

Taking advantage of a green style trend proves how “RealReal” revenue can be

The global online retail market is dominated by big names such as Amazon, Alibaba, JD, Rakuten, B2W Companhia Digital, Zalando, and eBay. Online retail is already big business gaining US\$2.86 trillion in global retail sales in 2018, and 15.1% market share. However, there is also a smaller and growing niche market for those wanting to buy pre-owned (second hand) and real (authentic) luxury goods, thereby avoiding counterfeit goods. Just in the US in 2018, the second hand apparel market was worth US\$24 billion and is forecast to rise to US\$64 billion by 2028. The RealReal’s CFO Matt Gustke sees the potential market at ~US\$200 billion.

On June 28, 2019, promising online reseller of authentic goods, The RealReal Inc., listed on the Nasdaq at US\$20.00 per share. Given the first day’s 45% stock price rise investors see huge potential for the stock.

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The RealReal Inc. (Nasdaq: REAL) is an online and brick-and-mortar marketplace for 'authenticated' (real, not fake) luxury consignment. Based on the circular economy (goods can be re-used), The RealReal sells consigned clothing, fine jewelry, watches, fine art, and home decor and furniture. The RealReal has millions of shoppers and consignors, three retail stores in NYC & LA and 11 Luxury Consignment Offices across the USA.

RealReal is the first reselling start-up of this generation to go public, and state that they are the world's largest online marketplace for 'authenticated' goods. The Company uses proprietary technology and 100 trained authenticators to screen for fakes and to make available a range of high-end authentic luxury goods. Every product is inspected and vetted before it goes up online.

Buying authenticated and secondhand luxury branded goods online is a growing trend

Online selling of authentic secondhand luxury goods such as bags, shoes, watches, jewelry, and clothing etc for women, men and children is becoming very popular.

CF0 Matt Gustke says: "Often we hear we're the first luxury purchase made by a consumer. We're dead serious on preventing fakes". RealReal confiscate any fakes they find. This can be a daunting task when wrestling with a counterfeit market worth an estimated \$461 billion dollars.

Bearing this in mind it hasn't all been a smooth road, as a top-selling brand on The RealReal, filed a lawsuit in November against the Company. The claim, that The RealReal will vigorously defend, is over the accusation that seven counterfeit handbags were sold and that only the claimant can verify its secondhand goods.

Buying secondhand goods is environmentally better

The Company is also taking advantage on another green style trend, one that is inspiring the interest in resale. With the increased focus on sustainability, more than 50% of Gen Z have bought or sold items secondhand. RealReal have even partnered with brands like Stella McCartney to support the circular recycling style economy by offering \$100 credits to use at her store. Among the RealReal's consignors, 56% count the impact on the environment and the chance to extend the life cycle of luxury items as a key reason they sell with the Company.

RealReal Inc. revenues are growing 50-55% pa

For the first quarter of 2019, revenues were \$69.2 million, up nearly 50% from the same period in 2018. For the full year, they were \$207.3 million, up 55% from \$133.8 million in 2017. For now, the Company is not yet profitable as it is focused on growing fast.

RealReal Inc. has definitely tapped a need in the online luxury resale market – the need to buy "authentic" luxury goods at reasonable prices, and for sellers (consignors) to sell their goods conveniently online. The runway for growth ahead looks very strong with tailwinds of consumer demand, growing online sales, and a growing global middle class that

loves to own authentic luxury brand names, especially at reasonable prices.

The RealReal Inc. is based in California USA; and has a market cap of US\$2.2 billion.