REVOLVE

REVOLVE GROUP INC. (NYSE: RVLV) Q2 2026 CONFERENCE CALL

PREPARED REMARKS ON AUGUST 4, 2026

ERIK RANDERSON, SVP INVESTOR RELATIONS

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

Before we begin, I would like to mention that we have posted a presentation containing Q2 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 and luxury brand expansions; our use of AI; our market position and competitive positioning; 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.

We had a very solid quarter, highlighted by strong and profitable growth across segments and geographies leading to continued market share gains. In fact, we achieved double-digit net sales growth across REVOLVE, FWRD, domestic and international for the third consecutive quarter.

Our underlying business metrics illustrate our increased momentum with next-generation consumers. **Trailing 12-month active customers** further accelerated in the second quarter to 11% growth year-over-year, fueled by a record quarterly performance for new customer acquisition and increased engagement from pre-existing customers. The 115,000 increase in active customers in just three months is our highest quarterly growth in four years, which has enabled us to surpass the 3 million active customer milestone in Q2.

Also notable, our **product return rate** decreased year-over-year for the second consecutive quarter, outperforming our expectations. The win reflects a favorable mix shift, helped by successful expansion of product categories outside of our historical core, and continued progress on our initiatives designed to reduce our return rate in customer friendly ways.

And our net sales momentum has continued into the third quarter with **net sales in July** increasing approximately 18% year-over-year, reinforcing my confidence in our path to achieve our goal of double-digit revenue growth for the full year 2026. The continued strong growth signals that our investments in brand, technology and AI, site experience and category expansion are truly paying off.

Beyond the numbers, Michael and I are most excited about the **progress on our longer-term initiatives.** 2026 is a foundational year for REVOLVE focused on successfully launching longer-term investments that we believe have the potential to transform our business over time. I am excited about our early progress against these large opportunities, such as building our physical retail muscle and developing our first-ever REVOLVE namesake label within our Owned Brand assortment. Moreover, our Grow-Good beauty products, developed in partnership with Cardi B, were introduced in the second quarter to much fanfare that exceeded our expectations.

Seeking to capitalize on such growth opportunities, our investments in 2026 have been meaningful, approximating two points of Adjusted EBITDA margin in 2026 to seed these exciting initiatives in our efforts to ensure their long-term success. As a founder-led company bolstered by a rock-solid balance sheet and consistent cash flow generation, Michael and I are focused on maximizing value over the long term. Michael will talk more about each of these initiatives in his remarks.

Underscoring our confidence in our future outlook, we **repurchased nearly 500,000 shares of Revolve Group common stock in the second quarter,** reducing our Class A common shares by more than 1%. The approximately $10 million returned to shareholders represents less than a third of our free cash flow generation year-to-date.

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

Net sales for the second quarter were $347 million, an increase of 12% year-over-year. This marks our third consecutive quarter of double-digit top line growth.

By segment, REVOLVE net sales increased 13% and FWRD net sales increased 11% year-over-year.

By territory, domestic net sales increased 11% and international net sales grew 16% year-over-year.

Gross margin was 56.6%, which included an approximately 160 basis point benefit from IEEPA tariff refunds, up from 54.1% in the second quarter of 2025. Excluding the tariff refund, gross margin increased approximately 90 basis points year-over-year, fueled primarily by successful AI and data-driven recalibrations of our markdown algorithm.

Growth in our operating expenses in Q2 and year-to-date 2026 reflect the strategic investments in longer-term initiatives that we are so excited about, which is particularly evident on the marketing line. In the second quarter, we also experienced elevated logistics cost headwinds, particularly in international markets affected by today's dynamic geo-political environment, where variable fuel and other surcharges on international customer shipments increased meaningfully year-over-year.

Shifting to our bottom-line results…. Net income was $19 million and diluted earnings per share was $0.26, which includes a $0.06 gain from IEEPA tariff refunds. This is an increase from diluted EPS of $0.14 in the second quarter of 2025, which was negatively impacted by a loss on the disposal of a former subsidiary as well as a higher-than-normal tax rate.

Adjusted EBITDA increased to $27 million, including a $5.6 million benefit from IEEPA tariff refunds, and was achieved while heavily investing in the compelling longer-term growth initiatives discussed earlier, all of which we believe could be game changers. This is up from Adjusted EBITDA of $23 million in the second of quarter 2025.

