

Consumer: DTC & Disruptors
Company Update
Revolve Group, Inc. | RVLV - \$50.09 - NYSE | Buy
Stock Data

52-Week Low - High	\$38.82 - \$89.60
Shares Out. (mil)	40.30
Mkt. Cap.(mil)	\$3,669.44
3-Mo. Avg. Vol.	1,262,753
12-Mo.Price Target	\$68.00
Cash (mil)	\$218.5
Tot. Debt (mil)	\$0.0

Revenue (\$ millions)

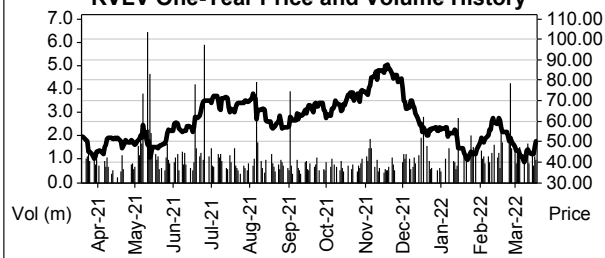
Yr Dec	—2021—	—2022E—	—2023E—
		Curr	Curr
1Q	178.9A	248.4E	NA
2Q	228.6A	280.1E	NA
3Q	244.1A	274.6E	NA
4Q	239.8A	263.8E	NA
YEAR	891.4A	1,066.9E	1,245.1E

EBITDA

Yr Dec	—2021—	—2022E—	—2023E—
		Curr	Curr
1Q	23.3A	29.9E	NA
2Q	35.4A	30.0E	NA
3Q	21.7A	31.2E	NA
4Q	34.2A	31.7E	NA
YEAR	114.6A	122.8E	189.7E

EPS \$

Yr Dec	—2021—	—2022E—	—2023E—
		Curr	Curr
1Q	0.30A	0.27E	NA
2Q	0.42A	0.27E	NA
3Q	0.22A	0.28E	NA
4Q	0.39A	0.29E	NA
YEAR	1.36A	1.10E	1.76E
P/E	36.8x	45.5x	28.5x

RVLV One-Year Price and Volume History

RVLV: ROTH Conference Takeaways

We hosted Revolve Co-CEO Mike Karanikolas for a fireside chat at the 34th Annual ROTH Conference. Click [here](#) for a replay of the webcast. Our three key takeaways: (1) expect re-opening momentum to continue throughout 2022; (2) growth at FORWARD should sustain nicely in 2022 and be additive to AOVs (cross-sell from REVOLVE to FORWARD has very long runway ahead); and (3) Revolve GMs look structurally higher vs. pre-COVID margins.

- **(1) Expect re-opening momentum to continue throughout 2022.** While first seven week comps in 2022 have been exceptional in the range of +70% YoY, these should decelerate as Revolve compares against a stronger period in Mar'21. As for how this fits with Revolve's >20% YoY guidance for revenue growth in 2022, Karanikolas emphasized the "greater than" language in the growth outlook while also reiterating Revolve's long-term target of +20% YoY growth. Additional tailwinds to revenue growth in 2022 appear to be AOVs (where product mix shift back to dress/accessories should drive further expansion while Revolve expects to retain spending in stay-at-home categories) and more normalized seasonality (notably, #REVOLVEFEST should be held around Coachella for the first time in 2-years). While inflationary pressures on the consumer are hard to ignore, Revolve's customer may be somewhat more-insulated from these headwinds. We view the lower-end consumer as more impacted currently, and Revolve core user purchase patterns are more attached to gathering events that have a significant amount of momentum.
- **(2) Growth at FORWARD should sustain nicely in 2022; the REVOLVE-->FORWARD loyalty program has a long growth runway ahead.** Revolve's luxury platform, FORWARD, provides incremental tailwinds to AOVs as it should grow faster than core REVOLVE in 1H22 given tailwinds from re-opening and the Kendall Jenner partnership (first announced Aug'21). While YoY comparisons get tougher in 2H22, Karanikolas appeared confident that the partnership with Jenner is something to build upon in the years ahead (for example, Jenner seemingly unlocks certain emerging luxury brands as vendors). Additionally, while cross-purchasing between the REVOLVE/FORWARD platforms is in the low- to mid-single-digits currently, we believe there is a long runway to grow this toward >20%. Interestingly, Karanikolas cited growing overlap between the two platforms every month since the REVOLVE loyalty program was introduced. Our math suggests that a 100bps improvement in REVOLVE customers making just one purchase per year on FORWARD at an AOV of ~\$640 would drive ~\$12mn of incremental revenue to Revolve.
- **(3) Revolve GMs look structurally higher vs. pre-COVID.** We note management has already guided GMs "flat-to-down" vs. 2021, suggesting a bit of YoY retrenchment after a solid full price selling year. Karanikolas cited the expectation that full price selling and inbound freight may erode GMs slightly vs. peak levels in 2021 (55.5% GMs), but margins appear structurally higher vs. pre-COVID era Revolve levels (53-54%), and the medium-term tailwind of owned brands (we believe 1,000-1,500bps higher vs. 3p brands) has the potential to drive GMs even higher by 2023 and beyond.

