

REVOLVE

REVOLVE GROUP INC. (NYSE: RVLV) Q4 AND FULL YEAR 2025 CONFERENCE CALL PREPARED REMARKS ON FEBRUARY 24, 2026

ERIK RANDERSON, SVP INVESTOR RELATIONS

Good afternoon, everyone, and thanks for joining us to discuss REVOLVE's fourth quarter and full year 2025 results.

Before we begin, I would like to mention that we have posted a presentation containing Q4 and full year 2025 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 business initiatives; industry trends; the impact of tariffs and our mitigation efforts; our marketing events and their expected impact; 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, 2025 and our Annual Report on Form 10-K for the year ended December 31, 2025, which we expect to file with the SEC on February 24, 2026, 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 that was outpaced by a 44% increase in **Adjusted EBITDA**, resulting in a nearly 190-basis point increase in our **Adjusted EBITDA margin**. We achieved these strong financial results while continuing to invest in many initiatives that we are very excited about, and which we believe set us up well for profitable growth and market share gains in 2026 and beyond.

I'll start by briefly discussing highlights from our fourth quarter results before shifting to the full year 2025 accomplishments and closing out with our key priorities for 2026.

Starting with the fourth quarter recap:

Net sales were \$324 million, an increase of 10% year-over-year, driven by meaningfully improved trends across both segments and geographies relative to our year-over-year comparisons in the third quarter of 2025.

In fact, our net sales increased by a double-digit rate year-over-year across REVOLVE, FWRD, domestic and International. And this is despite facing the most difficult comparisons of the year by far, in the fourth quarter. Notably, our revenue growth rate on a two-year stacked basis in Q4 improved to 26%, an increase of 11 points compared to the third quarter of 2025.

Net sales in the REVOLVE Segment increased 10% year-over-year and **net sales in the FWRD Segment** increased 14% year-over-year.

Gross margin increased by nearly 80 basis points year-over-year, driven primarily by powerful margin gains from data-driven recalibration of our markdown algorithm, as well as an increased mix of Owned Brands. Our ability to overcome macro pressures to expand our gross margin and operating margin year-over-year is notable in comparison to the margin declines experienced by many retailers due to tariff pressures, further illustrating our agility, operational execution and data-driven competitive advantages.

Shifting to our bottom-line results.... Our operating discipline enabled us to achieve a 58% increase in **Net income** year-over-year, handily outpacing our sales growth. **Diluted earnings per share** was \$0.26, an increase of 53% from the prior-year quarter.

Adjusted EBITDA was \$26 million, an increase of 44% year-over-year, driving a roughly 190-basis point expansion of our Adjusted EBITDA margin.

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 2025** before touching on our key areas of focus for the coming year. Overall, Michael and I are very encouraged by our meaningful financial gains on the top and bottom line, particularly considering the macro pressures from tariffs.

- **Net sales** increased 8% year-over-year, a nearly three-point improvement from the prior year. Importantly, we exited 2025 on a high note with double-digit growth in the fourth quarter that has continued strong in early 2026.
- Contributing to the top-line gains were improved growth in **active customers**, with particular strength in the fourth quarter, and increased revenue per active customer year-over-year.
- We delivered strength across geographies in 2025. **Net sales growth in the U.S.** accelerated by four points year-over-year and **International net sales** continued to outperform with 12% growth year-over-year.
- **Sales of Beauty and Men's products** each increased by a healthy double-digit percentage year-over-year, more than doubling our consolidated growth rate on a combined basis, and further validating our opportunity to expand our share of wallet.
- **Revenue retention of our prior-year customer cohorts** also further strengthened in 2025, benefitting from an increasing mix of tenured customers, who, on average, generate much more revenue and have higher retention rates.
- **Gross margin** increased 100 basis points year-over-year, and continues to benefit from our full price selling model. In 2025, we generated 81% of our **net sales at full price**, substantially higher than industry benchmarks.
- Expansion of our higher margin and exclusive owned brand collections also contributed to our gross margin gains. **Owned Brands** contributed 20% of REVOLVE Segment net sales in 2025, an increase of nearly two points year-over-year, with momentum building throughout the year.

