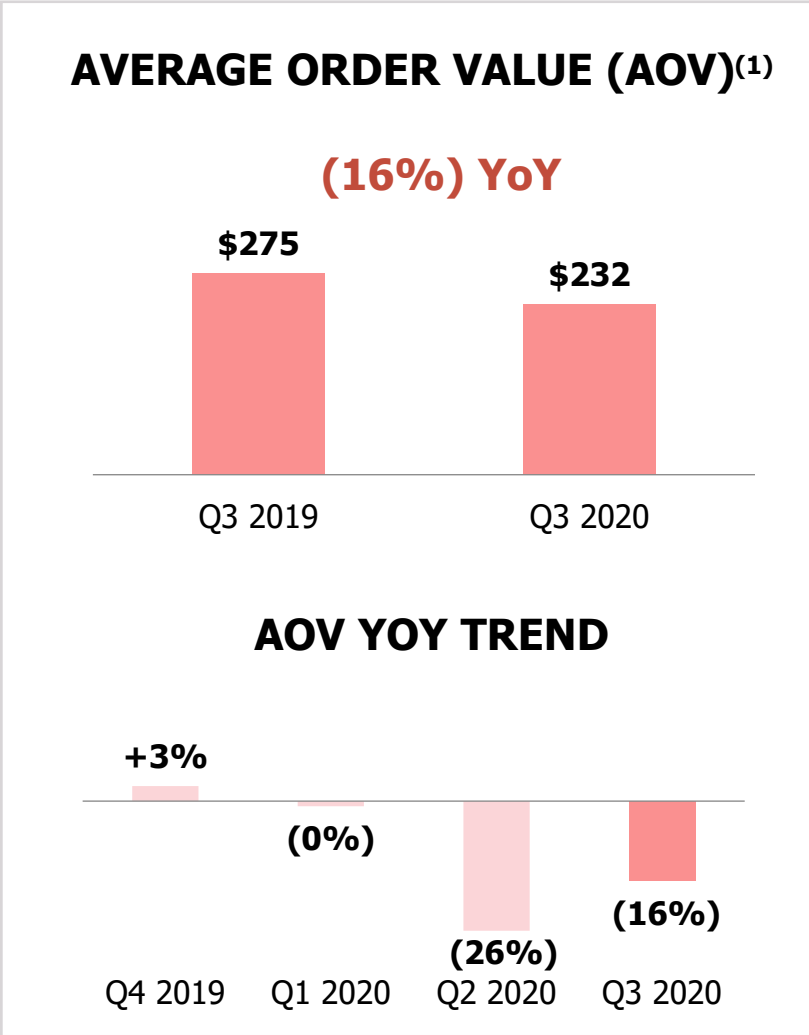
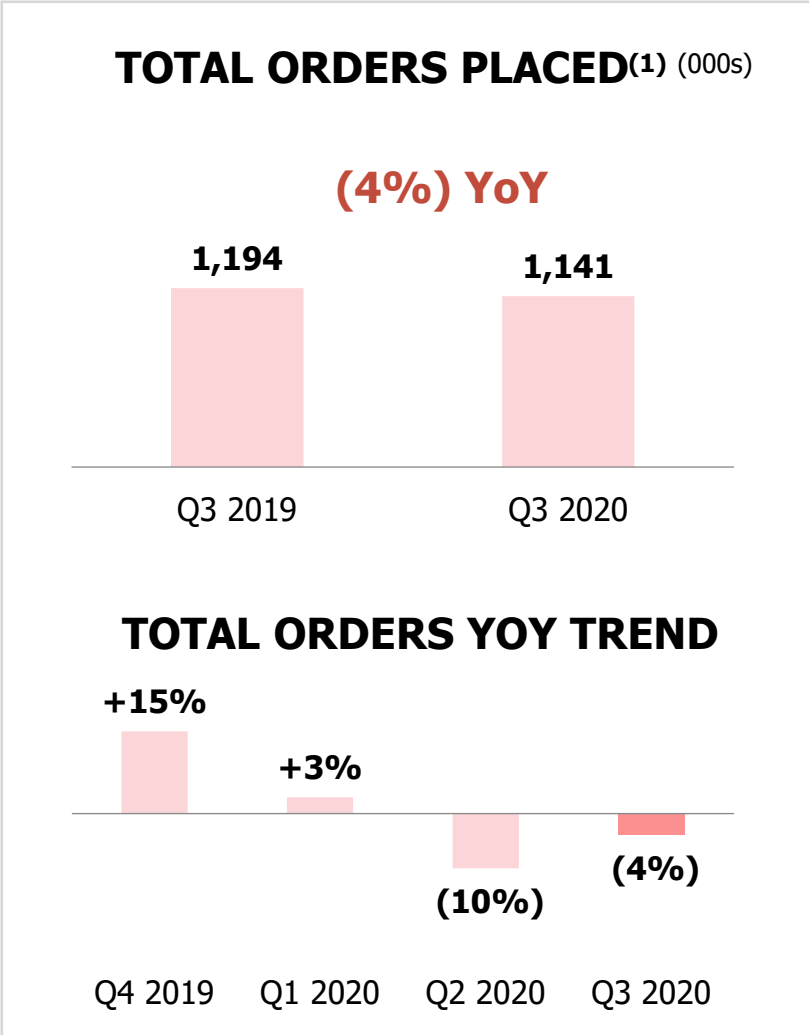
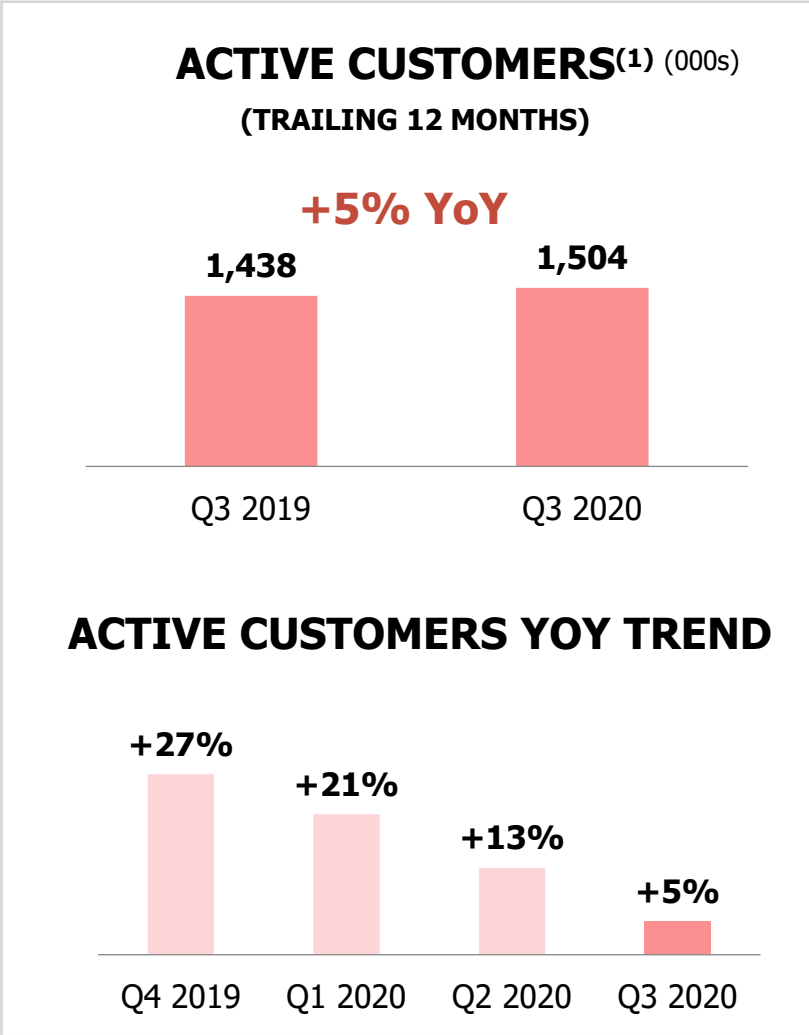
(YoY comparisons skewed by COVID-19 impact in Q3 2020)



