REVOLVE

REVOLVE GROUP INC. (NYSE: RVLV) Q4 AND FULL YEAR 2024 CONFERENCE CALL PREPARED REMARKS ON FEBRUARY 25, 2025

ERIK RANDERSON, VP INVESTOR RELATIONS

Good afternoon, everyone, and thanks for joining us to discuss REVOLVE's fourth quarter and full-year 2024 results.

Before we begin, I would like to mention that we have posted a presentation containing Q4 and full year 2024 financial highlights to our Investor Relations website located at investors.revolve.com.

I would also like to remind you that this conference call will include forward-looking statements, including statements related to our future growth; our inventory balance; our key priorities and operating and innovation initiatives; industry trends; our marketing events and their expected impact; our partnerships and strategic acquisitions; our physical retail stores; and our outlook for net sales, gross margin, operating expenses, and effective tax rate.

These statements are subject to various risks, uncertainties and assumptions that could cause our actual results to differ materially from these statements, including the risks mentioned in this afternoon's press release as well as other risks and uncertainties disclosed under the caption "Risk Factors" and elsewhere in our filings with the Securities and Exchange Commission, including, without limitation, our Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 and our Annual Report on Form 10-K for the year ended December 31, 2024, which we expect to file with the SEC on February 25, 2025, all of which can be found on our website at investors.revolve.com. We undertake no obligation to revise or update any forward-looking statements or information except as required by law.

During our call today, we will also reference certain non-GAAP financial information, including Adjusted EBITDA and free cash flow. We use non-GAAP measures in some of our financial discussions, as we believe they provide valuable insights on our operational performance and underlying operating results. The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information presented and prepared in accordance with GAAP, and our non-GAAP measures may be different from non-GAAP measures used by other companies. Reconciliations of non-GAAP measures to the most directly comparable GAAP measures, as well as the definitions of each measure, their limitations and our rationale for using them, can be found in this afternoon's press release and in our SEC filings.

Joining me on the call today are our co-founders and co-CEOs, Mike Karanikolas and Michael Mente, as well as Jesse Timmermans, our CFO. Following our prepared remarks, we'll open the call for your questions.

With that, I'll turn it over to Mike.

MIKE KARANIKOLAS, CO-FOUNDER AND CO-CEO

Hello everyone and thanks for joining us today.

We finished the year with an outstanding fourth quarter, highlighted by double-digit **top-line growth** year-over-year and a more than doubling of **net income and Adjusted EBITDA** year-over-year. Most importantly, we achieved these strong financial results while continuing to invest in key initiatives that we believe set us up well for profitable growth and market share gains over the long term.

I'll start by briefly discussing highlights from our fourth quarter results before shifting to the full year 2024 accomplishments and closing out with our key priorities for 2025.

Starting with the fourth quarter recap:

Net sales were $294 million, an increase of 14% year-over-year, driven by improved trends across both segments and geographies relative to our year-over-year comparisons in the third quarter of 2024.

In fact, net sales increased by a double-digit rate year-over-year across Revolve, FWRD, domestic and international for the first time in two and a half years.

Net sales in the REVOLVE Segment increased 15% year-over-year and **net sales in the FWRD Segment** increased 11% year-over-year. FWRD returned to growth for the first time in seven quarters as our investments began delivering results within a luxury landscape that remains challenging.

Gross margin increased by approximately 50 basis points year-over-year, well ahead of our gross margin outlook shared last quarter.

Net income for the fourth quarter of $12 million, or $0.17 per diluted share, was more than triple the $3 million in the prior-year quarter.

Adjusted EBITDA was $18 million, an increase of 114% year-over-year, driving a 290-basis point expansion of our Adjusted EBITDA margin.

In addition to the gross margin expansion, contributing to our exceptional growth in profitability were significant marketing efficiencies and meaningful efficiencies in our logistics costs, which benefitted from a more than two-point decrease in our return rate year-over-year.

Beyond the numbers, I am excited by our team's execution that has led to continued great progress on the strategic priorities we outlined on prior calls.

I will now shift to **a review of our performance and accomplishments for the full year 2024** before touching on our key areas of focus for the coming year.

- Entering 2024, our most critical objective was to return to growth and meaningfully improve our net sales performance. We executed extremely well on this priority, as our **net sales growth rate** improved measurably each quarter throughout 2024, exiting with solid double-digit growth in the second half of the year.

