

REVOLVE

REVOLVE GROUP INC. (NYSE: RVLV) Q1 2026 CONFERENCE CALL

PREPARED REMARKS ON MAY 5, 2026

ERIK RANDERSON, SVP INVESTOR RELATIONS

Good afternoon, everyone, and thanks for joining us to discuss REVOLVE's first quarter 2026 results.

Before we begin, I would like to mention that we have posted a presentation containing Q1 2026 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; our marketing events and their expected impact; our physical retail stores; our owned brand expansion; our use of AI; our partnerships; 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 Annual Report on Form 10-K for the year ended December 31, 2025, and our subsequent Quarterly Reports on Form 10-Q, 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.

Outstanding execution by our team within a dynamic operating environment led to strong first quarter results and continued market share gains, highlighted by our **net sales** increasing 16% year-over-year, our highest growth rate in nearly four years. This growth acceleration, particularly in the current environment, is evidence that our investments in brand, technology and AI, site experience and category diversification are paying off.

In addition to our strong top-line growth, **diluted earnings per share** increased 25% year-over-year, despite a several million dollar increase in marketing investments year-over-year to support our growth initiatives, including the launch of REVOLVE Los Angeles, our first-ever namesake label, that we are incredibly excited about.

And we generated \$49 million in **operating cash flow**, significantly strengthening our pristine balance sheet with **cash and cash equivalents** increasing to \$336 million at quarter end.

Our core underlying business metrics illustrate our increased engagement and deepening connection with next-generation consumers. Year-over-year growth in **active customers** accelerated in Q1, and we are generating increased revenue per active customer, fueled by our success in capturing a greater share of the consumer's wallet and a lower product return rate year-over-year.

Beyond the numbers, I am most excited about our visible progress in longer-term initiatives, such as international expansion and advancing our use of AI technology, that have become key contributors to our momentum and reinforce my confidence that we will continue to drive profitable growth in the future.

Continuing with our longer-term initiatives, Michael will talk about the exciting new chapter for our owned brands assortment with REVOLVE Los Angeles, as well as an important new milestone in our physical retail expansion. We view each of these initiatives as potential game changers for our business over the long term. Our ability to invest in and execute on many exciting initiatives simultaneously underscores that our strong cash flow and balance sheet are key competitive advantages, particularly at a time when many industry peers with weaker financials are stuck playing defense.

With that as an introduction.... I will step back and provide a brief recap of our Q1 results, before reviewing the progress on our longer-term initiatives.

Net sales for the quarter were \$343 million, an increase of 16% year-over-year, a more than 5-point sequential improvement from our 10% year-over-year growth rate in the fourth quarter of 2025. Gains were broad based, as year-over-year growth rates improved across REVOLVE, FWRD, domestic and international compared to the year-over-year growth rates in the fourth quarter, with double-digit growth across the board.

Also notable is that our **dresses category net sales** accelerated by 13 points compared to the fourth quarter of 2025 performance, and we delivered even stronger growth in **fashion apparel**, validating the momentum behind our category diversification strategy. The strong start to the year puts us on a good path to achieving our goal of double-digit revenue growth in 2026.

By segment, REVOLVE net sales increased 15% and FWRD net sales increased 17% year-over-year. These were our highest growth rates since 2022.

By territory, domestic net sales increased 15% and international net sales grew 20% year-over-year in the first quarter. We achieved these outstanding international results despite a meaningful slowdown in the Middle East that has continued into the second quarter amidst significant geopolitical uncertainty.

Shifting to our bottom-line results.... Net income was \$14 million and diluted earnings per share was \$0.20, an increase of 25% year-over-year.

Adjusted EBITDA was \$21 million, an increase of 9% year-over-year, all while investing in a number of meaningful growth initiatives, including investments to position the new REVOLVE Los Angeles assortment for long-term success.

Most exciting is that our profitable growth once again converted very strongly to **cash flow**. Our business generated a \$33 million increase in cash and cash equivalents in the first quarter alone, even while investing \$11 million in January for a synergistic minority investment.

Now, I'll conclude by recapping our progress against our longer-term strategic priorities and growth vectors. We have many exciting initiatives underway, and the team has done a great job executing to position us to deliver meaningful value for shareholders over the long term.