NOTE: Q3 2019 results from the prior year reflect \$1.5 million in net sales realized as a result of a change in estimate related to store credit breakage.

OPERATING METRICS HIGHLIGHTS

(YoY comparisons skewed by COVID-19 impact in Q3 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 YOY DECREASE IN AOV


(YoY comparisons skewed by COVID-19 impact in Q3 2020)

HIGHER YOY NET SALES GROWTH RATES IN Q3 2020



Beauty Intimates Loungewear Knits & Sweaters Swim Accessories

YOY DECLINE IN NET SALES IN Q3 2020 DUE TO "STAY AT HOME"



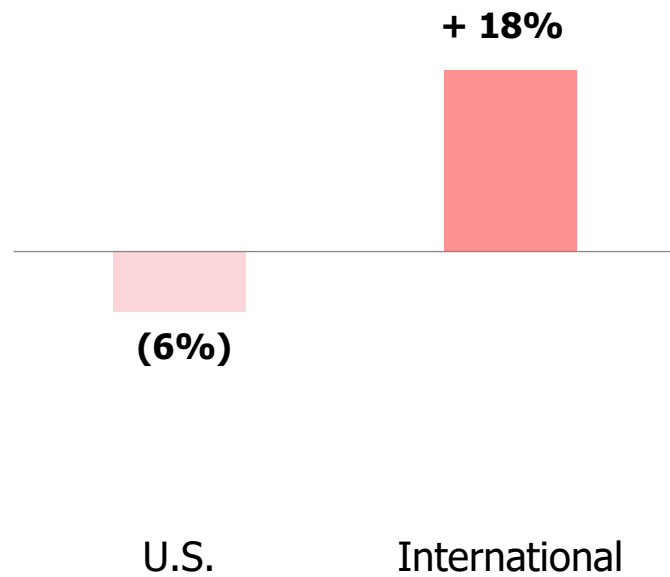
Dresses (#1 category) Skirts

The Beauty category net sales grew by **> 100% YoY** for the second consecutive quarter

NET SALES BY GEOGRAPHY

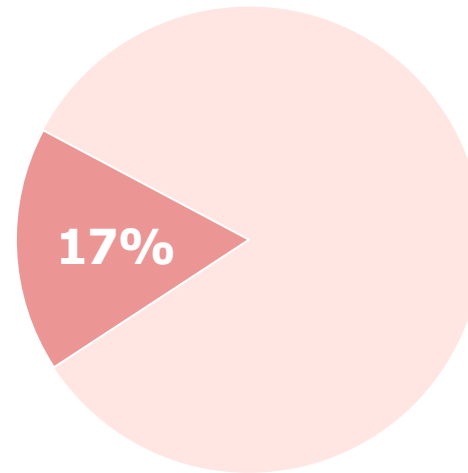
(YoY comparisons skewed by COVID-19 impact in Q3 2020)