VALUATION

- **Our \$68 PT applies a 40x multiple to our 2022E adj EBITDA.** We believe our valuation multiple is above peer median but reasonable in the context of our adj EBITDA growth outlook (+40% on a 2020-2022 CAGR).
- Factors that could impede shares from reaching our price target include (1) longer than expected disruptions tied to the COVID-19 outbreak, (2) worsening geopolitical tensions with China, and (3) intensifying competition from incumbent and digitally native apparel peers.

RISKS

- Revolve faces competition from traditional fashion retailers, brands, and department stores. Increased competition could lead to higher marketing expenses and the loss of or inability to capture market share.
- The company is dependent upon marketing expenses through major internet platform companies to drive site traffic.
- Revolve sources a substantial portion of both its owned brand and third party brand assortment from mainland China. Disruptions including geopolitical tensions and/or public health emergencies could interrupt the supply chain and negatively affect results.
- The company's sales and profitability are seasonally skewed towards the second quarter and the music festival season when large gatherings like Coachella occur. As such, disruption of gathering events could negatively impact the business.
- Revolve's success is dependent upon its ability to predict consumer preferences and react appropriately. Failure to successfully anticipate, identify, and react in a timely matter to changing consumer preferences could negatively affect operations.
- The company relies on the efforts of senior management; the departure of key members could negatively affect results.

COMPANY DESCRIPTION

Revolve Group, Inc. (NASDAQ: RVLV) is an online fashion apparel and accessories provider primarily targeting Millennial and Generation Z consumers. Revolve offers its products through an online platform, revolve.com, delivering 45,000 apparel, footwear, beauty products, and accessories from more than 500 emerging, established, and owned brands. Revolve leverages its proprietary technology platform to manage product development, pricing, inventory, and marketing decisions. Revolve is a pioneer in social media and influencer marketing, and the company is widely-recognized for experiential marketing events like #REVOLVEfestival, #REVOLVEaroundtheworld, among others. The company was founded by co-CEOs Mike Karanikolas and Michael Mente, who continue to own 38.5mn Class B shares (~54% of total shares outstanding) through MMMK Development, Inc. Company headquarters and a large distribution facility are located in Cerritos, California. Revolve completed its IPO in June 2019 at \$18/share.