- **Net sales growth in our core domestic market** improved every quarter throughout 2024 and we exited the year with double-digit growth in the U.S. during the fourth quarter.

- **International net sales** increased 14% year-over-year, driven by growth across nearly all regions that also improved as the year progressed. In 2024, we achieved record net promoter scores in international markets, underscoring our successful investments to further elevate the shopping experience for our international customers.

- We continued to drive impressive **net sales growth in adjacent product zones. Sales of Beauty, Men's and Home products** each increased by a healthy double-digit percentage year-over-year, more than tripling our consolidated growth rate on a combined basis, and further validating our opportunity to expand our share of wallet.

- As a company focused on profitable growth, I am very pleased that our 2024 profitability increased at a much faster rate than net sales. **Net income and Adjusted EBITDA** increased 73% and 60% year-over-year, respectively.

- **Unpacking the drivers of profitability growth**, reducing our global logistics costs was a top priority for us in 2024. We achieved a nearly 130-basis point reduction in our variable logistics costs as a percentage of net sales, driven by strong execution on initiatives designed to drive operating cost efficiencies and to reduce our return rate. Importantly, many drivers of this lower return rate in 2024 even further elevate the customer experience, such as our size and fit initiatives.

- **Marketing** was also a powerful driver of our profitability in 2024. We achieved a nearly 130-basis point reduction year-over-year in marketing spend as a percentage of net sales, fueled by efficiency gains across both the performance and brand marketing channels. Operating in a highly competitive environment, we successfully optimized spend across our marketing channels and leveraged the strength of our brands to reduce our average cost to acquire customers year-over-year.

- Another key contributor to our improved profitability in 2024 is that our customer is increasingly spending with us at full price. **The percentage of our net sales at full price** improved three points year-over-year to approximately 82%, which we believe is appreciably higher than the industry benchmarks. The increased percentage of net sales at full price helped to drive gross margin expansion of 65 basis points year-over-year.

- **Cash flow generated from operations** in 2024 further strengthened our balance sheet, all while deploying capital to reduce the number of shares outstanding through stock repurchases as part of our efforts to enhance shareholder value.

- Finally, we meaningfully advanced our **AI technology and personalization capabilities**, further elevating the customer experience and contributing to our strong financial results. Here are a few highlights:

  On our **e-commerce websites**, we launched AI-powered search algorithms for improved product discoverability. In **product merchandising** on our sites, we drove increased consumer engagement and conversion through AI driven product recommendations and other site optimizations. In **marketing**, our AI algorithms expanded the reach in one of our largest performance marketing channels. In **operations**, we created AI algorithms to intelligently route customer service inquiries and used our data and algorithms to intelligently balance inventory units across our multiple global locations. And finally, AI served an important role in reducing our return rate through a number of initiatives. As a powerful illustration of our core competency, in a variety of instances, our internal solutions handily outperformed AI solutions from third-party technology vendors.

I will wrap up with a discussion of **our key priorities for 2025.** As co-founders and the company's largest shareholders owning more than 31 million shares of REVOLVE common stock, or approximately 45% of the total shares outstanding, Michael and I are very aligned and focused on maximizing value over the long term.

Our strategic priorities for 2025 are guided by this long-term, owner mindset. We are focused on extending our momentum in driving attractive top-line and bottom-line performance while continuing to invest in exciting growth opportunities important to the long-term, such as owned brand expansion, deploying AI technology and exploration of physical retail expansion.

As we look ahead, we see multiple levers for growth that we believe will enable us to gain market share for the years to come.

- **First and foremost, we will continue to invest in expanding our brand awareness, acquiring new customers and strengthening our connection with the next generation consumer**. We will continue to focus on the core and invest in marketing, leveraging our brand strength and strong merchandising to acquire new customers, further engage with existing customers and expand our market share. In addition, a new and exciting way we are increasingly engaging with consumers is through physical retail. Michael will talk more about these initiatives in his remarks.

- **Second, we will continue to build on the successful expansion of our assortment to gain a greater share of our customer's spending on apparel, beauty, footwear and accessories.** We have earned our customers' trust and proven that with the right merchandising, they are eager to expand their purchases with us. In fact, as just one example, revenue generated from our curated 'ski shop' increased more than 850% year-over-year in the fourth quarter. With the strength of our brands and our outstanding customer experience, we see an incredible amount of white space to deepen customer relationships in many zones beyond the core event dressing and going out wear often associated with REVOLVE, including Beauty, Men's, Home and premium essentials.