YOY GROWTH (DECLINE) IN NET SALES IN Q3 2020

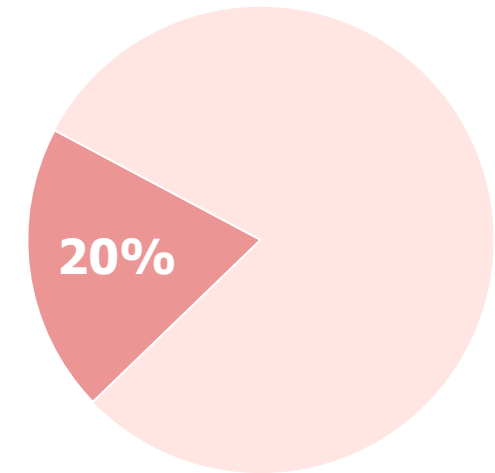


INTERNATIONAL MIX OF TOTAL NET SALES

Q3 2019



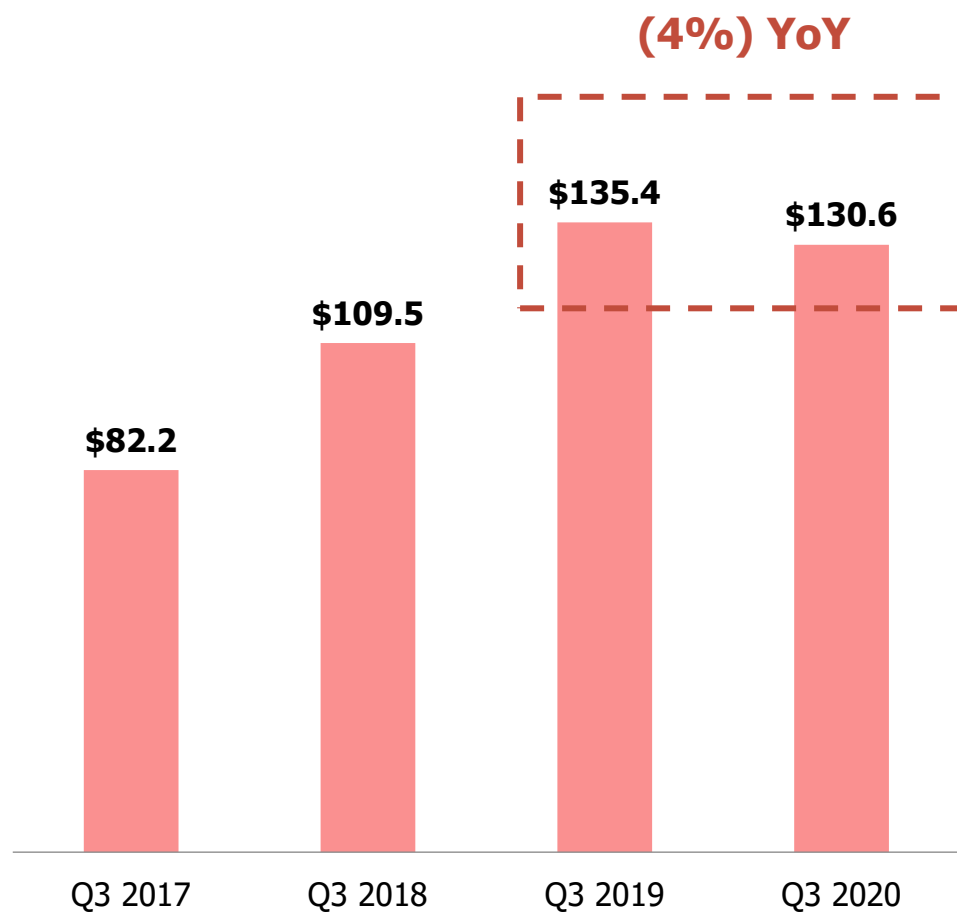
Q3 2020



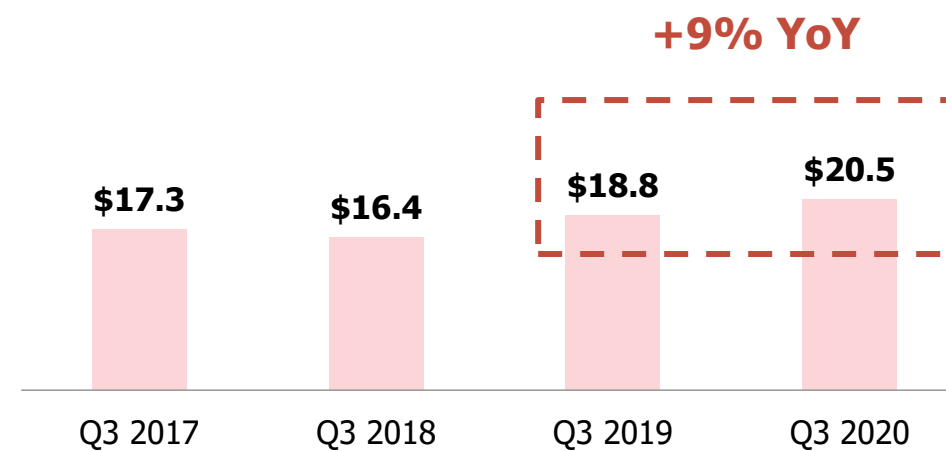
SEGMENT NET SALES

(YoY comparisons skewed by COVID-19 impact in Q3 2020)