Incidentally, we filed for approximately $8 million in IEEPA tariff refunds, most of which we received and recognized in our second quarter financial results. As a reminder, we successfully mitigated the vast majority of the tariff impact, thanks to the great work, agility and execution by our team.

Now, I'll conclude by recapping our progress against our longer-term strategic priorities and growth drivers. We're advancing on a strong slate of initiatives, and the team's execution has us well-positioned for meaningful, long-term value creation.

- **First, we continue to invest to expand our brand awareness, grow our customer base and strengthen our connection with the next-generation consumer.** We had a very active and impactful second quarter for brand building, featuring incredible activations at REVOLVE Festival and Stagecoach attended by countless A-listers, our first-ever Men's brand marketing and World Cup activations, and aspirational lifestyle events in Monaco and Spain that collectively generated hundreds of millions of press and social media impressions. We are very pleased with the results of our brand building efforts and investments in growth initiatives that drove a record number of new customers and strong growth in active customers in the second quarter.

- **Second, we continue to meaningfully expand our international penetration**, highlighted by 16% net sales growth outside of the U.S. Net sales increased across all regions, with Mexico again delivering exceptional growth on the heels of the marketing and service enhancements discussed last quarter. Most impressively, after a weak start to Q2, the Middle East region rebounded to strong double-digit growth for the quarter, helped by our agility in opportunistically capitalizing on driving demand at a time when competitors pulled back. All told, international generated nearly 23% of total net sales in the second quarter, the highest mix we have ever reported. And yet we still have so much white space for future growth in a market that is more than three times larger than the U.S. opportunity.

- **Third, our second quarter results further validate our successful efforts to expand our share of wallet among our loyal customers**. The Fashion Apparel category outpaced our net sales growth in Q2, driven by particular strength from wardrobe essentials including tops, pants, outerwear, intimates, shorts and jeans. Emerging product areas of Beauty and Men's also continue to perform very well, growing faster than the overall business on a combined basis.

- **Finally, we continue to leverage AI to drive innovation, growth and efficiency across the platform**. I will provide two examples of our incredible progress, one that is customer facing and another that has delivered huge gains for internal analytics, strategy and faster decision making.

First, I am excited by the promising evaluations of an enhancement to our on-site search algorithms that will soon allow consumers to upload photo images to discover similar items from our assortment. For example, a customer could upload a photo of a celebrity wearing a cute dress, and our AI-driven innovation will show the exact item, if available, along with similar items on REVOLVE. We expect the innovation to elevate product discovery and drive increased customer engagement and fashion inspiration – and serve as foundational technology for future enhancements. Testing of this feature on the REVOLVE site will begin in the coming weeks.

Shifting gears, we have also leveraged AI technology to develop proprietary data repositories that serve as powerful in-house analytics tools. For example, our team members can now query our full data warehouse in plain English — with AI agents returning insights in minutes, with full reporting and analysis. Particularly exciting is a related feature we have developed from scratch to help us elevate the shopping experience and drive higher conversion in our retail stores. Leveraging AI, we built custom algorithms to analyze store visual feeds to provide insight into store performance. As a result, we can now see in real-time the traffic and conversion rates by store and floor, among many other metrics. This AI innovation has helped us to build the foundational data pieces for physical retail that we have always had in ecommerce.

To wrap up, our business momentum is strong and we are making great progress advancing our exciting longer-term initiatives that further strengthen our foundation for profitable growth. I want to thank our team for their focus, dedication and resilience that have played such critical roles in delighting our customers every day and positioning the company for future success.

Now, over to Michael.

MICHAEL MENTE, CO-FOUNDER AND CO-CEO

Thanks Mike, and hello everyone.

We delivered another quarter of double-digit, profitable growth, while continuing to invest in long-term strategies that we believe will strengthen our brands and accelerate our growth potential.

We believe our market share gains validate our core competitive advantages, which position us for continued success over the long term: our 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:

- Owned brands and our new REVOLVE namesake label
- FWRD's momentum in the luxury market
- Physical retail expansion
- And our joint venture with Cardi B.

First, Owned Brands:

Our Owned Brand penetration of REVOLVE Segment net sales increased year-over-year for the 6th consecutive quarter in Q2, with even more excitement and newness ahead in the second half of the year.

In late June, we dropped our second assortment of **REVOLVE Los Angeles**, the Summer collection of our first-ever namesake label. Our brand campaign featured REVOLVE Los Angeles brand ambassador, Irina Shayk, who perfectly showcased our brand vision of effortless glamour and confidence. I am thrilled to share that the sell-through metrics for REVOLVE Los Angeles drop number two are even stronger than our first assortment in the early going.

