

REAL – Prepared Remarks – Q3’26

REAL CEO Remarks – Q3’26

Good afternoon, and thank you for joining us.

Q3 was another record quarter for The RealReal, with all-time quarterly highs across GMV, revenue, and orders, reflecting the strength of our business and our continued focus on disciplined execution and profitable growth.

We delivered GMV growth of 23% with Adjusted EBITDA margin up 290 basis points versus last year. Revenue grew 19% year-over-year. Trailing twelve-month active buyers accelerated, up 13% year-over-year and those buyers placed 15% more orders - our strongest order growth since 2022. These results point to a resilient customer base, buying more across a range of price points.

Our Q3 execution gives us the confidence to raise our full-year outlook today.

Underlying our results is a fundamental change in how people shop for luxury fashion, and our purpose built platform is helping to drive it. Increasingly, customers are starting their journey with us, and engaging well beyond a transaction: to discover what to buy, to track what items are worth, to decide when to sell, and then to discover again. That is the new operating system for luxury ownership, and WE are building it.

Entering the year, we said 2026 would be the year our advantages begin to compound. Three quarters in, you can see it across our business: First - we are deepening our community engagement, Second - we are unlocking supply and accelerating our flywheel, and Third - we are accelerating innovation and efficiency through technology.

Let’s start with deepening our community engagement. Every year we add a new cohort of customers who make us a long-term part of how they own luxury. In the 3rd quarter 47% of our GMV came from buyers who have been with us for 5 years or longer, and at the same time, new buyers grew over 20%. Across our broad customer base, order values and units per order are up, and we’re seeing strong growth across categories and price points.

Gen Z is our fastest-growing cohort, with buyers up more than 60% since 2023. They care about trust, authenticity, and community, and those are all at the core of what we offer. They are pre-wired for resale, with Gen Z already making up four in ten secondhand sellers across the US, according to a 2026 report by Bank of America. Increasingly we see them

graduate onto The RealReal as buyers and consignors and we are built to grow with them. Because of the depth of our catalog, we are as relevant to someone at 25 as we are to someone over 50. As a customer's style evolves, we evolve with it.

We see what people buy, what they sell, and how they search at scale. This gives us data, expertise, and authority to have a clear view on style and in Q3 we put it to work.

In August we published our annual Resale Report. In addition to searching by brand, our customers are looking for a designer's name, specific collection or particular year. Vintage has become a category in its own right, with demand up more than 400% since 2020.

This month, we also published Real Style, our book about discovering personal style and building a wardrobe with intention. More than a book, it reflects our point of view: style is personal, great wardrobes evolve over time, and resale is an essential part of the luxury lifecycle.

Second, turning to unlocking supply and accelerating our flywheel... This year we diversified how we source supply, strengthening the core but adding layers around it: trusts and estates, partnerships, contractors, international vendors, and our retail stores - resulting in double digit supply growth in the quarter.

Our core differentiator is our sales team and the relationships they build. We've invested in the team, reshaping how it's structured and how it works with our diverse consignor base. We are testing a targeted approach: one group is focused on attracting new consignors to The RealReal, and a second works with repeat consignors, who engage more often and bring more of their closets each time.

Beyond the core, the new layers are already showing strength. Our trusts and estates team delivered 35% more units in Q3 than a year ago, and we are building partnerships with organizations that give us access to new consignors. We also expanded our contractor program into markets our team does not currently cover. And, we grew our Japanese dropship vendor network to seven, up from two last quarter.

We opened a new store in Boston in October, and our Los Angeles store, in Glendale, is next. During the quarter we also hosted pop-up events in test markets averaging nearly \$1 million per market in supply in a single weekend.

Our diversified approach is working. In the third quarter, the number of consignors who sold with us grew double digits with 44% of new consignors coming from our buyer base highlighting the strong network effects powering our flywheel.

And Finally, as a tech-enabled marketplace, we are accelerating innovation and efficiency through technology. Our platform is built on the largest authenticated luxury dataset in the world: fifteen years, more than 55 million items, over 100 attributes on each. Accelerated by AI, that data is helping us innovate faster than we ever have.

On the consignor side, our new seller experience is one example. Our product teams ran weekly experiments throughout the summer, iterating at a pace we could not have sustained previously, and our seller signup completion rates are up over 30% with the new experience.

Next year, drawing on the same data that powers Athena, we expect My Closet to enable a customer to send us a photo or a few words about an item to add it to their closet and get an estimate of what it's worth.

Shifting to the buyer side - we lead when consumers turn to AI to look for pre-owned luxury.

On our platform - Ask TRR, our conversational shopping experience built in partnership with Google is now live. Customers describe what they want and receive a personalized result curated from more than a million one-of-one items. Adoption is still building and our early adopters spend 20% more per transaction.

On agentic commerce - as customers test agentic shopping, we are building technology and structuring our data to interface with these agents. Every item in our catalog is authenticated, attributed, and priced in a form those platforms can read and recommend. We believe we are well positioned to capitalize on this evolving trend.

Within operations - We've brought AI into customer service. Some routine requests, like initiating a return, can now be handled from start to finish through our tools, which means faster answers for customers and more time for our team to spend on the issues that need human judgment.

Athena remains on track to handle nearly 50% of all items by the end of the year, and we are extending it into high value fashion this quarter.