REVOLVE SEGMENT NET SALES (\$MM)



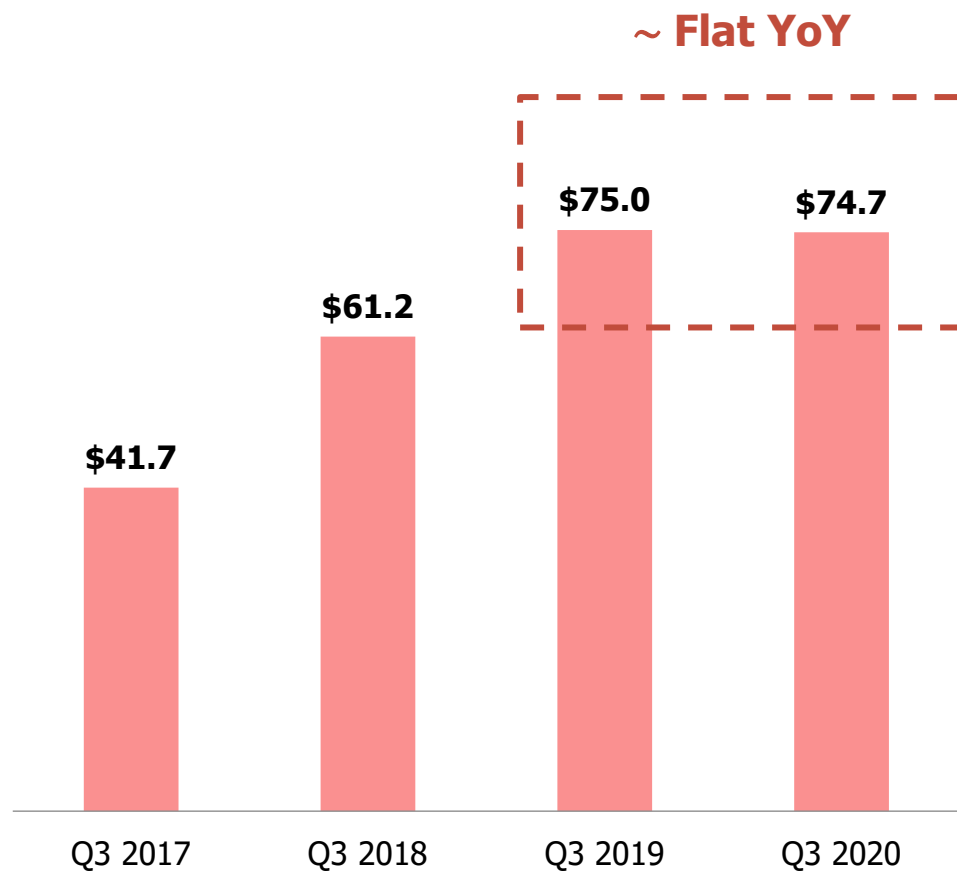
FORWARD SEGMENT NET SALES (\$MM)



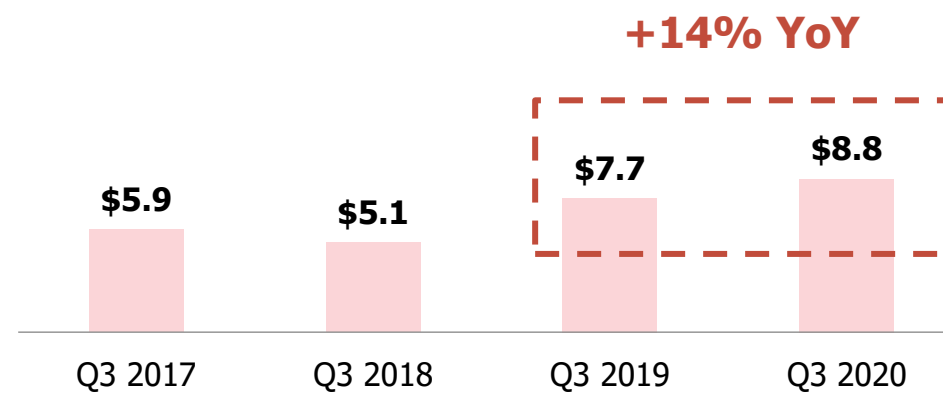
SEGMENT GROSS PROFIT

(YoY comparisons skewed by COVID-19 impact in Q3 2020)

REVOLVE SEGMENT GROSS PROFIT (\$MM)