Our REVOLVE namesake label is a multi-year journey. The focus in this initial stage of the journey is to build the brand with a disciplined and thoughtful approach through an integrated product, merchandising and marketing strategy. The initial drops are beautiful statement pieces offered at higher-than-average price points that will help establish the premium, aspirational positioning of the REVOLVE Los Angeles brand in the eyes of consumers while also providing a halo for the broader REVOLVE brand and ecosystem, both online and in store. We are deeply investing in marketing strategies to build favorable brand awareness that will be the foundation for driving more meaningful sales volume in 2027 and beyond. To that end, following this initial brand building phase, we plan to introduce REVOLVE branded offerings in greater depth across additional categories and price points to drive increased demand and higher sales volumes.

We are truly encouraged with our progress to date with REVOLVE Los Angeles. The product looks incredible and everything is moving ahead as we have envisioned.

Second, FWRD:

Our FWRD Segment delivered 11% net sales growth year-over-year, roughly four times the estimated growth rate of the global personal luxury goods market in 2026, according to Bain Altagamma research. FWRD was also a key contributor to our strong second quarter for customer acquisition that Mike discussed.

An encouraging rebound in handbags net sales growth in recent months was a key driver of FWRD's impressive growth, including our FWRD Renew pre-owned luxury handbags that are available online and prominently showcased at our retail locations.

Also significant, luxury brands are increasingly creating in-demand products that are exclusively available on FWRD. In June, we launched our **Second Annual FWRD Summer Club capsule** that features exclusive-to-FWRD styles from coveted luxury brands including Missoni, the Attico, Cult Gaia and SAME, as well as a first-ever Flòwze x Éliou collaboration. Net sales for the Summer Club capsule increased nearly 50% year-over-year, resulting in very positive feedback from our brand partners.

In an industry scarred by retailer bankruptcies in recent quarters, luxury brands increasingly recognize FWRD as a clear winner in the space for the long term. As such, we were proud to recently launch **Christian Louboutin** on FWRD, an iconic luxury brand with only limited wholesale distribution, including Women and Men's collections.

Third, Physical Retail:

We remain very excited about the growth opportunity in physical retail ahead of us.

With learnings from Aspen and Los Angeles and supported by ongoing investments in our team, operations and retail technology platform, we are on track to open our third retail store in the fourth quarter. We are excited to expand to greater Miami, a top 5 market for our business, where we will open in **Aventura Mall**, Florida's largest retail destination attracting 30 million visitors annually.

Aventura is a natural fit for our retail strategy — it will expand our brand awareness and addressable market, will enable us to engage more deeply with many new and existing customers, and gives us a stronger platform to increase the penetration of our owned brands. Our strong customer concentration in South Florida has been shopping REVOLVE online for years, and soon we will be able to meet them where they are. REVOLVE's future storefront is centrally located near other premium consumer brands, ideally positioned for Aventura's high traffic volume from locals and international tourists.

Our Aventura store will emphasize experiential retail, including events and activations, for our Millennial and Gen Z consumers who are drawn to immersive, shareable environments that mirror the communities they engage with online. Our brand partners are also excited to participate in store events to create meaningful brand experiences, such as our successful SKIMS activation recently held in our Los Angeles store at the Grove.

We'll have much more to say on this exciting topic during our November earnings call.

Finally, I'll provide an update on our Cardi B joint venture, highlighted by the phenomenally successful **launch of Grow-Good beauty products** in the second quarter.

In short, early demand for Grow-Good offerings has outstripped available inventory across the board. Our first three drops in April, May and early July sold out within hours, with key products selling out within minutes, and our most recent drop in late July had the highest customer repeat rate and highest conversion rate out of any drop thus far.

With such incredible demand, brand heat and growing awareness among Cardi B's massive following, we have ordered a much larger restock of Grow-Good inventory that we expect to begin receiving this fall as we look to build on the strong early market response.

There are many positive signals that reinforce our confidence in the exciting opportunity ahead. In just a few months, the Grow-Good brand has attracted 670,000 Instagram followers, several hundred thousand consumers have requested back-in-stock notifications, and an even larger number have signed up to receive product marketing via email and SMS.