Revolve Group, Inc. (RVLV)														Matt Koranda				
(\$ millions, except per share data)														ROTH Capital Partners mkoranda@roth.com 949.275.2806				
Fiscal Year End 12/31																		
INCOME STATEMENT	2018A	2019A	1Q20A	2Q20A	3Q20A	4Q20A	2020A	1Q21A	2Q21A	3Q21A	4Q21A	2021A	1Q22E	2Q22E	3Q22E	4Q22E	2022E	2023E
	Dec-18	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Dec-22	Dec-23
Revolve	433.5	527.3	124.5	126.9	130.6	118.9	500.9	152.2	188.8	204.2	200.0	745.1	206.9	230.3	230.8	220.0	888.0	1,035.0
Forward	65.2	73.7	21.6	15.9	20.5	21.8	79.8	26.7	39.8	39.9	39.8	146.3	41.5	49.8	43.8	43.8	178.9	210.1
Net sales	498.7	601.0	146.1	142.8	151.0	140.8	580.6	178.9	228.6	244.1	239.8	891.4	248.4	280.1	274.6	263.8	1,066.9	1,245.1
Consensus (as of 03/17)											221.8	873.8	254.6	293.2	289.8	277.3	1,116.4	1,356.7
Cost of goods sold (COGS)	233.4	279.0	75.1	70.7	67.6	62.0	275.4	82.2	101.4	109.6	108.3	401.6	115.1	127.2	122.0	116.7	481.1	546.3
Gross profit	265.3	322.0	71.0	72.1	83.5	78.8	305.3	96.7	127.2	134.5	131.5	489.8	133.3	152.9	152.6	147.1	585.8	698.8
Fulfillment	13.3	19.4	4.5	3.8	4.2	4.0	16.5	4.4	5.3	5.8	5.9	21.3	6.0	6.5	7.0	7.0	26.5	28.6
Selling and distribution	70.6	87.7	21.8	19.1	20.9	18.8	80.5	25.0	32.1	38.4	38.0	133.5	40.0	44.0	44.0	42.0	170.0	186.0
Marketing	74.4	89.1	22.0	14.6	18.9	20.9	76.4	26.2	34.9	47.0	32.3	140.4	34.0	49.0	45.0	41.0	169.0	191.0
General and administrative	65.2	77.6	18.9	15.8	17.7	18.5	70.9	19.9	22.0	24.2	23.3	89.3	26.0	26.0	28.0	28.0	108.0	114.0
Operating expenses	223.5	273.9	67.1	53.3	61.7	62.2	244.2	75.5	94.3	115.3	99.5	384.5	106.0	125.5	124.0	118.0	473.5	519.6
EBIT	41.8	48.1	3.9	18.8	21.8	16.6	61.1	21.2	32.9	19.2	31.9	105.3	27.3	27.4	28.6	29.1	112.3	179.2
Interest (expense) / income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	(0.2)
Other (expense) / income, net	(0.6)	(0.9)	0.1	(0.2)	(0.3)	(0.7)	(1.0)	(0.2)	(0.3)	0.2	(0.2)	(0.6)	(0.2)	(0.2)	(0.2)	(0.2)	(0.9)	(0.9)
EBT	41.2	47.2	4.0	18.6	21.5	15.9	60.1	21.0	32.7	19.4	31.7	104.7	27.0	27.1	28.3	28.8	111.2	178.1
Taxes	10.5	11.5	(0.2)	4.4	2.1	(3.0)	3.3	(1.3)	1.1	2.7	2.3	4.9	6.8	6.8	7.1	7.2	27.8	44.5
Net income (loss) from continuing operations	30.6	35.7	4.2	14.2	19.4	19.0	56.8	22.3	31.5	16.7	29.4	99.8	20.3	20.3	21.2	21.6	83.4	133.6
