REVOLVE

REVOLVE GROUP INC. (NYSE: RVLV) Q3 2026 CONFERENCE CALL

PREPARED REMARKS ON NOVEMBER 3, 2026

ERIK RANDERSON, SVP INVESTOR RELATIONS

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

Before we begin, I would like to mention that we have posted a presentation containing Q3 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; shipping and freight costs; return rates; 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 delivered a strong quarter, with outstanding top line growth. Net sales grew 20% or more across both segments, REVOLVE and FWRD, and in domestic and international markets.

Also notable is the great momentum in our underlying business metrics. **Active customers** increased 18% year-over-year, and grew 202,000 sequentially, the most we've ever added in a single quarter. The year-over-year increase represents an acceleration of 7 percentage points from last quarter, driven by a record quarter for new customer acquisition and increased engagement from existing customers.

Our strong top-line results and the momentum in our customer base in recent quarters is especially noteworthy in an environment where many in our industry have seen softer trends. We believe that it shows that our investments are delivering results and reflects the team's disciplined execution against our key growth initiatives.

Another bright spot in the third quarter was **product returns**. Our return rate decreased by more than two percentage points from a year ago, better than we expected. Category diversification was a big driver, along with initiatives to reduce returns in ways that are good for the customer. That also helped absorb the impact of higher fuel surcharges on our logistics costs this quarter. And we've now lowered our return rate year-over-year in 8 of the last 10 quarters.

With that context, let me step back and briefly recap the quarter. Jesse will provide more detail in his remarks.

Net sales were $356 million, up 20% year-over-year. Notably, sales in our mobile app have been growing much faster than our other channels in recent quarters. Strong growth in app downloads has helped, and the app is becoming a bigger part of our overall mix. That's important because on average these are our most valuable customers. They order more often, convert at higher rates, and spend more than customers in any other channel.

Coming into the year, we set a goal of returning to double-digit net sales growth in 2026. With three quarters done, we're well positioned to deliver on that goal. Net sales are up 16% year-over-year through the first nine months, and this is our fourth straight quarter of double-digit growth, going back to the fourth quarter of last year. We believe that's evidence that our investments in brand, technology and AI, site experience, and category expansion are paying off.

Gross margin was 53.9%, near the high end of our guidance range and down 75 basis points year over year against a difficult prior-year comparison.

Adjusted EBITDA was $23.5 million, down 7% year-over-year, reflecting the investments in growth initiatives that we're making this year. Also, recall that our Adjusted EBITDA grew 45% year-over-year in the third quarter of 2025, so our results still reflect healthy 34% growth on a two-year basis compared to the third quarter of 2024.

Earnings per diluted share were $0.20, compared to $0.29 last year, when we benefited from an insurance recovery equivalent to $0.05 per share.

As we've discussed on prior calls, 2026 is a foundational investment year for us, focused on launching longer-term initiatives that we believe have the potential to meaningfully shape our business over time. I am encouraged by our progress against these large opportunities, such as physical retail, developing our first-ever REVOLVE namesake label within our Owned Brand assortment, and launching a successful joint venture with Cardi B. We also continue to invest to extend our track record in deploying AI technology across the business, which has contributed to both growth and efficiency.

As a founder-led company bolstered by a rock-solid balance sheet, Michael and I are focused on maximizing value over the long term. Michael will talk more about our progress on each of these initiatives in his remarks, as well as our new joint venture with Donatella Versace we are very excited about.

Importantly, we expect to resume Adjusted EBITDA margin expansion in 2027 after this investment year.

Shifting to our longer-term priorities, I'm excited about our progress on a number of key initiatives:

- **First is brand building investments to help us grow our customer base and deepen our relationships with existing consumers.** The third quarter was a busy one, highlighted by events celebrating the launch of our inaugural REVOLVE Magazine, which we timed with the third drop of REVOLVE Los Angeles. We believe our investments in brand building contributed to the strong new customers growth and the acceleration in active customers that I discussed earlier.

- **Second is international.** Net sales outside the U.S. grew 22% year-over-year, and every major region grew double-digits. That's the 15th straight quarter international has grown faster than the U.S. We're seeing particular strength in emerging markets, where we're applying what we learned in Mexico to build customer engagement, and we think there's a lot of opportunity ahead.

- **Third is category expansion**. The Handbags, Shoes and Accessories and the Fashion Apparel categories both grew faster than total net sales this quarter, led by wardrobe essentials like tops, pants, shorts and outerwear. Our newer product areas, Men's and Beauty, are together growing much faster than the overall business, and are also contributing to the reduction in our return rate.

