

COMMERCE

Revenues up 29pc in 2022 as The RealReal attempts to turn profit

March 1, 2023



The earnings report arrives at a moment marked by new leadership, as The RealReal attempts to enter a new era. Image credit: The RealReal

By LUXURY DAILY NEWS SERVICE

A positive quarter-over-quarter performance and a newly-appointed chief executive at The RealReal beg the question could things soon be looking up for the luxury resale platform?

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Per a new earnings report, the world's largest online marketplace for authenticated, resale luxury goods is reporting a total revenue increase of 29 percent year-over-year, having hit \$603 million in 2022. However, the company has yet to break even, still operating on a negative with net profit losses landing at \$196 million compared to \$236 million in 2021.

"We are pleased to announce solid financial results for the fourth quarter and full year 2022, including improved gross profit and adjusted EBITDA loss on a year-over-year basis," said Rati Levesque, president and chief operating officer at **The RealReal**, in a statement.

"During the fourth quarter and into 2023, we continue to focus on our key initiatives: (1) update our consignor commission structure, (2) improve efficiency and cut costs, (3) optimize product pricing, and (4) pursue potential new revenue streams," Ms. Levesque said. "We continue to believe these actions will move the business forward."

"We are pleased with the recent addition of John Koryl as Chief Executive Officer; his leadership will be invaluable as we drive toward profitability."

Rough resale waters

The RealReal's latest earnings exercise proves the company has not fully recovered from pandemic disruptions.

A quick rewind to the year The RealReal IPO'd in July 2019, the firm made history as the first resale company to go public paints an entirely different picture for the firm.

At the time, its fiscal standing was strong. The reseller exhibited net profits of \$203.2 million in the aforementioned full year, up 48 percent from 2018's \$136.9 million.

As early 2020 approached, the company's outlook appeared bright, with first-quarter profits up 16 percent y-o-y and

total revenues reaching 11 percent higher than the year prior.

Established in 2017, an inaugural store opening in San Francisco, the company's first store floor, added an in-person appeal ([see story](#)). Subsequent locations in Los Angeles and New York further supported The RealReal's retail conquest ([see story](#)).

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A post shared by therealreal (@therealreal)

Succeeding the start of the global health crisis, with gross profits for the period down 22 percent y-o-y, The RealReal's Q2 2020 financial statement is precisely where reports began to take a turn and, put simply, profits have continued to dip every quarter of every year since.

The company's stock price has also taken a dive in recent months, down 16.15 percent in the last three, and down 84.28 percent over the course of the last year - executives reported a loss of 39 cents per share.

Despite these factors, The RealReal managed to reduce its net profits gap by 16 percent y-o-y in 2022.

Methods of choice for bolstering cash on hand have included layoffs, in addition to quietly shuttering its San Francisco bricks-and-mortar hub last month, according to local reports and a recent Securities and Exchange Commission filing from the company.

This arrives after a series of negative customer accounts posted to social media, topped by a wave of ex-employee "tell-alls."

[@minehrovsepien](#) I never thought this would happen to me but dont ever purchase from the @The RealReal THEY FALSE ADVERTISE!
[#foryou](#) [#fyp](#) [#foryoupage](#) [#fraud](#) [#PlutoTVIsFree](#)
[#fakenews](#) [#viral](#) [#spreadtheword](#) [#dontnotbuy](#)
Running Up That Hill (A Deal With God) - Kate Bush

A band of class action litigation involving authentication claims and highly-publicized trademark cases with top luxury names has likely not helped the company's comms team's caseload, either.

All of the above have garnered the firm a fair amount of press pushback as of late now, many are left questioning the future direction of the resale platform.

Fresh start?

This earnings report round arrives at a moment marked by new leadership, as The RealReal attempts to enter its next era.

We are pleased to announce the appointment of e-commerce and digital executive, John E. Koryl, as Chief Executive Officer of The RealReal. John will be focused on improving overall client experience, achieve cost savings, and lead The RealReal to profitability.

pic.twitter.com/L4wlATtPI5

The RealReal (@therealreal) **January 25, 2023**

Effective as of Feb. 6, 2023, John E. Koryl joined the company as chief executive officer, rendering previous co-interim CEOs Rati Sahi Levesque and Robert Julian president and chief operating officer, and chief financial officer, respectively.

Besides his ascension into the role of CEO, Mr. Koryl has also been appointed member of The RealReal's Board of Directors.

He brings deep executive management experience in developing and implementing operational efficiencies for supply chain, ecommerce and digital strategies, and, according to the firm, will focus on reorganizing the company's client experience measures, working to save costs and drive profitability ([see story](#)).

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