Repurchase of Class B common, corporate conversions	0.0	(40.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (loss) attributable to common shareholders	30.6	(5.1)	4.2	14.2	19.4	19.0	56.8	22.3	31.5	16.7	29.4	99.8	20.3	20.3	21.2	21.6	83.4	133.6
Net income, adjusted	30.6	28.7	4.2	14.2	19.4	19.0	56.8	22.3	31.5	16.7	29.4	99.8	20.3	20.3	21.2	21.6	83.4	133.6
EPS, reported	\$0.44	(\$0.09)	\$0.06	\$0.20	\$0.27	\$0.26	\$0.79	\$0.30	\$0.42	\$0.22	\$0.39	\$1.34	\$0.27	\$0.27	\$0.28	\$0.29	\$1.11	\$1.76
EPS, adjusted	\$0.44	\$0.50	\$0.06	\$0.20	\$0.27	\$0.26	\$0.79	\$0.30	\$0.42	\$0.22	\$0.39	\$1.34	\$0.27	\$0.27	\$0.28	\$0.29	\$1.11	\$1.76
Consensus (as of 03/17)											\$ 0.18	\$ 1.13	\$ 0.28	\$ 0.35	\$ 0.28	\$ 0.33	\$ 1.23	\$ 1.82
Avg FD Common Shares	70.3	57.3	71.9	71.7	72.3	72.4	72.1	74.0	74.4	74.9	74.8	74.5	75.2	75.3	75.4	75.5	75.4	75.9
EBITDA RECONCILIATION																		
Net income	30.6	35.7	4.2	14.2	19.4	19.0	56.8	22.3	31.5	16.7	29.4	99.8	20.3	20.3	21.2	21.6	83.4	133.6
Interest expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	(0.2)
Other Income / Expense	0.6	0.9	(0.1)	0.2	0.3	0.7	1.0	0.2	0.3	(0.2)	0.2	0.6	0.2	0.2	0.2	0.2	0.9	0.9
Income tax expense	10.5	11.5	(0.2)	4.4	2.1	(3.0)	3.3	(1.3)	1.1	2.7	2.3	4.9	6.8	6.8	7.1	7.2	27.8	44.5
D&A	2.9	4.0	1.2	1.2	1.3	1.2	4.8	1.1	1.1	1.1	1.1	4.5	1.4	1.4	1.4	1.4	5.5	5.5
Stock based compensation	1.4	2.1	0.6	0.9	1.0	1.0	3.4	1.0	1.4	1.3	1.1	4.8	1.1	1.1	1.1	1.1	4.5	4.5
Other adjustments	0.4	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adj EBITDA	46.5	55.6	5.6	20.9	24.0	18.7	69.3	23.3	35.4	21.7	34.2	114.6	29.7	29.8	31.0	31.5	121.9	188.8
Consensus (as of 03/17)											20.2	100.5	27.9	36.4	31.3	36.4	132.4	173.5
PROFITABILITY RATIOS																		
Gross Margin	53.2%	53.6%	48.6%	50.5%	55.3%	56.0%	52.6%	54.0%	55.6%	55.1%	54.8%	55.0%	53.7%	54.6%	55.6%	55.8%	54.9%	56.1%
Consensus (as of 03/17)											53.7%	54.7%	53.9%	55.4%	55.2%	55.1%	55.0%	55.2%
Revolve gross margin, ROTH	55.6%	55.4%	50.1%	52.2%	57.2%	57.8%	54.3%	55.3%	57.0%	56.4%	56.7%	56.4%	55.0%	56.0%	57.0%	57.5%	56.4%	57.8%
Forward gross margin, ROTH	37.2%	40.6%	39.7%	36.8%	42.9%	46.2%	41.7%	46.6%	49.4%	48.6%	45.6%	47.6%	47.0%	48.0%	48.0%	47.0%	47.5%	48.0%
Fulfillment	2.7%	3.2%	3.1%	2.7%	2.8%	2.9%	2.8%	2.4%	2.3%	2.4%	2.4%	2.4%	2.4%	2.4%	2.3%	2.5%	2.7%	2.3%