- Fueled by gross margin expansion and operating efficiencies, our profitability increased at a much faster rate than sales for the second straight year. **Net income** in 2025 was \$61 million and **Adjusted EBITDA** was \$94 million, an increase of 25% and 35% year-over-year, respectively.
- Most importantly, we continue to generate significant cash flow. In 2025, we generated \$59 million in **operating cash flow** and \$46 million in **free cash flow**, an increase of 123% and 157%, respectively. This fueled a \$47 million increase in **total cash and equivalents** on our balance sheet, surpassing \$300 million at year end. Our strong cash flow and balance sheet are a key competitive advantage that gives us the capacity to invest in market share capture at a time when many industry peers have significantly reduced investment.
- 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 drove several million dollars in annualized revenue gains by launching AI-driven personalization enhancements and meaningfully enhancing our proprietary AI search algorithm for improved product discoverability. In **product merchandising** on our sites, we drove increased consumer engagement and conversion through AI enhancements to our product recommendations and launched an AI-styling feature enabling shoppers to virtually style recommended items. In **marketing**, we are increasingly leveraging generative AI in our processes to drive efficiency and effectiveness with great results. In **operations**, our internally developed AI algorithms now automatically transcribe customer service phone calls, automate the back-end processing of invoices and reduce the incidence of fraudulent transactions. Most exciting, we recently rolled out and began testing an internally developed generative AI feature on our REVOLVE site that we believe will enhance the customer shopping experience by surfacing contextually relevant Q&A about each product. The test is a foundational step towards launching agentic AI conversational chat on our sites in the future.

I will wrap up with a discussion of **our key priorities for 2026**. As co-founders and the company's largest shareholders collectively owning 43% of total REVOLVE common shares outstanding, Michael and I are very focused on maximizing value over the long term.

Our strategic priorities for 2026 are guided by this long-term, owner mindset. We are clearly focused on extending our momentum in driving attractive top-line and bottom-line performance in the year ahead, while at the same time, continuing to prudently invest in exciting multi-year growth opportunities important to the long-term, such as owned brand expansion, deploying AI technology, brand building, and expansion into physical retail.

As we look ahead, we see multiple levers for growth that we believe will enable us to gain market share for 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.** With our solid financial footing and the positive momentum in the business entering 2026, we believe this is an opportune time to invest in further building our brands with the goal of accelerating our market share gains and fueling our next phase of growth. To further supplement our brand building efforts, we will be investing to support several exciting product initiatives on tap for the coming months.
- **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** – including for the Men's demographic, which is showing great promise and is growing much faster than the core. We have earned our customers' trust and proven that with the right merchandising, they are eager to expand their purchases with us. This is especially true considering that we are investing to raise the bar even further on our incredible service offering, in contrast to what appears to be deteriorating service levels from key competitors.
- **Third, we will continue to thoughtfully invest in physical retail expansion,** including further investments in our team and retail technology platform, as well as evaluation of potential new retail sites that are a great fit with our incredible brand. While still very early in our journey, we see physical retail as an exciting lever for future share growth over the long term.

- **Fourth, we will further expand our international presence,** where we are investing in a market opportunity that is several times larger than the U.S. Over the past four years, international has increased from 17% to 21% of our total net sales, and we are just getting started. With emerging markets such as China and the Middle East offering a compelling expansion opportunity for our offerings, we see international as a key growth driver for many years to come.
- **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 the operating foundation for nearly all aspects of our business. Our many AI technology wins in 2025 further validate our data-driven competitive advantages, and give me even more conviction to invest as we expand the use of AI throughout the organization.

To wrap up, I want to take a moment to thank my REVOLVE colleagues for your incredible efforts that enabled us to achieve strong results in the fourth quarter, while also delivering great progress on our exciting longer-term initiatives. Our entire team is fired up by the many opportunities ahead that we believe will accelerate our market share gains.

Our current momentum gives me a lot of confidence and optimism about the opportunities ahead in 2026 and beyond.

Now, over to Michael.

MICHAEL MENTE, CO-FOUNDER AND CO-CEO

Hello everyone.

I am very proud of our team's great execution across the business that contributed to double-digit top line growth and an incredible 58% growth in net income year-over-year in the fourth quarter.

Anchored by our pristine financial foundation that continues to get stronger, we are investing in growth initiatives that we believe will be impactful drivers in further strengthening our brands and expanding our overall growth potential.

With that as an introduction, **I will focus my remarks on some of the strategic areas we are investing in** and where we see a great deal of opportunity:

- Brand investments
- Opportunities in the dynamic luxury industry
- Expansion of Owned Brands
- And physical retail development

First, Brand Building....