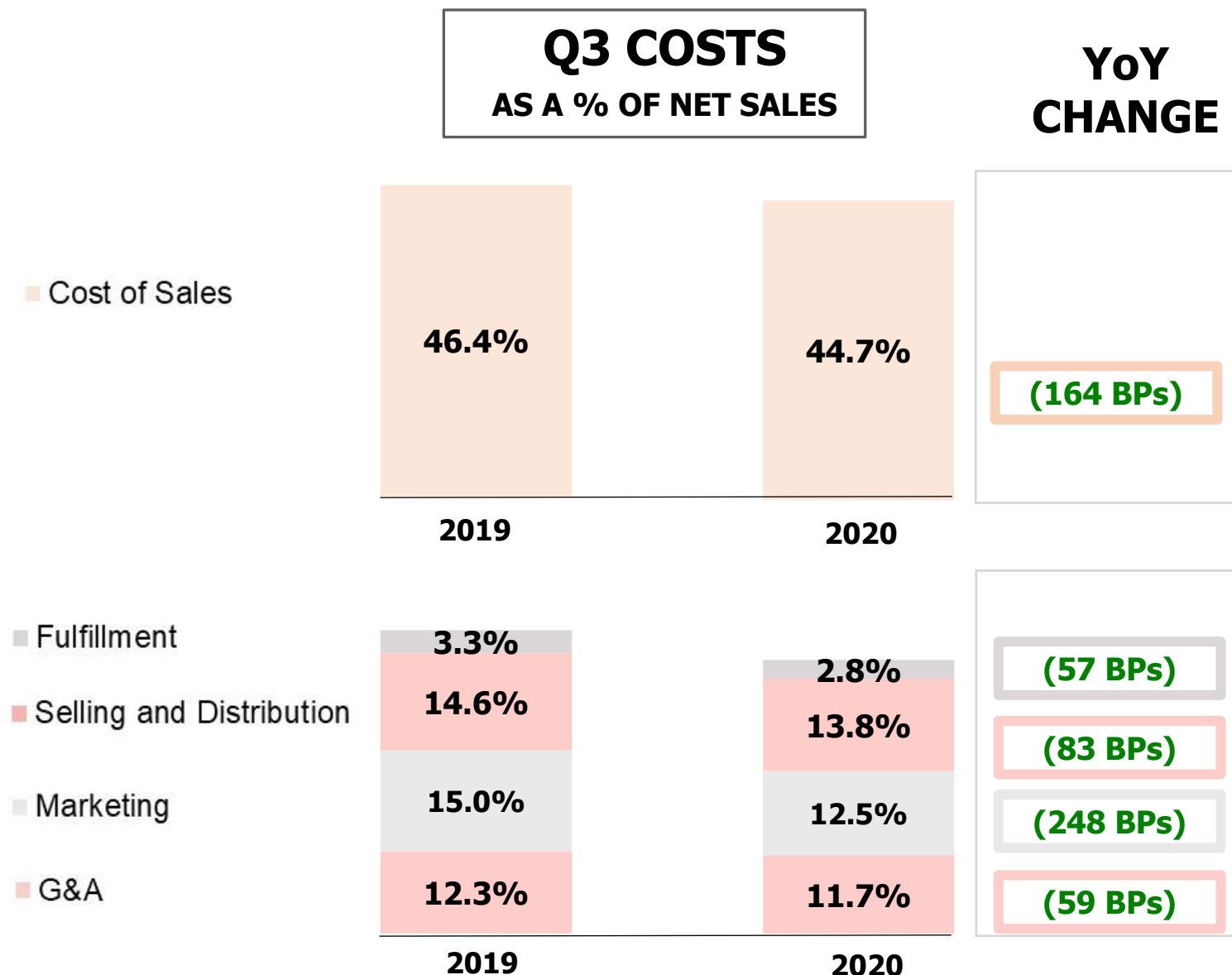


FORWARD SEGMENT GROSS PROFIT (\$MM)



GAAP COST STRUCTURE

(YoY comparisons skewed by COVID-19 impact in Q3 2020)



OBSERVATIONS:

Cost of Sales: Cost of sales leverage in Q3 2020 primarily reflects a higher percentage of net sales at full price YoY and reduced markdowns on marked down product YoY. This was partially offset by a shift in net sales mix to less Owned Brand product, a mix shift into product categories that generate comparatively lower gross margins, as well as a greater mix of net sales in the FORWARD segment YoY (lower gross margin than REVOLVE Segment).

Fulfillment: Fulfillment efficiency YoY primarily reflects a lower return rate in Q3 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 Q3 2020 that led to lower shipping, packaging and merchant processor costs as well as a reduction in customer service costs. Shipping costs comprise the majority of total Selling and Distribution costs.

Marketing: Marketing leverage reflects continuation of a temporary, COVID-19 induced shift into virtual Brand Marketing initiatives in Q3 2020 at a much lower cost compared to Q3 2019 in-person events, as well as a YoY reduction in digital performance marketing investments.

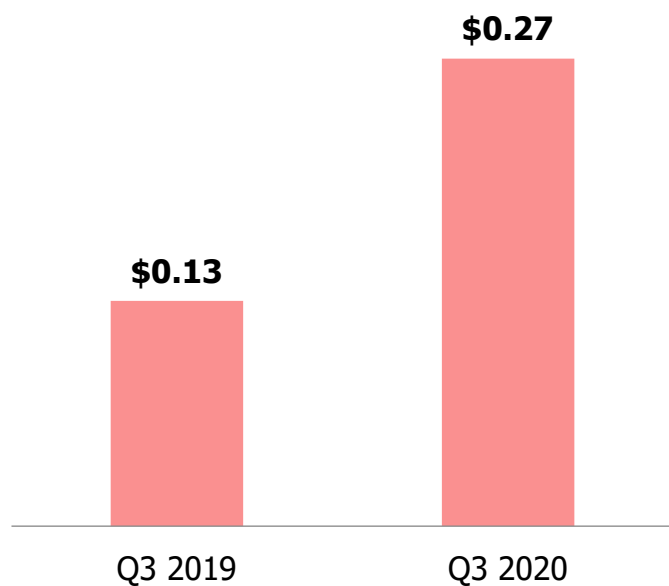
General and Administrative: G&A leverage primarily reflects lower headcount YoY and a partial quarter for temporary COVID-19 driven cost reductions implemented in April 2020, including reduced executive salaries. All salary reductions for active employees were reinstated by the end of the third quarter of 2020.