- **Third, we will further expand our international presence,** where we are investing in a market opportunity that is several times larger than the U.S. The great progress we have made to improve the international customer experience in recent years now allows us to confidently invest marketing dollars to drive profitable growth in key international markets.

- **Finally, we will further enhance our technology stack and leverage AI and other technologies across our platform to drive growth and efficiency.** Since our founding, our teams have operated with a data-driven mindset and culture of technology innovation, leveraging our proprietary technology stack that is ingrained in nearly all aspects of our operations. Our increasing success with AI technology in 2024 further confirms our competitive advantages, and reinforces our commitment to invest as we expand the use of AI throughout the organization.

In short, we view our outstanding top and bottom-line results in the fourth quarter as a direct outcome of our team's strong execution on our strategic priorities.

I would like to thank our talented and passionate team for their incredible efforts, innovations, persistence, and amazing ability to simply get things done that drove such strong execution in the fourth quarter. As our results attest, we believe we are gaining market share and further strengthening our foundation for future growth.

I feel great about our current momentum and the exciting opportunities ahead, in 2025 and beyond.

Now, over to Michael.

MICHAEL MENTE, CO-FOUNDER AND CO-CEO

Thanks, Mike, and hello everyone.

I am proud of our strong results in the fourth quarter that were driven by our team's great execution across the business.

Key contributors to our double-digit growth in net sales were vastly improved site merchandising and exciting gains in emerging product zones. The strong top-line growth, combined with incredible efficiencies in our marketing and logistics costs, led to our more than tripling of net income year-over-year in the fourth quarter.

With that as an introduction, **I will focus my remarks on the strategic areas we are investing in and that we are especially excited about:**

- Merchandising and product assortment
- Brand awareness
- Physical retail expansion, and
- Luxury and the high-end consumer

First, merchandising and product assortment:

Meaningfully improved site merchandising and on-point inventory buys were important contributors to our growth in the fourth quarter. Leveraging technology and data analytics, our teams are doing an outstanding job of improving our assortment across a broader range of use cases and creating compelling merchandising to drive increased consumer engagement and conversion. I attribute much of the incredible growth in demand for our winter styles that Mike mentioned to our site merchandising improvements and assortments put in front of customers through optimized channel strategies.

Looking forward, one area that I am truly excited about is premium essentials. Our customers trust our brands and delight in our shopping experience, creating a strong point of leverage for us to capture a greater share of wallet. One of the first steps in this journey was the launch of the **Foundations Shop** on our REVOLVE site featuring a selection of premium essentials from third-party and owned brands. It's still early, but the merchandising looks fantastic and has begun to fulfill our customers' desire to shop on REVOLVE for their everyday wardrobe needs, including for fall fashion and colder weather styles that were strong growth drivers in the fourth quarter. Response from our brand partners has been incredible, with two coveted FWRD brands choosing to cross list on REVOLVE after hearing about our Foundations Shop strategy that we expect to build on in the coming quarters.

We are also continuing to see exciting gains in newer areas like beauty, which has more than quadrupled in size in the past five years. In fact, **our Beauty, Men's and Home products** all achieved record sales in the fourth quarter. This validates our ability to tap into our customer loyalty to drive adoption in adjacent products.

Through further product expansion and site merchandising improvements, we see a great deal of opportunity to both acquire new customers and capture more share of our existing customers' wallet. Helping us to capitalize on these efforts are new AI algorithms developed by our internal teams to recommend complementary items in adjacent product zones after the purchase transaction is complete.

We are also very excited about the progress we made within **Owned Brands** last year. Our goal coming into the year was to create a solid foundation for future growth and expansion, and we did just that. Our **Owned Brand mix of REVOLVE Segment net sales** of 18% for the full year in 2024 is well below its longer-term potential, and we believe the underlying foundational metrics are better than ever, setting us up well for 2025 and beyond. We are very excited about the pipeline of new owned brands in development this year.

Second, Brand Awareness:

Our **marketing efficiency** meaningfully outperformed our outlook for the fourth quarter, contributing significantly to our outstanding results. Total marketing investment in the fourth quarter represented 14.8% of net sales, a decrease of approximately 170 basis points year-over-year.

Our teams deserve a lot of credit for being very nimble in evolving our marketing events and partnerships with content creators to maximize returns on our investment and increase our brand heat. This innovation of our marketing strategies continues to elevate and further differentiate our brands, resonate with consumers and deliver great results on the KPIs we are focused on.