Selling and distribution	14.2%	14.6%	14.9%	13.3%	13.8%	13.4%	13.9%	14.0%	14.1%	15.7%	15.9%	15.0%	16.1%	15.7%	16.0%	15.9%	15.9%	14.9%
Marketing	14.9%	14.8%	15.0%	10.3%	12.5%	14.8%	13.2%	14.7%	15.3%	19.2%	13.5%	15.8%	13.7%	17.5%	16.4%	15.5%	15.8%	15.3%
General and administrative	13.1%	12.9%	12.9%	11.0%	11.7%	13.1%	12.2%	11.1%	9.6%	9.9%	9.7%	10.0%	10.5%	9.3%	10.2%	10.6%	10.1%	9.2%
Operating expense ratio	44.8%	45.6%	45.9%	37.3%	40.8%	44.2%	42.1%	42.2%	41.2%	47.2%	41.5%	43.1%	42.7%	44.8%	45.2%	44.7%	44.4%	41.7%
Operating margin	8.4%	8.0%	2.6%	13.2%	14.4%	11.8%	10.5%	11.9%	14.4%	7.9%	13.3%	11.8%	11.0%	9.8%	10.4%	11.0%	10.5%	14.4%
Adj. EBITDA margin	9.3%	9.3%	3.8%	14.6%	15.9%	13.3%	11.9%	13.0%	15.5%	8.9%	14.3%	12.9%	12.0%	10.6%	11.3%	11.9%	11.4%	15.2%
Pre-Tax margin	8.3%	7.8%	2.7%	13.0%	14.3%	11.3%	10.3%	11.7%	14.3%	7.9%	13.2%	11.7%	10.9%	9.7%	10.3%	10.9%	10.4%	14.3%
Net margin	6.1%	5.9%	2.8%	10.0%	12.9%	13.5%	9.8%	12.4%	13.8%	6.8%	12.3%	11.2%	8.2%	7.3%	7.7%	8.2%	7.8%	10.7%
Tax rate	25.6%	24.4%	-4.4%	23.6%	9.8%	-19.1%	5.5%	-6.1%	3.5%	13.9%	7.3%	4.7%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
GROWTH RATES																		
Net sales	24.8%	20.5%	6.4%	-11.8%	-2.0%	-4.6%	-3.4%	22.5%	60.1%	61.6%	70.4%	53.5%	38.8%	22.5%	12.5%	10.0%	19.7%	16.7%
Revolve sales, ROTH	31.1%	21.6%	1.5%	-11.8%	-3.6%	-5.0%	-5.0%	22.2%	48.7%	56.4%	68.1%	48.8%	36.0%	22.0%	13.0%	10.0%	19.2%	16.6%
Forward sales, ROTH	-5.5%	13.1%	47.0%	-11.6%	9.0%	-2.3%	8.1%	23.8%	151.1%	94.8%	82.5%	83.4%	55.0%	25.0%	10.0%	10.0%	22.3%	17.4%
Gross profit	37.0%	21.4%	0.3%	-20.3%	1.0%	0.9%	-5.2%	36.2%	76.5%	61.1%	66.8%	60.5%	37.9%	20.2%	13.5%	11.9%	19.6%	19.3%
Operating income	103.7%	15.1%	-44.2%	6.1%	69.8%	56.2%	27.0%	450.5%	75.1%	-11.9%	92.2%	72.4%	28.7%	-16.9%	48.7%	-9.0%	6.7%	59.5%
Pretax income	115.6%	14.6%	-40.4%	7.8%	67.8%	53.7%	27.4%	427.1%	75.3%	-10.1%	99.2%	74.3%	28.8%	-17.0%	46.1%	-9.2%	6.2%	60.1%
Net income, reported	473.0%	-116.8%	-16.2%	-150.7%	103.3%	125.6%	-1202.9%	435.4%	121.5%	-14.3%	55.0%	75.8%	-8.9%	-35.5%	27.4%	-26.5%	-16.4%	60.1%
EPS, reported	259.1%	-120.6%	-17.6%	-134.7%	104.4%	124.2%	-977.0%	420.0%	113.3%	-17.2%	49.9%	69.9%	-10.3%	-36.3%	26.5%	-27.1%	-17.4%	59.2%
Adj. EBITDA	19.6%	19.6%	-34.4%	10.1%	66.4%	37.3%	24.6%	316.1%	69.6%	-9.8%	82.3%	65.4%	27.3%	-15.9%	43.0%	-7.9%	6.4%	54.8%