And in September, our automated storage and retrieval system successfully went live at our Perth Amboy Authentication Center, ahead of schedule. When an item sells, a robot retrieves it, and it moves through automated packing and shipping. For items in the ASRS system, this has tripled the number of units picked per hour allowing us to process growing volumes with minimal incremental costs.

It is initiatives like these that drive continued operations and technology leverage in our results, and are expected to shorten the time to launch and ship products while pulling multiple dollars per unit out of our processing costs.

In closing, Q3 shows what we have been building toward: growth and profitability moving together, and advantages that compound. At the center of all of it are our customers, who see their closets as a portfolio of assets, to be tracked, managed, and sold, and increasingly, The RealReal is where that happens.

Before I turn it over to Ajay, I want to thank our team for a quarter in which we delivered results and built for the future at the same time. Doing both at once is what a first-class team looks like. To everyone at The RealReal: Thank you - you are why our consignors and buyers trust us, and you are why I am so confident in what comes next. With that, I'll turn the call over to Ajay.

REAL CFO Remarks – Q3'26

Thank you, Rati. Good afternoon, everyone. Q3 was a strong quarter with accelerating top-line growth, expanding margins, and meaningful cash generation.

Q3 GMV of \$642 million increased 23% year over year, and accelerated to more than 40% on a two-year stacked basis, reflecting a healthy balance between units and price. Orders grew 15% and average order value was \$629, up 8% year over year. Total revenue of \$206 million increased 19%, with consignment revenue up 18% and direct revenue up 19%.

Trailing twelve-month active buyers exceeded 1.15M, up 13% year over year. Customer engagement continues to deepen with 52% of our consignors during the trailing twelve months also making purchases on the platform, which we believe is a meaningful signal of the platform's compounding network effects. In the quarter, we continued to see strong flywheel trends with 44% of new consignors coming from our buyer base, a direct result of the investments Rati described in how we attract, engage and retain both sides of our marketplace.

Our Q3 take rate of 36.8% was down approximately 110 basis points year over year due to the ongoing mix shift toward higher-value items. Sequentially, compared to Q2, take rate increased 90 basis points. Our model is designed to generate strong unit economics across a wide range of products and price points. We can move with our customers, wherever they transact.

Gross margin of 74.9% expanded approximately 60 basis points year over year. Gross profit of \$154 million was up \$25 million versus last year.

Total operating expenses leveraged approximately 440 basis points year-over-year driven by strong leverage in Ops & Tech and SG&A, partially offset by investments in marketing.

As the leader in luxury resale, we are investing to drive growth and increase our market share. We are seeing strong returns from these investments reflected in buyer quality, customer lifetime value, and brand awareness. In Q3, marketing investments resulted in approximately 70 basis points of year-over-year deleverage.

Operations and technology leveraged approximately 260 basis points year over year, reflecting the impact of Athena - on track to process nearly 50% of all items by year-end - and our ASRS system, now live at Perth Amboy, is already delivering faster throughput and efficiency gains.

Within SG&A, we delivered approximately 240 basis points of year-over-year leverage - unlocking supply and benefitting from fixed cost discipline.

Together, this drove adjusted EBITDA of \$17 million, or 8.3% of revenue, expanding 290 basis points year over year and coming in above the top end of our prior guidance range.

We ended Q3 with \$145 million in cash, cash equivalents, and restricted cash. Q3 Free Cash Flow was \$11.3 million. For the first time, we exited the third quarter with positive year-to-date operating cash flow, historically a fourth quarter milestone for us. With Q4 representing our seasonally strongest period for both revenue and cash generation, we expect full-year operating cash flow to step up meaningfully from where we stand today.

Capital expenditures for the quarter were \$13.7 million. We continue to anticipate full-year CapEx on PP&E within 2 to 3% of total revenue.

Subsequent to quarter-end, we refinanced our Senior Secured Notes with a new \$150 million term loan and \$25 million revolving credit facility, both maturing in October 2033. We expect this transaction to reduce interest expense by approximately \$4 million annually and it extends our maturity profile. More broadly, over the last two years we have lowered total debt by more than \$80 million. With consistent Adjusted EBITDA growth and a cash-efficient model that converts that growth into strong free cash flow generation, we believe we are well positioned to reduce total leverage to \$150 million or lower in the medium term.

With Q3 results above expectations, and supply momentum and buyer engagement continuing to compound, we are raising our full-year outlook.

For the fourth quarter, we expect GMV of \$720 to \$735 million, representing approximately 17% to 19% growth year over year. Revenue is expected to be between \$218 and \$222 million, or approximately 12% to 14% growth. Adjusted EBITDA is expected in the range of \$27.5 to \$29.0 million, representing a margin of approximately 12.8% at the midpoint.

For the full year, we now expect GMV of \$2.585 to \$2.600 billion, representing approximately 21% to 22% growth year over year. Revenue is expected to be between \$8069 and \$810 million, or approximately 16% to 17% growth. Adjusted EBITDA is expected in the range of \$71.1 to \$72.6 million, representing a margin of approximately 8.9% at the midpoint, an improvement of approximately 280 basis points versus 2025 - and we remain on the path to our medium-term 15 to 20% Adjusted EBITDA margin target.

In closing, Q3 marks a meaningful step in TRR's evolution, record GMV, record revenue, positive free cash flow, and a stronger balance sheet. We enter Q4 with clear momentum, and I want to thank the entire RealReal team for an outstanding quarter.