DILUTED EARNINGS PER SHARE

(YoY comparisons skewed by COVID-19 impact in Q3 2020)

DILUTED EPS

+ 108% YoY



THE EPS MATH

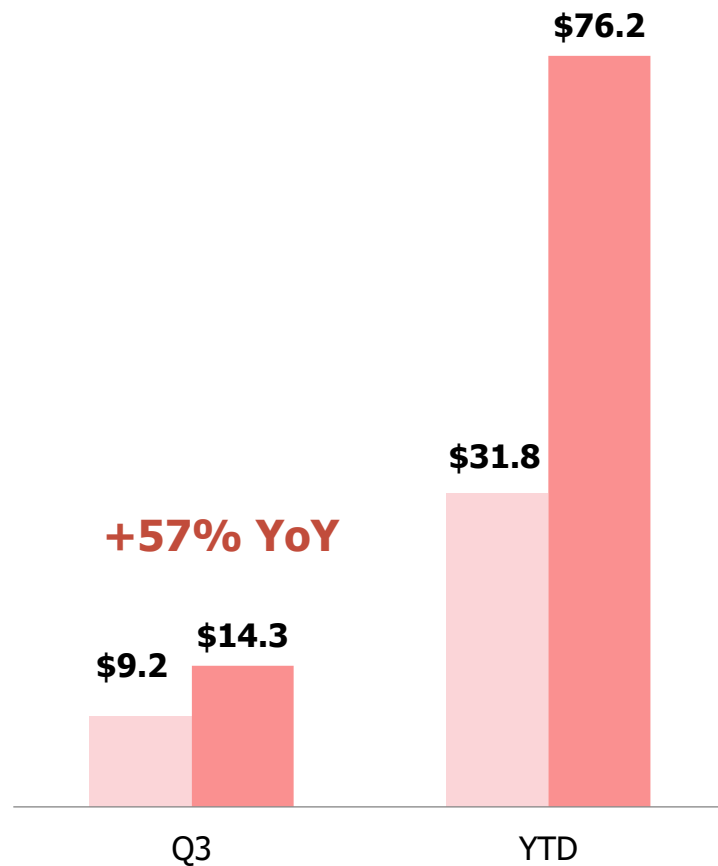
(000s, except per share figures)	Q3 2020	Q3 2019	YoY %
Income before income taxes	\$21,542	12,840	68%
Provision for income taxes	2,104	3,281	(36%)
Net income (GAAP)	\$19,438	\$9,559	103%
Weighted average primary shares	69,872	68,871	1%
+ Effect of stock options and RSUs	2,409	3,787	(36%)
Weighted average diluted shares	72,281	72,658	(1%)
Diluted EPS (GAAP)	\$0.27	\$0.13	108%

CASH FLOW HIGHLIGHTS

(YoY comparisons skewed by COVID-19 impact in Q3 2020)

NET CASH PROVIDED BY OPERATING ACTIVITIES

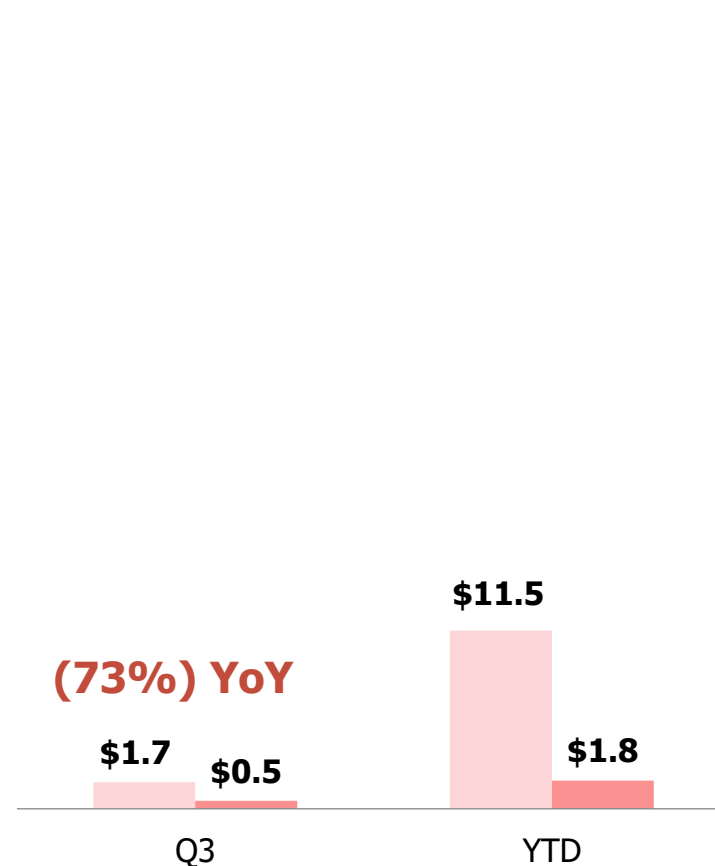
(\$MM)