Source: Company SEC filings and ROTH Capital Partners estimates

Revolve Group, Inc. (RVLV)																	Mett Koranda	
(\$ millions, except per share data)																	ROTH Capital Partners	
Fiscal Year End 12/31																	mkoranda@roth.com	
																	949.275.2806	
BALANCE SHEET	2018A	2019A	1Q20A	2Q20A	3Q20A	4Q20A	2020A	1Q21A	2021A	3Q21A	4Q21A	2021A	1Q22E	2022E	3Q22E	4Q22E	2022E	2023E
Cash & cash equivalents	16.4	65.4	103.6	150.8	158.7	146.0	146.0	182.9	219.6	221.6	218.5	218.5	241.8	301.5	324.3	317.8	317.8	455.2
Accounts receivable	5.3	4.8	3.0	4.8	4.7	4.6	4.6	6.6	7.4	6.7	4.6	4.6	8.2	9.2	9.0	8.7	8.7	10.4
Inventories	102.2	104.3	101.4	64.5	73.6	95.3	95.3	100.5	118.8	141.8	171.3	171.3	182.9	160.3	155.1	179.1	179.1	204.5
Income taxes receivable	0.0	0.8	1.0	0.0	2.5	10.7	10.7	15.4	12.2	10.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Prepaid expenses and other current assets	15.2	24.2	18.3	19.6	19.9	20.3	20.3	26.1	31.6	39.3	42.1	42.1	32.3	36.4	35.7	34.3	34.3	41.2
Total current assets	139.2	199.3	227.2	239.7	259.4	276.9	276.9	331.5	389.6	419.8	439.8	439.8	468.5	510.8	527.5	543.3	543.3	714.6
Property & equipment	5.9	14.7	12.9	12.7	11.9	11.2	11.2	10.8	10.3	9.6	8.9	8.9	8.1	7.3	8.0	7.7	7.7	8.5
Right-of-use lease assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6
Intangible assets, net	0.6	0.2	1.4	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.1	1.1	1.0	0.9	0.9	0.6
Goodwill	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Other assets	0.7	0.6	0.6	0.6	0.6	0.5	0.5	2.8	2.7	2.8	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Deferred income taxes	13.7	15.3	15.3	15.9	16.1	13.8	13.8	11.4	13.8	13.8	19.1	19.1	19.1	19.1	19.1	19.1	19.1	19.1
Total long-term assets	22.9	32.9	32.3	32.5	32.0	28.8	28.8	28.3	30.0	29.5	40.6	40.6	39.7	38.8	39.4	39.1	39.1	39.6
Total assets	162.1	232.3	259.5	272.2	291.3	305.8	305.8	359.8	419.7	449.3	480.4	480.4	508.2	549.6	567.0	582.3	582.3	754.2
Accounts payable	20.2	29.8	38.8	25.9	38.8	39.3	39.3	49.7	58.6	54.9	54.3	54.3	56.8	62.7	60.2	57.6	57.6	68.2
Line of credit	0.0	0.0	30.0	24.0	15.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accrued expenses	18.4	19.4	15.5	20.7	21.7	24.7	24.7	25.7	32.0	37.7	33.9	33.9	27.3	30.8	30.2	29.0	29.0	34.8
Income tax payable	0.9	0.5	0.4	4.4	0.8	0.2	0.2	0.8	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Returns reserve	29.2	35.1	21.0	28.3	23.4	25.6	25.6	37.5	44.0	50.8	49.3	49.3	59.6	67.2	65.9	63.3	63.3	76.0
Current lease liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
Other current liabilities	13.5	16.7	17.7	17.4	16.8	15.8	15.8	18.4	19.6	21.7	18.9	18.9	22.4	25.2	24.7	23.7	23.7	28.5
Total current liabilities	82.3	101.5	123.4	120.8	116.4	105.7	105.7	132.1	155.2	166.2	160.2	160.2	169.8	189.8	184.8	177.4	177.4	211.2
Non-current lease liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.2	3.2						
Total liabilities	82.3	101.5	123.4	120.8	116.4	105.7	105.7	132.1	155.2	166.2	163.4	160.2	169.8	189.8	184.8	177.4	177.4	211.2
Total stockholder's equity	79.8	130.8	136.1	151.4	174.9	200.1	200.1	227.7	264.4	283.1	317.0	317.0	338.4	359.9	382.2	404.9	404.9	543.0
BALANCE SHEET RATIOS																		
Days sales outstanding (DSOs)	4	3	2	3	3	3	3	3	3	3	2	2	3	3	3	3	3	3