- **Finally, we continue to leverage AI to drive innovation, growth and efficiency across our platform and throughout the company**. Last quarter, I discussed AI-enabled enhancements to our on-site search that let customers upload photos to discover products more easily. Building on that, we recently tested and rolled out new AI powered search filters that allow mobile customers to refine their searches by color, price point and product category. This feature was built internally, and we've seen a meaningful lift in the conversion rate among mobile customers who use it.

- **Another example we're especially excited about is a custom mobile app for our store associates.** Using AI, the team built the app in less than a week and it's already showing great results. Associates scan the styles a customer selects on the sales floor, and the app searches available inventory throughout the store. It also suggests similar and complementary styles, which helps associates build a complete look for the fitting room. Our operations team uses the same app to pull the styles and stage the fitting room for customers. Since we rolled it out at the Grove in August, our conversion rate there has experienced meaningful sequential growth each month. In addition to the customer experience and conversion rate benefits, it has also further strengthened our real-time reporting and analytics.

Let me close by providing some additional context as it relates to our optimism in our longer-term growth algorithm.

We recently commissioned an independent market research study that offered some useful insights. First, even with trailing 12-month net sales of nearly $1.4 billion, unaided brand awareness for REVOLVE remains below 5%, which we view as a significant opportunity**.** At the same time, our customers are strong advocates. Among the 15 well-known retailers in the survey data, REVOLVE ranked first for net promoter score. That fits with what we see in our own data, where revenue retention among tenured customer cohorts has been consistently very high, with productivity from these customers increasing meaningfully beyond their first purchase.

We believe the combination of the opportunity in brand awareness and our strong and growing active customers base further builds on our foundation for continued future profitable growth for years to come.

To wrap up, we are encouraged by our business momentum and by the strong progress we're making on our long-term strategic investments, which we believe further strengthen our foundation for profitable growth.

I want to thank our team for their exceptional efforts day in and day out. Michael and I are fortunate to work alongside such a talented, dedicated and passionate group of people, and they have us well positioned for the opportunities ahead.

Now, over to Michael.

MICHAEL MENTE, CO-FOUNDER AND CO-CEO

Thanks Mike, and hello everyone.

It was another quarter of strong growth and meaningful progress on the long-term investments that we believe will strengthen our brands and position us for continued profitable growth in the years ahead.

Today I'll focus on three of those areas:

- Brand building
- Partnerships, and
- Physical retail expansion

First, brand building:

It was a busy and productive quarter for brand building, headlined by the **launch of our inaugural REVOLVE Magazine,** which coincided with the third drop of our REVOLVE Los Angeles label.

The magazine is a true complement to our world-class digital content, and lets us have a longer conversation with our customers and create deeper connections. We brought the heat, creating three separate covers that feature REVOLVE Los Angeles on fashion trendsetters Teyana Taylor, Alex Consani and Kendall Jenner – who have more than 300 million social media followers combined.

The magazine beautifully integrates all aspects of our business, including our FWRD, Beauty and Men's offerings -- connecting our editorial storytelling to REVOLVE's product universe through shoppable QR codes that link to our site. Featuring aspirational names in fashion that speak directly to the REVOLVE customer, including Irina Shayk, Becky G, Cameron Brink and Dwyane Wade, it brings our brands to life in exciting new ways.

We hosted a Magazine launch event during Paris Fashion week that Vogue called "one of the chicest fashion parties of the season," attended by A-Listers such as Kendall Jenner, Rosie Huntington Whiteley, Amelia Gray Hamlin, Anok Yai, Adriana Lima, and Olandria.

The launch was orchestrated with a seamlessly executed marketing campaign that amplified our brand across multiple consumer touchpoints, resulting in strong brand signals following the event. For instance, REVOLVE Los Angeles drop #3 has been our best-performing yet. A video of REVOLVE Los Angeles ambassador Alex Consani featured on our REVOLVE YouTube channel has generated more than 600,000 views organically. This builds on the rapid growth of our YouTube owned channel views, which increased more than 50% year-over-year in the third quarter.

We also recently announced two key investments that meaningfully advance our brand building efforts.

To build on the continuing success of our Men's business that represents an increasing mix of net sales, we've appointed **Dwyane Wade,** the NBA champion and entrepreneur, to the newly created role of Chief Performance Officer. He will serve as the face and strategic advisor for our Men's fashion initiatives across FWRD and REVOLVE, as we look to further accelerate growth.