We hosted several impactful events at our Holiday Shop in Los Angeles and in Aspen, many in partnership with brand partners. We have found these events to be highly efficient for building our brands and acquiring new customers.

In fact, our **New Year's Eve activation in Aspen** was our most successful and productive event of 2024, based on the number of views generated per video post on our social media channels – and, notably, this event was produced on a modest investment. Each video produced in connection with the Aspen New Year's event was viewed an average of nearly 400,000 times, substantially outpacing the content views for our other marketing activations.

Another way we are expanding our brand reach is by capitalizing on shifts in culture that have created new types of influencers. We were early to recognize the powerful intersection of fashion and sports, including collaboration with WNBA star and fashionista Angel Reese, who was recently featured on the cover of *Vogue*. More recently, we are partnering with a new women's professional volleyball league where our REVOLVE logo is prominently featured on the back of every player's jersey and our brand is featured throughout the arenas. As the new league's online fashion retail partner, we are collaborating with the league's top stars, including former USA Olympic medalists.

On a different and more somber note, as a company founded in Los Angeles, Mike and I and the team are devastated by the physical and emotional damage caused by the LA wildfires that impacted many of our employees and partners. In January, we were able to leverage our influence for the benefit of our local community with the opening of the **REVOLVE Free Shop,** a temporary shop in downtown Los Angeles, to support hundreds of members of our local community directly impacted by the LA wildfires. We provided a broad selection of free clothing, shoes, beauty and hygiene products, and blankets to support those most in need.

I have also personally donated $1 million to several charities and causes, including the Los Angeles Fire Department Foundation, the World Central Kitchen, and many individuals directly impacted by the wildfires.

Third, Physical Retail expansion:

I am very excited about the long-term growth opportunity in physical retail. We recently crossed the one-year mark in our successful Aspen store and are busy preparing for the opening of our Los Angeles store, which will be our first permanent retail destination in a major metropolitan area.

The temporary **REVOLVE Holiday Shop** discussed last quarter was an excellent and well-executed preview of our future in retail, located within the high-end retail and entertainment district of the Grove in Los Angeles. In one of the most-visited holiday shopping destinations in LA, we created incredible buzz and excitement by hosting dozens of impactful marketing events featuring VIP appearances from Kendall Jenner, Cardi B, Megan Fox, Dwayne Wade, Nicole Richie, Elsa Hosk and Shay Mitchell.

Of note, even on our home turf of Los Angeles where our brands are most well-known, more than a third of the **customers transacting at the REVOLVE Holiday Shop** were new to file. This reinforces the magnitude of our opportunity to increase our brand awareness, expand our customer file and increase our market share. We also saw early indications of lift in ecommerce in the local community surrounding the Grove, particularly among new customers, confirming that physical retail can be extremely complementary and provide a favorable halo effect on our core ecommerce operations.

Also very encouraging is that the REVOLVE Holiday Shop has generated a significantly higher mix of net sales from Owned Brands than we generate online. While it is a small sample size, this reinforces the exciting opportunity ahead of us to drive much higher Owned Brand penetration and corresponding gross margin in physical retail.

We are very early in our physical retail journey and we are continuing to test and iterate. With the invaluable learnings gained so far, I am confident that we have a clear path for improvement as we pursue our physical strategy. We intend to hire a senior leader with deep industry experience who will help us maximize this growth opportunity over the long term, beginning with our Los Angeles store.

Speaking of which, I am thrilled to share the **details of our permanent store in Los Angeles slated to open in the fall.** We will occupy the exact same location as the REVOLVE Holiday Shop at the Grove. We believe our incredible permanent destination will elevate our brands within a central and high-traffic location in the Grove, providing great exposure and exciting growth opportunities for years to come. We expect to break ground on construction next month and I can’t wait for everyone to see our brands come to life.

Finally, Luxury and the High-end Consumer:

In early 2024, we talked about the disruption of the luxury ecommerce market on the heels of two distressed sales of large competitors in late 2023. As a profitable company with consistent cash flow generation, we saw an opportunity to benefit from this industry turmoil by investing in the luxury segment while others seemingly had no choice but to cut back.