Days of inventory (DOH)	160	136	123	83	99	140	126	111	107	118	144	156	145	115	116	140	136	137
Days payables outstanding (DPOs)	32	39	47	33	52	58	52	55	53	46	46	49	45	45	45	45	44	46
Cash conversion cycle	132	100	78	53	50	85	77	60	57	75	100	108	103	73	74	98	95	94
Inventory turns	2.6x	2.7x	2.8x	3.5x	4.1x	3.3x	2.8x	2.9x	2.9x	2.7x	2.6x	3.0x	2.5x	2.7x	3.0x	2.9x	2.7x	2.8x
DuPont Analysis (ROE Deconstruction)																		
Return on sales (profit margin)	6%	6%	3%	10%	13%	13%	10%	12%	14%	7%	12%	11%	8%	7%	8%	8%	8%	11%
Asset turnover (sales / assets)	3.1x	2.6x	2.3x	2.1x	2.1x	1.8x	1.9x	2.0x	2.2x	2.2x	2.0x	1.9x	2.0x	2.0x	1.9x	1.8x	1.8x	1.7x
Financial leverage (assets / equity)	2.0x	1.8x	1.9x	1.8x	1.7x	1.5x	1.5x	1.6x	1.6x	1.6x	1.5x	1.5x	1.5x	1.5x	1.5x	1.4x	1.4x	1.4x
Return on equity	38%	27%	12%	38%	44%	38%	28%	39%	48%	24%	37%	31%	24%	23%	22%	21%	21%	25%
GROWTH RATES (BALANCE SHEET)																		
Accounts receivable	-6%	-11%	-68%	-42%	-16%	-3%	-3%	118%	52%	42%	0%	0%	24%	25%	34%	87%	87%	20%
Inventories	34%	2%	4%	-37%	-29%	-9%	-9%	-1%	84%	93%	80%	80%	82%	35%	9%	5%	5%	14%
Accounts payable	13%	47%	25%	-13%	50%	32%	32%	28%	126%	42%	38%	38%	14%	7%	10%	6%	6%	18%
CASH FLOW STATEMENT	2018A	2019A	1Q20A	2Q20A	3Q20A	4Q20A	2020A	1Q21A	2021A	3Q21A	4Q21A	2021A	1Q22E	2022E	3Q22E	4Q22E	2022E	2023E
Net income	30.6	35.7	4.2	14.2	19.4	19.0	56.8	22.3	31.5	16.7	29.4	99.8	20.3	20.3	21.2	21.6	83.4	133.6
Depreciation & amortization	2.9	4.0	1.2	1.2	1.3	1.2	4.8	1.1	1.1	1.1	1.1	4.5	1.4	1.4	1.4	1.4	5.5	5.5
Stock-based compensation expense	1.4	2.1	0.6	0.9	1.0	1.0	3.4	1.0	1.4	1.3	1.1	4.8	1.1	1.1	1.1	1.1	4.5	4.5
Deferred income taxes	(3.8)	(1.6)	0.0	(0.6)	(0.2)	2.3	1.5	2.4	(2.4)	0.0	(5.2)	(5.2)						
Changes in operating assets & liabilities	(4.5)	6.0	2.2	38.1	(7.1)	(25.9)	7.3	6.4	1.8	(17.2)	(32.5)	(41.6)	4.3	37.3	1.1	(29.6)	13.2	(0.2)
Cash flows from operating activities	26.7	46.1	8.1	53.8	14.3	(2.5)	73.8	33.2	33.3	1.9	(6.1)	62.3	27.0	60.1	24.9	(5.5)	106.6	143.4
Purchase of property and equipment	(3.0)	(12.5)	(0.6)	(0.8)	(0.5)	(0.5)	(2.3)	(0.7)	(0.5)	(0.5)	(0.4)	(2.2)	(0.5)	(0.5)	(2.0)	(1.0)	(4.0)	(6.0)
Cash flows from investing activities	(3.0)	(12.5)	(0.6)	(0.8)	(0.5)	(0.5)	(2.3)	(0.7)	(0.5)	(0.5)	(0.4)	(2.2)	(0.5)	(0.5)	(2.0)	(1.0)	(4.0)	(6.0)
Cash flows from financing activities	(17.6)	15.2	31.0	(5.7)	(6.3)	(10.4)	8.7	4.3	3.9	1.2	3.3	12.8	0.0	0.0	0.0	0.0	0.0	0.0
Net increase in cash & securities	5.8	49.0	38.2	47.2	7.9	(12.7)	80.6	36.9	36.7	2.0	(3.1)	72.5	26.5	59.6	22.9	(6.5)	102.6	137.4
EOP cash balance	6.4	55.5	93.6	140.8	148.7	136.1	136.1	172.9	209.6	211.7	208.5	208.5	235.0	294.7	317.5	311.1	311.1	448.5
FREE CASH FLOW PER SHARE	\$0.34	\$0.59	\$0.10	\$0.74	\$0.19	(\$0.04)	\$0.99	\$0.44	\$0.44	\$0.02	(\$0.09)	\$0.81	\$0.35	\$0.79	\$0.30	(\$0.09)	\$1.36	\$1.81
Source: Company SEC filings and ROTH Capital Partners estimates																		

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Distribution of IB Services Firmwide

Rating	Count	Percent	IB Serv./Past 12 Mos. as of 03/18/22	
			Count	Percent
Buy [B]	348	82.86	234	67.24
Neutral [N]	45	10.71	24	53.33
Sell [S]	0	0.00	0	0
Under Review [UR]	27	6.43	17	62.96

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