We've also expanded our long-term partnership with **Kendall Jenner**, who is now FWRD's Global Creative Director. She'll continue to guide FWRD's creative direction across brand curation, trend edits and major marketing initiatives. In her new role, Kendall is also an ambassador for REVOLVE Los Angeles, and was featured prominently in our inaugural REVOLVE Magazine and marketing campaigns.

Second, Partnerships.

We're excited to have announced a joint venture with the legendary **Donatella Versace**, one of the world's most iconic fashion designers, to create a new beauty and fashion business built around how a new generation discovers style, shops and connects.

Donatella spent decades guiding the creative vision of a global fashion house with more than $1 billion in annual revenue. She will now lead the creative vision of our joint venture as chief creative officer, shaping the brand's identity, products and collaborators. REVOLVE will power the business with our capabilities in digital commerce, technology, consumer intelligence and operations. The announcement drew significant global media attention, generating nearly 6 billion press impressions according to Cision, the industry standard for media analytics, the most of any announcement in our history.

We believe this reaction, combined with Donatella's global profile, reflects real excitement and anticipation for what we'll create together. We look forward to sharing more about our plans in the months ahead.

Turning to our joint venture with Cardi B, Grow-Good delivered strong growth in the third quarter, with net sales nearly doubling sequentially, and ranking among our top 10 selling brands. Repeat purchases among existing customers have increased meaningfully over the past three months, and the products continue to receive strong reviews from customers and beauty editors. Also encouraging, even in this early stage, the Grow-Good business is already accretive to our bottom-line profitability.

After selling out several times early on, all Grow-Good products are back in stock. That allows us to begin investing in marketing to build awareness, including mini versions launching later this month to encourage customers to try the product ahead of the holidays. Cardi's profile and significant social following continues to support awareness, including activations around her recent headliner performances at the iHeart Music and Create & Cultivate festivals.

Lastly, we recently disclosed our $11 million investment in the activewear brand 437 that we made in January. This investment is a proven example of our thesis that REVOLVE can bring its best-in-class marketing, technology and operations capabilities to support emerging brands and founders, helping take their business to the next level. 437's direct to consumer business net sales nearly doubled year-over-year in the month of September, and the brand has been our top activewear brand on REVOLVE and FWRD year-to-date. It is performing particularly well in our stores, including at the Grove, where we're currently hosting a shop-in-shop. The partnership has been great and the investment has contributed nearly $900,000 in equity earnings so far this year through September.

Finally, Physical Retail:

Our third store, at Aventura Mall in greater Miami, opened ahead of schedule and under budget in late September and has outperformed our projections in its early weeks. Owned brands are generating nearly 60% of net sales in the store so far, more than double our online penetration. Because owned brands carry much higher gross margins, this supports our belief that physical retail can provide meaningful margin accretion over time.

We celebrated the grand opening with Li Ning and our new Chief Performance Officer, Dwyane Wade, unveiling a curated selection of footwear and apparel from his Way of Wade brand, including styles exclusively available through REVOLVE. Fans lined up out the door to meet the NBA and Miami legend in person.

We're also very encouraged by the progress at The Grove in Los Angeles and in Aspen, where performance has improved steadily since we opened in early 2024. Based on that demand, our Aspen store, at about 3,100 square feet, is too small to realize its full long-term potential. With that, I am excited to share that we've signed a multi-year lease to more than double its size, meaningfully expanding our growth potential in the market. Ahead of construction, which we expect to begin in early 2027, we'll move into a temporary store of more than 8,500 square feet, nearly three times the size of the existing Aspen store.

One metric that illustrates our progress in retail: **omni-channel customers** who engage with us online and in store spend nearly three times as much as single-channel customers. This highlights the opportunity to engage more of our ecommerce customers in store as we expand our footprint.

Our investments in our team, operations and retail technology are showing results, and we're increasingly confident in the opportunity in physical retail.

To close, we're energized by the momentum across our growth initiatives. Net sales growth of 20% across the business, accelerating customer growth, and FWRD's outperformance in luxury show our brands resonating with consumers. Physical retail is off to a strong start in the early innings, and category expansion and our partnerships are adding new growth drivers. We believe all of this positions us for profitable growth and continued share gains in the years ahead.

With that, I will turn it over to Jesse to discuss the financials.

JESSE TIMMERMANS, CFO

Thanks, Michael, and hello everyone.

We're delivering strong top-line growth while investing for the long term, and we remain focused on balancing those investments with a return to margin expansion in the near future.

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

Starting with the third quarter results….

Net sales were $356 million, a year-over-year increase of 20%, our fourth consecutive quarter of double-digit growth.