We had an impactful quarter for brand building activities that helped to drive an acceleration in active customer growth, while delivering increased marketing efficiency year-over-year that contributed to our strong bottom line performance.

One of the most innovative brand building moments occurred in early December with the unveiling of **our reimagined brand identity** in a global campaign that integrated the use of physical events and AI imagery for maximum impact and efficiency. Those following REVOLVE on social channels witnessed our imaginative campaign, featuring the refreshed REVOLVE logo on historical landmarks from around the world, including Los Angeles, New York, Shanghai, Tokyo, Hong Kong and Dubai. The new REVOLVE logo was also prominently displayed throughout the Crypto.com arena in Los Angeles, courtesy of our Lakers partnership.

Most importantly, consumers have embraced the new brand identity, validated by very favorable A/B testing on our ecommerce sites and our strong close to the fourth quarter.

Entering 2026 with a strong financial foundation, increased momentum in the business and plans to launch exciting new growth initiatives in the coming months, we believe the timing is right to increase investment in our brands to accelerate market share gains and support our long-term growth ambitions.

Second, FWRD and the competitive environment in luxury....

We believe we are well positioned in what is a very interesting time in the luxury environment. A recent article from *Business of Fashion* highlighted a rare opportunity for financially stronger players, such as our FWRD business, to gain market share at the expense of struggling luxury competitors that have strained relationships with luxury brands. We couldn't agree more and our Q4 results demonstrate that we are capitalizing on the opportunity in front of us.

Our FWRD net sales grew 14% year-over-year, and **FWRD gross profit** dollars increased 33% year-over-year in the fourth quarter -- representing roughly 6 and a half points of margin expansion, and our highest ever FWRD margin for a fourth quarter. Our customer metrics are also very exciting. In Q4, our FWRD segment acquired the highest number of new customers for any quarter in our history. And the important high value customer segment is also becoming more loyal to FWRD. In recent quarters, our top-tier of FWRD customers have measurably increased their spending with us. One investment that has been critical to this success is our FWRD personal shopping program, which delivered approximately 100% sales growth in 2025, enabling us to drive deeper engagement among our most valued customers and attract many more high net worth clients.

Clearly, we are gaining market share on the strength of our FWRD investments. We are capitalizing on financially challenged competitors that have slashed spending out of necessity. In fact, last month the world's largest multi-brand luxury retailer declared bankruptcy, which creates an exciting opportunity for stronger players like REVOLVE and FWRD to pursue the millions of luxury customers that have been impacted.

And some of the world's most revered luxury brands have partnered with us as they increasingly recognize FWRD as a clear winner in the space for the long term. In just the past few months, we have co-hosted private client and shop-in-shop events with Fendi, Ralph Lauren, Miu Miu and Acne Studios, among others.

Third, Owned Brands, where our momentum continues to build. Our **Owned Brand penetration of REVOLVE Segment net sales** increased year-over-year for the fourth consecutive quarter, elevating our Owned Brand penetration for the full year 2025 to 20%, nearly two points higher year-over-year. On the heels of brand launches from SRG and Haelo and continued strength from existing brands, these gains contributed to our gross margin expansion year-over-year, since our exclusive Owned Brands generate meaningfully higher gross margins than third-party brands.

Also very exciting, in Q4, we doubled down on our successful Owned Brand collection discussed last quarter that we specifically designed for the China market. We took it to a whole new level by hosting a livestream event to showcase our China Owned Brand products that was our most successful livestream ever. This underscores the strong consumer demand for localized owned brand products that we believe is scalable at very attractive economics, not only in China but potentially in other regions over time. Also notable is that we are able to deliver increased service levels at reduced logistics costs, resulting from the launch of a Hong Kong fulfillment hub through our logistics partners. We intend to scale these China specific owned brand initiatives in 2026 and beyond.

We believe the Owned Brand penetration of REVOLVE Segment net sales can move considerably higher over time as we further expand our product categories, continue to drive outsized owned brand penetration in physical stores, and introduce exciting new owned brands in the coming quarters. In fact, we are gearing up to introduce an entirely new chapter for our owned brands assortment that could be the most impactful yet. We believe the best is yet to come.

Finally, Physical Retail:

After more than 20 years of building our powerful global brand to a meaningful scale online, we are excited to leverage our brand strength into a physical environment that reflects the discovery, connection, and elevated experience at the core of the REVOLVE brand. We view thoughtful and prudent expansion of our physical footprint at this juncture as both a strategic and natural progression, allowing us to engage with the consumer in a more meaningful, multidimensional way.