- **First, we continue to efficiently invest to expand our brand awareness, grow our customer base and strengthen our connection with the next-generation consumer.** I could not be more excited about our recent brand heat that Michael will talk about in his remarks, ranging from the impactful and well-received launch of REVOLVE Los Angeles, to an incredible and efficient REVOLVE Festival held last month attended by countless A-listers. The recent launch of Grow-Good Beauty, developed in partnership with Cardi B, also serves as a powerful demonstration of our brand-building capabilities — one that exceeded our highest expectations, amassing several billion impressions and 640,000 Instagram followers within days of the official launch.
- **Second, we continue to successfully expand our international penetration,** highlighted by 20% growth outside of the U.S. in the first quarter. It was the 13th straight quarter that international growth has outpaced the U.S, and we are still very early in our journey. I am particularly excited about a strong growth resurgence in Mexico, following our launch of elevated service levels and an impactful new marketing playbook in recent months. In fact, new customers in Mexico increased more than 80% year-over-year in the first quarter, contributing to our improved growth in active customers.
- **Third, our first quarter results provide further confirmation that our investments to capture market share in the luxury segment are paying off.** FWRD net sales grew 17% year-over-year, our highest growth rate in four years, and FWRD gross profit increased 36% year-over-year. Notably, at a time when the world's largest multi-brand luxury retailer is closing most of its store locations, we are rapidly expanding our customer base, attracting coveted new brand partners, and having particular success in generating increased sales from high-value customers.

- **Finally, we continue to leverage AI to drive growth and efficiency across the company**, including to further elevate the shopping experience and drive higher conversion. I am pleased to report that we have successfully tested and recently launched into production our internally developed generative AI feature discussed last quarter that surfaces contextually relevant questions and answers about our products. This new feature is now live on our REVOLVE mobile channel for our vast assortment of dresses and delivering meaningful gains. The conversion lift was so compelling that our team is already hard at work to expand our A/B testing to include additional channels and product categories, consistent with our efforts to continuously raise the bar on the customer experience.
- Also notable, we used generative AI to significantly assist in the creation of marketing collateral for the incredibly successful launch of Grow-Good Beauty that Michael will talk about in his remarks. It's another great example of how we are able to leverage our data driven culture and AI technology innovations to drive revenue and efficiency throughout the company.

To wrap up, I would like to thank our passionate and innovative REVOLVE colleagues for their incredible efforts in driving strong results in the first quarter, while also advancing our exciting longer-term initiatives that further strengthen our foundation for future profitable growth. It is gratifying to see our team so energized by these growth opportunities — such as physical retail, international and AI expansion — which we believe give us the opportunity to accelerate our market share gains.

The current momentum in the business and the great progress on our initiatives reinforces my confidence in our ability to drive profitable growth in 2026 and beyond.

Now, over to Michael.

MICHAEL MENTE, CO-FOUNDER AND CO-CEO

Hello everyone.

Thanks Mike, and hello everyone.

We delivered an outstanding first quarter, with strength across geographies, segments and categories. It is gratifying to see the strong results from the investments we've been making over the recent quarters. Our top line is accelerating, brand heat is building, and customer connection is strengthening.

We believe this momentum in the business illustrates our core competitive advantages that position us for continued success over the long term: our technology and data-driven DNA and proprietary technology infrastructure, our operational excellence and agility, and our powerful brands and connection with the next-generation consumer.

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

- The launch of our first-ever REVOLVE label
- Our 9th Annual REVOLVE Festival
- Physical retail expansion
- And our joint venture with Cardi B.

First, REVOLVE Los Angeles:

For years, Mike and I have talked about launching a REVOLVE namesake label. Over the past 23 years, we have diligently focused on building REVOLVE as a brand. A true brand, beyond just a fashion retailer. With this focus and disciplined investment, we have earned the trust and loyalty from millions of REVOLVE consumers, resulting in incredible brand power. We are truly unique as a multi-brand retailer that consumers completely trust to provide fashion discovery.