Early **customer reviews** for the products are glowingly positive, with an exceptional customer review score averaging 4.9 out of 5 stars across the Grow-Good product line. This has already led to significant numbers of **repeat purchases**. In fact, nearly a third of Grow-Good's orders in early July were repeat customers who had previously purchased the products in April or May and this ratio was even higher for the most recent drop in late July.

Most exciting is that Grow-Good's gross margin is highly accretive to our business model, directionally similar to our Owned Brands assortment.

Also notable is that Grow Good customers are nearly all incremental, with very little overlap with REVOLVE and FWRD. Exclusively available on Grow-Good's DTC site, every Grow-Good product retails under $20, ideally priced for the mass market.

We're still in the very early innings here, and the momentum has us excited about what lies ahead.

To close, we're energized by the momentum across our business and the breadth of initiatives underway that we believe will fuel growth for years to come. We remain committed to investing in our brands, innovating for our customers, and pursuing the substantial market opportunities ahead of us with the same discipline and ambition that have gotten us here.

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

JESSE TIMMERMANS, CFO

Thanks, Michael, and hello everyone.

We are excited about the current momentum in the business and the progress being made on our growth initiatives that we believe set us up well for further growth and margin expansion. We are very focused on the long term, putting our balance sheet to work by investing in longer-term initiatives to capture further market share, while at the same time, striking a balance by delivering profitable growth in the near term.

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

Starting with the second quarter results….

Net sales were $347 million, a year-over-year increase of 12%, our third consecutive quarter of double-digit growth.

REVOLVE Segment net sales increased 13% and **FWRD Segment net sales** increased 11% year-over-year in the second quarter.

By territory, domestic net sales increased 11% and **international net sales** increased 16% year-over-year.

Growth in trailing 12-month active customers accelerated to 11% year-over-year, surpassing 3 million active customers for the first time. That momentum has carried into the third quarter, reinforcing the strength of our brands.

Contributing to the healthy top-line was 11% growth in **total orders placed** year-over-year to 2.7 million.

Average order value was $299 compared to $300 in the second quarter of 2025. The very slight decrease was driven by initial orders of Grow-Good beauty products, which have much lower price points and average order values. Absent the addition of the Grow-Good business, AOV would have been in excess of $300, reflecting a slight increase year over year.

Incidentally, the Grow-Good product sales are included in the REVOLVE Segment and also within the "Other" category for the net sales by product category disclosures in our 10-Q filing.

Consolidated gross margin was 56.6%, which was positively impacted by 162 basis points from IEEPA tariff refunds received during the quarter, up from 54.1% in the second quarter of 2025. Excluding the tariff refunds, gross margin increased approximately 90 basis points year-over-year with margin expansion across both segments.

The Q2 financial highlights presentation posted on our investor relations website today has a breakdown of the tariff refunds recorded to cost of goods sold, split between the two operating segments.

Now, moving on to operating expenses….

Fulfillment costs were 3.3% of net sales, a slight increase from 3.2% in the second quarter of 2025.

Selling and distribution costs were 17.9% of net sales and slightly above our guidance range. The 47 basis-point increase year-over-year primarily reflects increased costs for customer shipments, including variable fuel surcharges elevated by the geopolitical environment, partially offset by a reduced product return rate.

Our **Marketing** investment was 16.5% of net sales, an increase of 130 basis points year-over-year and higher than our guidance. As with the first quarter, we meaningfully increased our marketing investments to support our growth initiatives, such as our new REVOLVE Los Angeles label and we are continuing to test and invest in new marketing channels this year for the first time, such as connected TV, which have contributed to some of the variability quarter to quarter.

General and administrative expenses were $43.4 million, an increase of 13% year-over-year, and slightly above plan as certain strategic growth investments advanced more quickly than we anticipated. Zooming out, the three largest contributors to increased G&A spending year-over-year in the second quarter relate to the longer-term investments in our REVOLVE namesake label, physical retail, and our joint venture with Cardi B – all of which we are incredibly excited about.

Below the operating line, in the second quarter, we recorded **Other income** of $2.3 million, an increase from recording **Other expense** of $2.9 million a year ago. Recall that results for the second quarter of 2025 included a $2.4 million loss from the disposal of a former subsidiary as well as higher-than-typical foreign exchange losses within Other expense.

Our **tax rate** was 25% in the second quarter, consistent with our guidance, and a decrease of nearly 9 percentage points from the prior year.