As a result, we are thrilled to have opened the doors to **our second permanent retail store, at the Grove in Los Angeles**. We are pleased by the enthusiastic early response to our elevated retail destination, including frequent occurrences of consumers lined up outside our door during busy periods. In fact, customers waited for hours to meet Dwayne Wade and experience the U.S. debut of new apparel and footwear from the Li- Ning Way of Wade collection, celebrating our strategic partnership as the first omni-channel distribution for the brand in the U.S.

We believe our central location is ideally positioned to leverage the high foot traffic and visibility of The Grove to engage new and existing customers, bringing together fashion, culture, and experiential design. This aligns with our focus on physical retail as a key growth strategy for increasing brand awareness and market share gain over the long term. We are particularly excited by the opportunity to acquire new customers, establish deeper connections with our customers, increase our owned brand penetration, and target a much larger addressable market opportunity since physical stores generate more than 60% of global retail spend on apparel and footwear.

And landlords across the country are taking notice. Since opening our incredible store at the Grove, there has been a meaningful uptick in interest in REVOLVE and FWRD from tier one landlords in key markets that are in attractive locations.

While the ongoing performance wins from our Aspen store and the encouraging early results from our Grove store increase our confidence, we acknowledge that physical retail is a completely different business model than ecommerce. As a result, guided by the experienced team we have recruited to lead our retail journey, we will remain thoughtful in pacing our investments as we continue to iterate and measure our results over time.

To wrap up, we are thrilled with our momentum in delivering strong growth and profitability, and are even more excited about what lies ahead. For the past few years, we have been investing in very meaningful multi-year growth opportunities that are beginning to deliver exciting results and we feel incredibly confident with our positioning in the shifting technology landscape and our ability to continue to drive conversion and efficiency through the use of AI. We are in a very unique and opportunistic time and we intend to invest significantly and thoughtfully to take our brands to new heights.

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

JESSE TIMMERMANS, CFO

Thanks, Michael, and hello everyone.

I am extremely pleased with our fourth quarter results and the strong close to 2025, highlighted by double-digit net sales growth across segments and geographies, and a more than 50% increase in earnings per share 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 outlook for 2026.

Starting with the fourth quarter results....

Net sales were \$324 million, a year-over-year increase of 10%, and a 6-point improvement from our net sales growth in the third quarter of 2025. We achieved this growth acceleration despite facing a much more difficult prior-year comparison in the fourth quarter as reflected by the 26% two-year growth rate in the fourth quarter, our highest two-year growth in more than two years and a significant expansion from the 15% two-year growth in the third quarter of 2025.

REVOLVE Segment net sales increased 10% and **FWRD Segment net sales** increased 14% year-over-year in the fourth quarter.

By territory, domestic net sales increased 10% and **international net sales** increased 13% year-over-year.

Active customers, which is a trailing 12-month measure, grew to 2.8 million, an increase of 6% year-over-year.

Total orders placed were 2.4 million, an increase of 13% year-over-year, and our highest growth rate in three years.

Average order value was \$296, a decrease of 2% year-over-year, primarily due to product mix, highlighted by an exceptional 43% increase in beauty sales year-over-year.

Consolidated gross margin was 53.3%, an increase of 78 basis points year-over-year that primarily reflects meaningful margin expansion in our FWRD segment.

Moving on to operating expenses, where we have continued to drive efficiencies year-over-year

Fulfillment costs were 3.2% of net sales, more efficient than our guidance and unchanged year-over-year.

Selling and distribution costs were 16.7% of net sales, outperforming our guidance by 90 basis points, and an increase of 24 basis points year-over-year.

Our **Marketing** investment also came in much more favorable than expected, representing 14.0% of net sales, a decrease of 74 basis points year-over-year.

General and administrative was the one expense line item higher than our guidance – coming in at \$42 million. Most of the overage, however, reflects costs that are excluded from Adjusted EBITDA, including \$1.3 million in non-routine transaction costs that were not factored in our outlook and higher-than-anticipated stock-based compensation triggered by our full-year results handily exceeding our performance targets.

Importantly, we achieved leverage on general and administrative costs in the fourth quarter for the first time in more than three years, even when adjusting for non-routine costs.

Our **tax rate** was 20% in the fourth quarter, an increase of approximately 1 percentage point from the prior year.