As background, our customers rarely search for a specific brand on REVOLVE. In fact, less than 10% of products added to shopping carts on REVOLVE originate from a brand page. Instead, our community views REVOLVE as their preferred destination to discover what is new and on trend from our edits of more than 1,600 brands, which is very different from other retail destinations. On countless occasions, I have met customers who are excited to share that they are wearing REVOLVE. They can't remember which brand they are wearing, but know they bought it on REVOLVE.

And with that as context, we couldn't be more excited to leverage our brand strength, design talent and operational excellence to provide our customers with a true REVOLVE label.

In March, we introduced REVOLVE Los Angeles, our first ever namesake label, that features elevated apparel and evening wear to fill a genuine gap in the market. It aligns with our expansion into physical retail, allowing customers to engage with our brand in real life and in a more permanent, meaningful way.

We believe this new collection could expand our market opportunity and create a halo effect on the entire business. REVOLVE Los Angeles is just the beginning of a new REVOLVE branded assortment that will extend across categories and price points over time.

Since we see incredible potential for this initiative, we are investing incremental brand marketing dollars to drive its success.

We have invested in elevated print, billboard, YouTube and connected TV brand advertising featuring REVOLVE Los Angeles brand ambassador Bella Hadid, who perfectly embodies the brand's quintessential Los Angeles energy. We estimate that the impactful campaign has already generated more than 200 million impressions, creating one of the most powerful brand moments in our 23-year history. REVOLVE and FWRD also sponsored the ultra-exclusive and prestigious Vanity Fair Oscar after party, where Amelia Gray impressed in a striking black gown from REVOLVE Los Angeles.

These longer-term investments are already creating favorable awareness and moving the needle. During March, consumer interest in the REVOLVE search term increased more than 40% year-over-year, according to Google Trends. We are also continuing to see strength in REVOLVE mobile app downloads, which increased by more than 50% year-over-year in March. This is particularly exciting considering that our mobile app converts at a much higher rate and app customers have the highest expected lifetime value by a wide margin.

Second, REVOLVE Festival:

On April 11th, we hosted our Ninth Annual REVOLVE Festival in Coachella Valley, an exclusive experience where everything we're known for comes to life, blending fashion, community and culture. Every year, we push ourselves to create something more immersive, more unexpected and more iconic than the last. Our team met the challenge and again raised the bar, delivering an incredible lineup featuring Don Toliver, Kehlani and Mustard that captivated the crowd of A-listers and kept the energy buzzing throughout.

Built for the next generation of fashion consumers, REVOLVE Festival ensures that our brand stays connected and strong with the trendsetting young consumers who define what's next. In true REVOLVE fashion, our event transforms every detail into a story worth sharing on social media — with curated photo moments and immersive brand activations that put REVOLVE and FWRD looks at the center of the cultural conversation.

Our brand elevating event delivered an incredible experience to our community of celebrities, brands, content creators, partners and fans attending what one editor called “the real main stage of the weekend.” The impressive range of A-Listers in attendance included Teyana Taylor, who looked stunning in a futuristic gown from our REVOLVE Los Angeles label, BLACKPINK members Jennie and Lisa, who turned heads styled in our Haelo owned brand, Emma Roberts, Gabbriette, Becky G, members of KATSEYE, Damson Idris, Charli and Dixie D’Amelio, members of BINI, Dwyane Wade, Paige Bueckers, Cameron Brink, Tyga, Big Sean, Thomas Doherty, Shaun White, Wiz Khalifa, Rachel Zoe, Victoria Justice, Ty Dolla \$ign, Olandria Carthen, Leah Kateb and Dylan Efron.

The proof of our success is in the incredible numbers. REVOLVE generated the highest earned media value among all brands during both weekends of the Coachella Music Festival, even though our REVOLVE Festival was only held during the first weekend, according to CreatorIQ, an influencer marketing analytics firm. As icing on the cake, the top performing post during the entire Coachella Festival generated nearly \$25 million in earned media value for REVOLVE, according to Meltwater, a media intelligence firm.

Third, Physical Retail:

We remain very excited about the growth opportunity in physical retail over the long term.

As we approach its two-year anniversary, **our Aspen store** continues to achieve great progress on the top-line and conversion gains year-over-year. We are especially pleased with our recent performance considering that Aspen tourism has declined year-over-year in recent months, coinciding with well-below-average snow conditions during the ski season. Our investments in the team, operations and retail technology platform are clearly paying off and further raising the bar on our go-to-market retail strategy.