Capitalizing on the opportunity, last year we made key investments in talent at FWRD, particularly focused on penetrating the high net worth segment of consumers that drive a disproportionate share of the luxury industry revenue. Our fourth quarter results are a powerful indication that our **FWRD investments** are paying off, particularly in key customer metrics. For instance, our average revenue generated per FWRD active customer increased by a double-digit percentage year-over-year. We believe our investments were a key contributor to FWRD's 11-point improvement in top-line growth year-over-year compared to the prior quarter.

Another key driver of FWRD's improved growth in the fourth quarter is our **FWRD Renew offering of pre-owned handbags**. Renew sales continue to gain scale and nearly doubled year-over-year in the fourth quarter.

To wrap it up, we are thrilled with our momentum in delivering strong growth and profitability, and excited about the potential of our long-term initiatives and investments as we pursue the significant market opportunities that lie ahead.

Now, I will turn it over to Jesse for the financials.

JESSE TIMMERMANS, CFO

Thanks, Michael, and hello everyone.

I am extremely pleased with our fourth quarter results, highlighted by double-digit net sales growth across segments and geographies, and a more than doubling of our net income and Adjusted EBITDA year-over-year.

I'll start by recapping our fourth quarter results and then close with updates on recent trends in the business and commentary on our gross margin and cost structure for 2025.

Starting with the fourth quarter results.

Net sales were $294 million, a year-over-year increase of 14%, and a 4-point improvement from our net sales growth in the third quarter of 2024.

REVOLVE Segment net sales increased 15% and **FWRD Segment net sales** increased 11% year-over-year in the fourth quarter.

By territory, domestic net sales increased 11% and **international net sales** increased 29% year-over-year.

Active customers, which is a trailing 12-month measure, grew to 2.7 million, an increase of 5% year-over-year.

Total orders placed were 2.2 million, an increase of 7% year-over-year, and our highest order growth in more than a year.

Average order value was $301, a decrease of 1% year-over-year, that was due to lower AOV in the FWRD segment, driven by product mix.

Consolidated gross margin was 52.5%, and came in well above our guidance range. The increase of 53 basis points year-over-year primarily reflects meaningful margin improvement in our FWRD segment and an increased mix of net sales from the higher margin REVOLVE Segment, supported by strong full price mix in both segments.

Moving on to operating expenses….

A high-level summary is that much better-than-expected efficiency in Marketing, Selling and Distribution and Fulfillment expenses in the fourth quarter was partially offset by higher-than-expected General and Administrative expenses.

Fulfillment costs were 3.2% of net sales, a decrease of 27 basis points year-over-year, and slightly better than our guidance.

Selling and distribution costs were 16.5% of net sales, a decrease of 129 basis points year-over-year, and outperforming our guidance by roughly 80 basis points. This impressive result reflects outstanding execution by our teams to drive efficiency in our logistics costs as well as a meaningful decrease in our return rate year-over-year.

Our **Marketing** investment came in much more favorable than expected, representing 14.8% of net sales, a decrease of 168 basis points year-over-year, which reflects efficiency gains across both the brand and performance marketing channels.

General and administrative costs came in $6 million higher than our guidance, although most of the overage reflects costs that are excluded from Adjusted EBITDA. First, there were $2.7 million in non-routine costs that were not factored into our outlook and are excluded from Adjusted EBITDA. Second, also contributing to the higher G&A costs is that stock-based compensation came in much higher than expected and increased $1.7 million year-over-year. These non-cash costs are also excluded from Adjusted EBITDA. In addition, we continue to invest in many longer-term initiatives that we believe set us up for profitable growth well into the future.

Our tax rate was 20% in the fourth quarter, down from 28% in the prior year. The decrease was primarily due to excess tax benefits realized as a result of the exercise of non-qualified stock options.

The meaningfully increased net sales and gross profit year-over-year, the improved marketing efficiency and great progress driving efficiencies in our logistics costs, resulted in exceptional growth on the bottom line.

Net income more than tripled to $12 million, or $0.17 per diluted share, from $3 million, or $0.05 per diluted share, in the fourth quarter of 2023.

Adjusted EBITDA was $18 million, an increase of 114% year-over-year. For the full year 2024, Adjusted EBITDA was $70 million, an increase of 60% year-over-year.

Moving on to the balance sheet and cash flow statement…

We delivered improved **net cash provided by operating activities and free cash flow** in the fourth quarter compared to the prior year period, further strengthening our balance sheet. Comparisons were less favorable for the full year 2024, however, as our net cash provided by operating activities of $27 million and free cash flow of $18 million, decreased 38% and 54% year-over-year, respectively. Our much higher net income year-over-year was more than offset by unfavorable changes in working capital, including our investment in inventory during the year. Importantly, we exited the fourth quarter of 2024 with inventory growth much more balanced, which we believe positions us to generate increased cash flows in 2025.