The meaningfully increased net sales and gross profit year-over-year, coupled with improved operating efficiency, resulted in very strong growth on the bottom line that significantly outpaced our sales growth.

Net income was \$19 million, or \$0.26 per diluted share, an increase of 58% and 53%, respectively, year-over-year.

Adjusted EBITDA was \$26 million, an increase of 44% year-over-year. Our Adjusted EBITDA margin expanded by 188 basis points to 8.1% from 6.2% a year ago.

For the full year 2025, Adjusted EBITDA was \$94 million, an increase of 35% year-over-year that drove a 150-basis point expansion of our Adjusted EBITDA margin.

Moving on to the balance sheet and cash flow statement...

Our Q4 cash flow comparisons were unfavorable in what is our seasonally weakest quarter for cash flow generation, yet remained significantly stronger for the full year. In 2025, we generated \$59 million in **net cash provided by operating activities** and \$46 million in **free cash flow**, an increase of 123% and 157% year-over-year, respectively.

Inventory at December 31, 2025 was \$252 million, an increase of 10% year-over-year, consistent with our net sales growth for the fourth quarter.

As of December 31, 2025, total **cash and cash equivalents** were \$303 million, including \$11 million in restricted cash, for an increase of \$47 million, or 18%, year-over-year. And we continue to have no debt.

Now, let me update you on some recent trends in the business since the fourth quarter ended and provide some direction on our outlook to help in your modeling of the business for 2026.

Starting from the top.... We're off to a great start with **net sales through the first seven weeks of the first quarter of 2026** increasing by approximately 16%, with strength across the REVOLVE and FWRD segments, domestic and international. **For modeling purposes**, I want to point out that we face more difficult prior-year comparisons for the rest of the first quarter, as net sales in January of 2025 were softer-than-normal when the Los Angeles wildfires temporarily impacted demand in our largest region of California and during which time we paused social media activity.

Now, before we get into guidance, let me caveat that our outlook is based on the current status of tariffs as of today, February 24, 2026, including the recent decision by the Supreme Court of the United States and our estimate of the impact of potential mitigating activities. Our outlook does not include the impact of any potential refunds as a result of the Supreme Court's decision. Our outlook for gross margin is especially susceptible to variability given the uncertainty surrounding the timing and level of tariffs that will ultimately be in effect, as well as the timing and magnitude of the potential impact resulting from our mitigation efforts.

Shifting to gross margin... We expect gross margin in the first quarter of 2026 of between 52.8% and 53.3%, which implies an increase of 105 basis points year-over-year at the midpoint of the range. For the full year 2026, we expect gross margin of between 53.7% and 54.2%, which implies a year-over-year increase of around 45 basis points at the midpoint of the range. As our guidance implies, we expect more meaningful gross margin expansion year-over-year in the first half of the year, since we will lap the big gains resulting from optimization of our markdown algorithms in the second half of 2025.

Fulfillment: We expect fulfillment as a percentage of net sales of approximately 3.2% for the first quarter of 2026, consistent with the first quarter of 2025. For the full year 2026, we expect fulfillment costs of between 3.2% and 3.4% of net sales, an increase of approximately 10 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 17.1% for the first quarter of 2026, an increase of approximately 30 basis points year-over-year, and between 17.1% and 17.3% of net sales for the full year, an increase of approximately 10 basis points year-over-year at the midpoint.

Marketing: We expect our marketing investment to be approximately 15.7% of net sales in the first quarter and between 15.3% and 15.8% for the full year 2026, implying a year-over-year increase of around 140 basis points and 125 basis points, respectively, at the midpoint of the range. The expected increase will primarily be driven by increased brand marketing investments related to exciting growth and brand building initiatives planned for this year.

General and Administrative: We expect G&A expense of approximately \$40.5 million in the first quarter of 2026 and between \$161 million and \$164 million for the full year 2026. At the midpoint of the full year range, our outlook represents a modest 4% increase year-over-year in G&A costs for the full year 2026.

And lastly, we expect our **effective tax rate** to be around 24% to 26% for the full year 2026.

To recap, I am truly encouraged by the very strong momentum in the business as we closed out 2025 and into early 2026. And I am particularly excited by the slate of promising initiatives ahead in 2026 that we are investing behind and that we believe position us well to continue to gain market share in 2026 and for years to come.

Now we'll open it up for your questions.