While our **Los Angeles store at the Grove** is just getting started, several of the early metrics are encouraging. The owned brand mix of net sales at the Grove in Los Angeles is meaningfully higher than online and improving month over month. Also very exciting, even in our LA roots where the REVOLVE brand has the highest consumer awareness, we are seeing a measurable lift in ecommerce sales in the local community surrounding the Grove. This illustrates the halo effect synergies between retail stores and our core ecommerce operations and further validates physical retail as a key growth strategy for increasing brand awareness, acquiring new customers, and expanding our market share as stores generate over 60% of global retail spend on apparel and footwear.

With these positive signals and the momentum of our brands bolstering our confidence, I am thrilled to share that we have signed a lease for an incredible retail store location in Miami. We expect to open our doors by year end in what has become one of our strongest U.S. markets. At a recent Miami event held for our VIP clients, our vibrant community of local customers were beyond excited to learn we were opening a store nearby.

Before I close, I'll provide an update on our joint venture with Grammy award winning performer and global style icon, Cardi B. The partnership leverages our strong operational, brand building and marketing expertise with Cardi's powerful brand, trendsetting fashion and beauty inspiration, and a global audience that extends well beyond our current core target demographic.

We recently launched **the Grow-Good beauty assortment of hair care products** with Cardi, and early results have exceeded expectations. In fact, every product sold out in less than an hour during a March presale event and sold out again in less than an hour when we officially launched the Grow-Good brand in April. Cardi's and our teams did a great job driving awareness leading up to the launch, promoting Grow-Good on impactful social channels, during Cardi's sold out tour of 30 cities across North America, and at REVOLVE Festival. The brand was also prominently featured during Cardi's appearances on the *Today Show*, the *Tonight Show Starring Jimmy Fallon*, and in press features including *WWD*, *Allure*, *Essence*, *Marie Claire* and *People*.

Most striking is Grow-Good's rapid ascent to over 640,000 Instagram followers in a matter of weeks. But compared to Cardi's 164 million Instagram followers, the gap underscores the brand's extraordinary untapped potential as we look ahead.

The market response has been exceptional, and we're moving aggressively to scale on the back of that early demand. We're just getting started and are very excited to build on this early momentum.

Wrapping up, our continued profitable growth and strong balance sheet are strategic advantages that give us the capacity to invest for long term success from a position of strength. With the acceleration in the business, it's clear that our investments are working, setting us up for our next phase of growth. We have incredible momentum and I am more excited than ever about our many initiatives underway that we believe will enable us to gain further market share in 2026 and beyond.

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

JESSE TIMMERMANS, CFO

Thanks, Michael, and hello everyone.

I am very proud of our first quarter results, highlighted by strong double-digit growth in net sales and earnings per share, and meaningful cash flow generation that further solidifies our balance sheet.

I'll start by recapping our first quarter results and then close with updates on recent trends in the business and guidance for the balance of the year.

Starting with the first quarter results....

Net sales were \$343 million, a year-over-year increase of 16%, and a more than 5-point improvement from our net sales growth in the fourth quarter of 2025.

REVOLVE Segment net sales increased 15% and **FWRD Segment net sales** increased 17% year-over-year in the first quarter.

By territory, domestic net sales increased 15% and **international net sales** increased 20% year-over-year.

Growth in trailing 12-month active customers accelerated to 8% year-over-year, increasing to 2.9 million.

Contributing to the strong top line was 12% growth in **total orders placed** year-over-year to 2.6 million.

Average order value was \$298, an increase of 1% year-over-year. The increase was driven by growth in average selling price, or ASP, that was partially offset by lower units per order.

Consolidated gross margin was 52.7%, an increase of 68 basis points year-over-year that primarily reflects meaningful margin expansion in our FWRD segment. The slight margin decline year-over-year in our REVOLVE segment primarily reflects a slightly lower mix of full price net sales compared to the first quarter of 2025, partially offset by shallower markdowns and an increased mix of Owned Brand net sales year-over-year.

Now, moving on to operating expenses....