Net income was $19 million and **diluted earnings per share** was $0.26, which includes a $0.06 positive impact from IEEPA tariff refunds. This compares to diluted EPS of $0.14 in the second quarter of 2025, which was negatively impacted by the charge from the disposal of a former subsidiary and higher-than-typical foreign currency exchange losses noted earlier, as well as a higher-than-normal effective tax rate.

Adjusted EBITDA was $27 million, including a $5.6 million positive impact from IEEPA tariff refunds, achieved while heavily investing in the compelling longer-term growth initiatives. This was a 17% increase from Adjusted EBITDA of $23 million in the second of quarter 2025.

Moving on to the balance sheet and cash flow statement…

Net cash used by operating activities was $8 million and **free cash flow** was negative $11 million in the second quarter, primarily due to unfavorable working capital movements that more than offset the increased net income. For the 6-month year-to-date period in 2026, we generated positive operating cash flow and free cash flow of $41 million and $34 million, respectively.

Our strong financial position enabled us to continue to invest in the business while at the same time, returning capital to stockholders through the **repurchase of Class A common shares** as part of our commitment to enhancing shareholder value. During the second quarter, we repurchased nearly 500,000 Class A common shares at an average price of $19.98, retiring more than 1% of our Class A common stock in just three months.

Inventory at June 30, 2026 was $276 million, an increase of 25% year-over-year. Of note, the year-over-year growth in inventory is skewed by tariff-related delays experienced in the second quarter of 2025 that resulted in a year-over-year decline in inventory in last year's second quarter. On a two-year stacked basis comparing our results to the second quarter of 2024, our net sales growth outpaced our inventory growth by approximately 5 percentage points.

As of June 30, 2026, our balance of total **cash and cash equivalents** was $312 million, an increase of $1 million year-over-year. And we continue to have no debt.

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

But before I do, there are a few items that deserve mention to provide additional color as it relates to our guidance outlook for the balance of the year.

First: We still have an additional $1.4 million in outstanding potential IEEPA tariff refund claims that we have not received or included in our financials or guidance.

Second: Increased net sales of Grow-Good beauty products in the second half of 2026 could lead to further downward shifts in our combined average order value year-over-year. On the other hand, Grow-Good's unit economics are highly accretive to our gross margin and bottom-line profitability, so it is a trade we're happy to make.

And third: Given the reduction in our return rate in the first half of the year, we're feeling more confident in the opportunity to drive it down further over time — though we're not yet baking that into our guidance.

With that, let's start from the top…. We're off to an encouraging start with net sales through the month of July 2026 increasing by approximately 18% year-over-year, a 6-point acceleration compared to our growth rate in the second quarter of 2026.

Shifting to gross margin… We expect gross margin in the third quarter of 2026 of between 53.5% and 54.0%, which implies a decrease of approximately 88 basis points year-over-year at the midpoint of the range. Embedded in our guidance assumptions are the more difficult gross margin comparisons from the third quarter of 2025, which increased roughly three and a half points last year and meaningfully benefitted from the data-driven recalibration of our markdown algorithms. Consistent with year-to-date trends, we also expect our full price mix of net sales to remain slightly lower year-over-year, but still very strong relative to the broader market.

For the full year 2026, we continue to expect gross margin of between 53.5% and 54.0%, which implies a year-over-year increase of around 25 basis points at the midpoint of the range.

Fulfillment: We expect fulfillment as a percentage of net sales of approximately 3.4% for the third quarter of 2026 and between 3.2% and 3.4% of net sales for the full year 2026, unchanged from our previous guidance.

Selling and Distribution: We expect Selling and Distribution costs as a percentage of net sales of approximately 17.5% for the third quarter of 2026, consistent 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% of net sales in the third quarter and north of 16% of net sales in the fourth quarter with some key brand building investments planned in Q4. For the full year 2026, we now expect our marketing investment to be between 15.8% and 16.0% of net sales, an increase that largely reflects the second quarter performance and continued investments in our longer-term growth initiatives.

General and Administrative: We expect G&A expense of approximately $43.5 million in the third quarter of 2026 and now expect G&A expense of between $170 million and $172 million for the full year 2026 as we continue to prudently invest in key growth opportunities such as the REVOLVE namesake label, physical retail and the Cardi B joint venture.

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 the momentum in the business and believe the growth initiatives we're investing behind have the potential to supercharge our profitable growth and market share gains in the years ahead.

Now we'll open it up for your questions.