Inventory at December 31, 2024 was $229 million, an increase of 13% year-over-year, which was slightly outpaced by our 14% net sales growth for the fourth quarter, demonstrating the important progress we have made in rebalancing our inventory.

As of December 31, 2024, **cash and cash equivalents** were $257 million, an increase of $11 million, or 5%, year-over-year, and we had no debt.

Since the end of 2019, we have increased our cash balance nearly fourfold, an increase of $191 million in five years, while returning more than $40 million to shareholders through stock repurchases over the last 18 months. Approximately $58 million remained available in our $100 million stock repurchase program at year end, unchanged from last quarter.

Now, let me update you on some recent trends in the business since the fourth quarter ended and provide some direction on our cost structure to help in your modeling of the business for 2025.

Starting from the top…. Our net sales through the first seven weeks of the first quarter of 2025 have increased by a high single-digit percentage year-over-year. In terms of linearity, month-to-date sales trends in February have been very solid, helping to offset softer net sales growth in January when the Los Angeles wildfires temporarily impacted demand in our largest region of California and during which time we paused social media activity to focus on relief efforts and in reverence to those impacted by the wildfires.

For modeling purposes for the balance of the first quarter of 2025, remember that February 2025 has one less day than the prior-year comparison due to leap year in February 2024. This uneven calendar year-over-year creates an approximately 1-point headwind to net sales growth in the first quarter of 2025.

Shifting to gross margin… We expect gross margin in the first quarter of 2025 of between 52.2% and 52.7%**,** which implies an increase of 15 basis points year-over-over at the midpoint of the range. For the full year 2025, we expect gross margin of between 52.4% and 52.9%, which also implies a year-over-increase of around 15 basis points at the midpoint of the range. Embedded in our 2025 expectations for gross margin are higher net sales at full price year-over-year and notable margin improvement in the FWRD segment, which we expect to be partially offset by the new China tariffs that are most relevant to our REVOLVE segment. Also important to the discussion of potential tariff impacts and supply chains is that we have extremely limited sourcing exposure to Canada and Mexico.

Fulfillment: We expect fulfillment as a percentage of net sales of approximately 3.2% for the first quarter of 2025, a decrease of approximately 30 basis points from the fulfillment efficiency ratio in the first quarter of 2024. For the full year 2025, we expect fulfillment costs of between 3.0% and 3.2% of net sales, a decrease of approximately 20 basis points year-over-year at the midpoint of the range.

Selling and Distribution: We expect Selling and Distribution costs as a percentage of net sales of approximately 17.4% for the first quarter of 2025, which implies a year-over-year improvement of approximately 50 basis points. For the full year 2025, we expect Selling and Distribution costs of between 17.0% and 17.2% of net sales, a decrease of 20 basis points year-over-year at the midpoint of the range.

Marketing: We expect our marketing investment in the first quarter of 2025 to be approximately 14.9% of net sales, a decrease of around 40 basis points year-over-year. For the full year 2025, we expect our marketing investment to represent between 14.9% and 15.1% of net sales, an increase of approximately 20 basis points year-over-year at the midpoint of the range as we expect continued efficiencies in marketing to be partially offset by continued investments to support brand building and customer acquisition.

General and Administrative: We expect G&A expense of approximately $39.5 million in the first quarter of 2025 and between $155 million and $158 million for the full year 2025. This implies a 10% year-over-year increase in G&A costs for the full year 2025, at the midpoint of the guidance range, as we continue to invest in longer term growth initiatives such as the launch of several exciting Owned Brands and further expansion of AI technology throughout the organization. It also includes a full year of investment in the Alexandre Vauthier fashion house we acquired in the second quarter of 2024.

And lastly, we continue to expect our **effective tax rate** to be around 24% to 26% for the full year 2025.

To recap, I am very encouraged by our fourth quarter and full year results, highlighted by an inflection in our top-line growth and more than 70% growth in net income for the full year 2024. Most importantly, we achieved these strong results while investing meaningfully in growth and efficiency initiatives that we believe position us well to continue to gain market share over the long-term in pursuit of the very large opportunity ahead of us.

Now we'll open it up for your questions.