Fulfillment costs were 3.1% of net sales, outperforming our guidance, and a slight decrease year-over-year.

Selling and distribution costs were 16.8% of net sales, outperforming our guidance by 30 basis points, and a slight decrease year-over-year. Contributing to the better-than-expected result was a decrease in our return rate year-over-year, partially offset by higher shipping costs.

Our **Marketing** investment grew to 15.8% of net sales, an increase of 152 basis points year-over-year. Consistent with our guidance, we meaningfully increased our marketing investments to support exciting growth initiatives, such as the launch of our REVOLVE Los Angeles label.

For the second straight quarter, we achieved operating leverage year-over-year in **general and administrative expenses**, all while making meaningful investments in various growth initiatives. In dollar terms, G&A expense of \$42 million exceeded our guidance. Most of the overage, however, reflects costs that are excluded from Adjusted EBITDA, including nearly \$700,000 in non-routine costs that were not factored in our outlook, and higher-than-anticipated stock-based compensation expense as our business momentum drove an increase in equity compensation tied to performance objectives. To align our interests with shareholders, a meaningful portion of our equity grants are performance based with vesting tied to achievement of long-term targets.

Below the operating line, **Other income** increased to \$2.7 million from \$900,000 a year ago.

Our **tax rate** was 25% in the first quarter, a decrease of approximately 1 percentage point from the prior year.

Net income was \$14 million and diluted earnings per share was \$0.20, an increase of 25% year-over-year.

Adjusted EBITDA was \$21 million, an increase of 9% year-over-year.

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

We generated \$49 million in **net cash provided by operating activities** and \$45 million in **free cash flow**, an increase of 9% and 5% year-over-year, respectively.

The healthy cash flow generation has further strengthened our balance sheet and liquidity. As of March 31, 2026, our balance of total **cash and cash equivalents** increased by \$33 million, or 11%, in just three months compared to year-end 2025. And we continue to have no debt.

Inventory at March 31, 2026 was \$245 million, an increase of 15% year-over-year, broadly consistent with our 16% net sales growth for the first quarter.

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

Starting from the top.... We're off to an encouraging start with net sales through the month of April 2026 increasing by approximately 14% year-over-year.

For modeling purposes, I want to point out that we face more difficult prior-year comparisons for the rest of the second quarter, as net sales in April 2025 following Liberation Day were softer-than-normal due to peak tariff uncertainty, before rebounding into the low-double digit growth territory for the months of May and June 2025.

Shifting to gross margin... We expect gross margin in the second quarter of 2026 of between 54.1% and 54.6%, which implies an increase of 25 basis points year-over-year at the midpoint of the range. For the full year 2026, we now expect gross margin of between 53.5% and 54.0%, which also implies a year-over-year increase of around 25 basis points at the midpoint of the range. The slight decrease from our prior full-year guidance reflects the first quarter results and slightly lower trending of full price mix of net sales year-over-year.

Fulfillment: We expect fulfillment as a percentage of net sales of approximately 3.2% for the second quarter of 2026, consistent with the second quarter of 2025. For the full year 2026, we continue to expect fulfillment costs of between 3.2% and 3.4% of net sales.

Selling and Distribution: We expect Selling and Distribution costs as a percentage of net sales of approximately 17.5% for the second quarter of 2026, an increase of approximately 10 basis points year-over-year. For the full year, we continue to expect Selling and Distribution costs of between 17.1% and 17.3% of net sales.

Marketing: We expect our marketing investment to be approximately 15.7% of net sales in the second quarter and between 15.3% and 15.8% for the full year 2026, unchanged from our prior guidance.

General and Administrative: We expect G&A expense of approximately \$43 million in the second quarter of 2026 and now expect G&A expense of between \$164 million and \$168 million for the full year 2026. Approximately half of the increase from our prior G&A outlook is due to increased performance-based equity compensation expense resulting from our business momentum. We are also increasing our investments in the Cardi B joint venture, to capitalize on the incredible recent launch of Grow-Good Beauty that we believe has tremendous upside potential.

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

To recap, I am very excited about our strong momentum and confident in the promising growth initiatives we are investing behind and that we believe position us well for continued profitable growth and market share gains in the years ahead.

Now we'll open it up for your questions.