2019 2020

CAPITAL EXPENDITURES

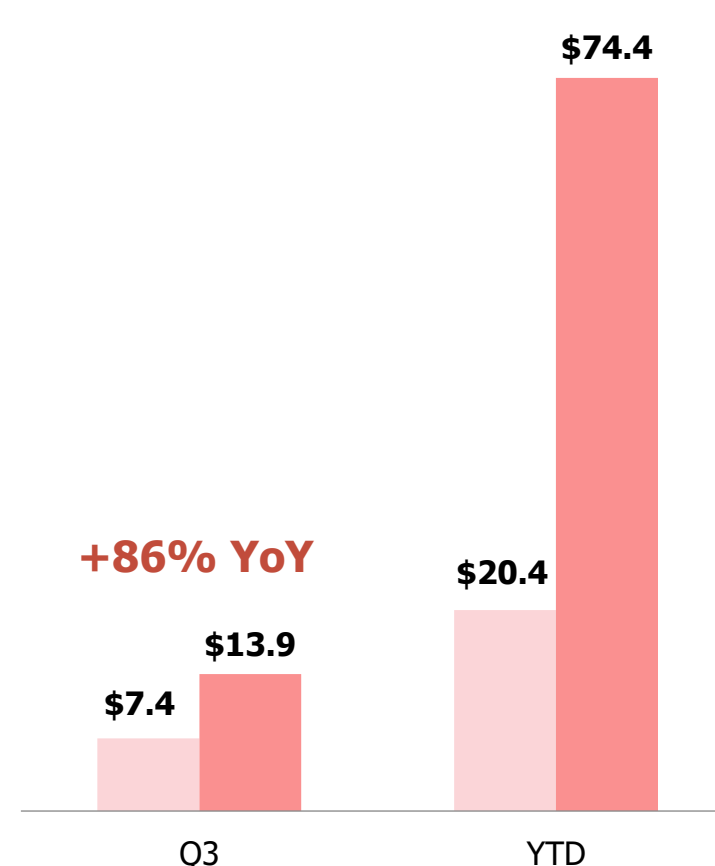
(\$MM)



2019 2020

FREE CASH FLOW ⁽¹⁾

(\$MM)

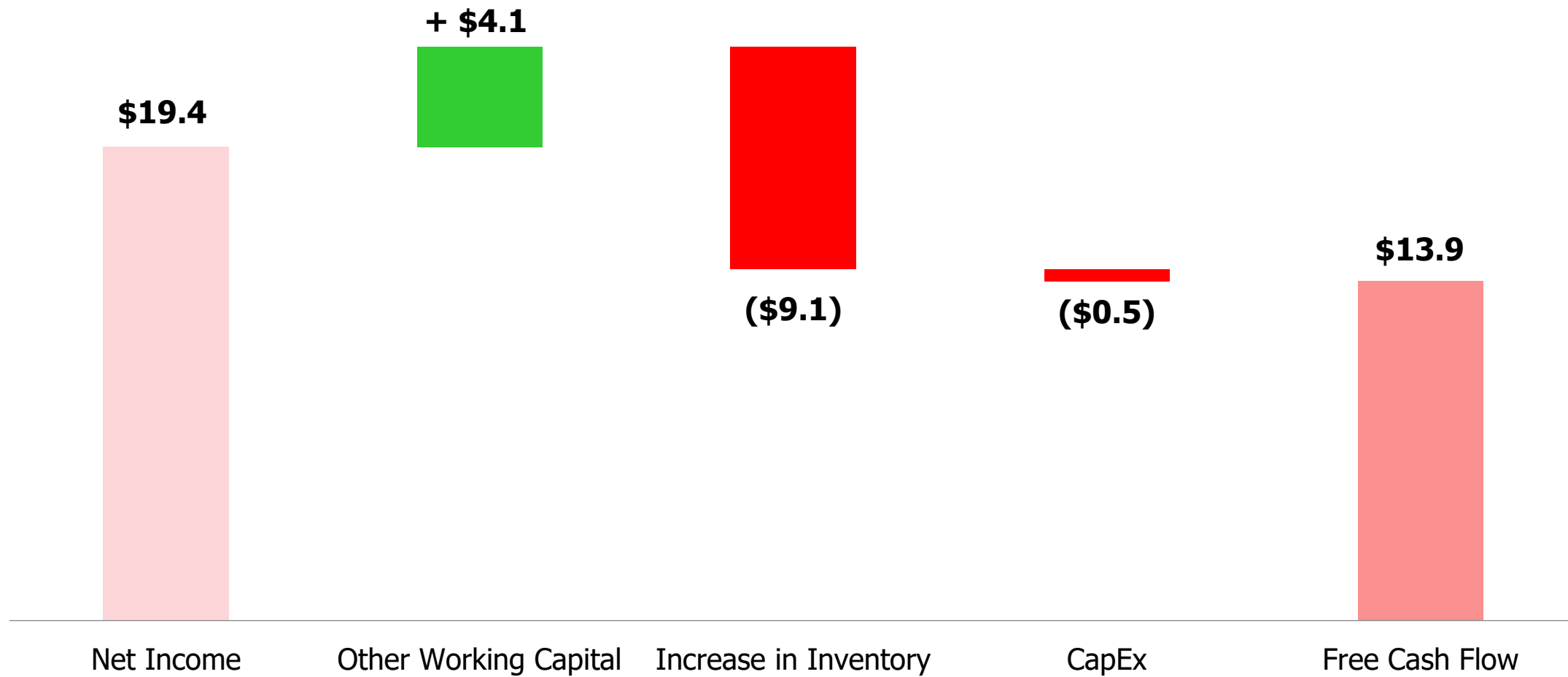


2019 2020

Note:

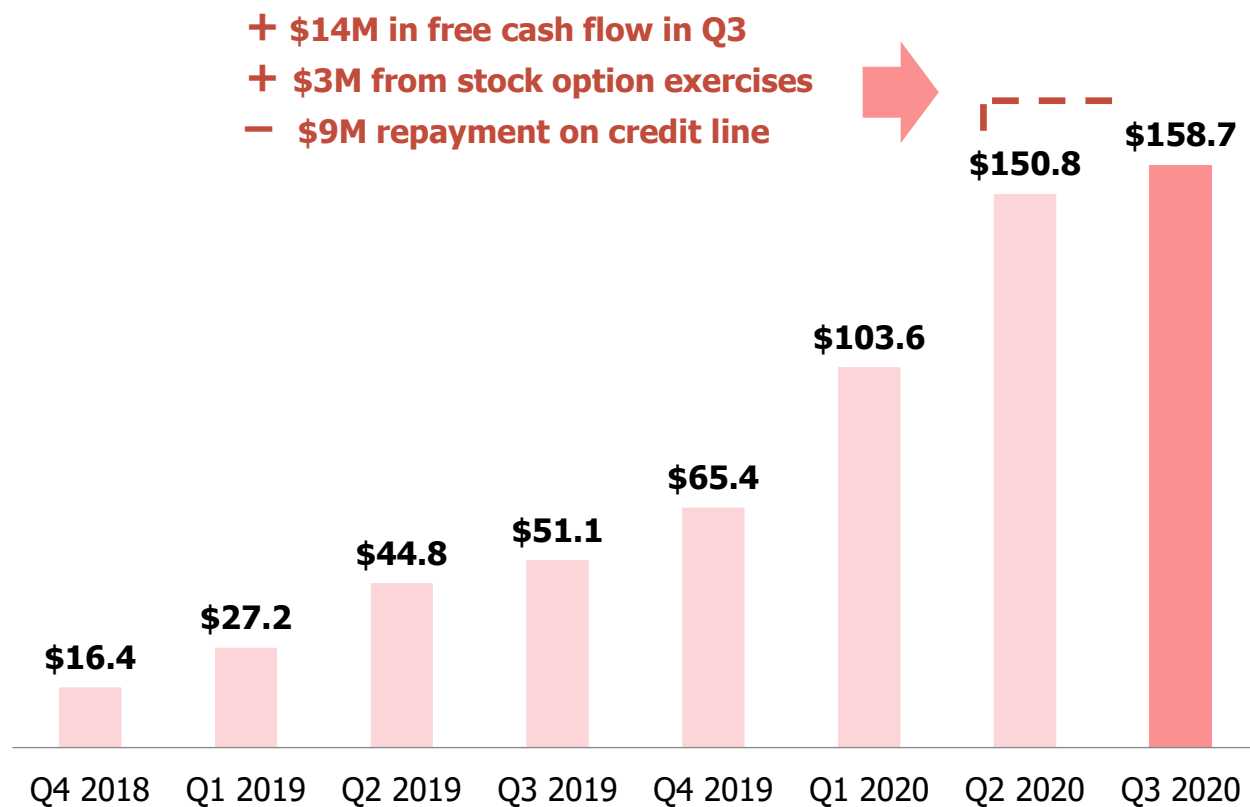
1. See slide 16 for a definition of Free Cash Flow and slide 17 for a reconciliation to Net Cash Provided by Operating Activities, its corresponding GAAP financial measure.

BUILD UP OF FREE CASH FLOW IN Q3 2020 (\$MM)

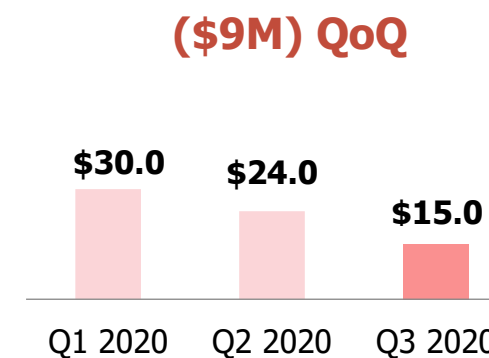


BALANCE SHEET HIGHLIGHTS

CASH ON THE BALANCE SHEET (\$MM)



BALANCE ON CREDIT LINE ⁽¹⁾ (\$MM)



9 MONTH YTD 2020 HIGHLIGHTS

(YoY comparisons skewed by COVID-19 impact in 9 MONTHS YTD 2020)

NET SALES

\$440 M

(3%) YoY

EBITDA MARGIN

11.5%

+223 BPs YoY

NET INCOME

\$38 M

+39% YoY

INVENTORY

(29%) YoY

\$30M Decrease YoY

FREE CASH FLOW

\$74 M

More than 2X All of 2019

NET CASH

\$144 M

+181% YoY

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, 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

(YoY comparisons skewed by COVID-19 impact in Q3 2020)

ADJ. EBITDA (\$MM) (1)	Q3 2020	Q3 2019
NET INCOME	\$19.4	\$9.6
(+) OTHER EXPENSE, NET	0.3	---
(+) PROVISION FOR INCOME TAXES	2.1	3.3
(+) DEPRECIATION AND AMORTIZATION	1.3	1.1
(+) EQUITY-BASED COMPENSATION	1.0	0.5
ADJUSTED EBITDA	\$24.0	\$14.4
FREE CASH FLOW (\$MM) (1)	Q3 2020	Q3 2019
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$14.3	\$9.2
(-) PURCHASES OF PROPERTY AND EQUIPMENT	(0.5)	(1.7)
FREE CASH FLOW	\$13.9	\$7.4