REVOLVE Segment net sales and **FWRD Segment net sales** each increased 20% year-over-year in the third quarter.

By territory, domestic net sales increased 20% and **international net sales** increased 22% year-over-year.

Growth in trailing 12-month active customers accelerated to 18% year-over-year, a 7-point improvement from our growth rate in the second quarter of 2026.

Contributing to the strong top-line was 19% growth in **total orders placed** year-over-year to 2.7 million, and a more than two-point reduction in our **return rate** year over year.

Average order value was $292 compared to $306 in the third quarter of 2025, a 5% decrease year-over-year 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 relatively flat year-over-year.

Consolidated gross margin was 53.9%, near the high end of our guidance range, and a decrease of 75 basis points year-over-year, as we lapped the significant gross margin gains from the prior year resulting from the AI driven optimization of our markdown algorithms.

Now, moving on to operating expenses….

Fulfillment costs were 3.4% of net sales, a slight increase from 3.3% in the third quarter of 2025.

Selling and distribution costs were 17.8% of net sales and slightly above our guidance. The 35 basis-point increase year-over-year primarily reflects increased costs for customer shipments, including much higher fuel surcharges year-over-year that are variable with the elevated fuel costs, partially offset by a reduced product return rate.

Our **Marketing** investment was 14.3% of net sales, an increase of 60 basis points year-over-year. Marketing outperformed our guidance by approximately 70 basis points, largely due to timing shifts as certain events initially slated for late in the third quarter moved into the fourth quarter.

General and administrative expenses were $46.2 million, an increase of 20% year-over-year, and above our guidance. Key drivers of increased investment center around our growth initiatives, including strengthening the foundation for physical retail that we feel great about, as well as Grow-Good and initial costs related to our new Donatella Versace joint venture announced last month.

Below the operating line, **Other Income, net** was $2.0 million, a significant decrease from $7.3 million in the prior-year quarter. Recall that results for the third quarter of 2025 included a $4.5 million gain from an insurance recovery.

Our **tax rate** was 27% in the third quarter, two points higher than the prior year period.

Net income was $15.5 million and **diluted earnings per share** was $0.20, compared to diluted EPS of $0.29 in the third quarter of 2025, which included an insurance recovery equivalent to approximately $0.05 per diluted share.

Adjusted EBITDA was $23.5 million, a decrease of 7% year-over-year, achieved while investing in several meaningful growth initiatives for the long-term.

Moving on to the balance sheet and cash flow statement…

Net cash used in operating activities was $24 million and **free cash flow** was negative $27 million in the third quarter, primarily due to unfavorable movements in working capital. For the 9-month year-to-date period in 2026, we generated positive operating cash flow and free cash flow of $17 million and $7 million, respectively.

Inventory at September 30, 2026 was $293 million, an increase of 23% year-over-year, and two points higher than our net sales growth year-over-year. This relationship improved sequentially from our 12-point spread between inventory growth and net sales growth year-over-year in the second quarter of 2026.

As of September 30, 2026, our balance of total **cash and cash equivalents** was $285 million, and we continue to have no debt.

Now, let me update you on some recent trends in the business since the third 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 a solid start with net sales through the month of October 2026 increasing by a mid-teen percentage year-over-year.

For modeling purposes, I want to point out that we face much more difficult prior-year comparisons for the rest of the fourth quarter. A year ago, we disclosed that our net sales in October 2025 increased by a mid-single digit percentage year-over-year. For the remaining two months of last year's fourth quarter, our net sales growth rate improved well into the double digits, leading to 10% net sales growth year-over-year for the full fourth quarter of 2025.

Shifting to gross margin… We expect gross margin in the fourth quarter of 2026 of between 52.3% and 52.8%, which implies a decrease of approximately 75 basis points year-over-year at the midpoint of the range, in line with our third quarter performance. Consistent with year-to-date trends, we 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 have tightened our range to the high end of our prior guidance and now expect gross margin of between 53.9% and 54.0%.

Fulfillment: We expect fulfillment as a percentage of net sales of approximately 3.3% for the fourth quarter of 2026 and for the full year 2026, unchanged from the midpoint of our previous guidance.

Selling and Distribution: We expect Selling and Distribution costs as a percentage of net sales of approximately 17.6% for the fourth quarter of 2026, which implies an increase of approximately 90 basis points year over year. For the full year, we have increased our guidance to 17.5% of net sales, reflecting freight cost pressures in the third quarter that have continued into October.

Marketing: We expect our marketing investment to be approximately 16.9% of net sales in the fourth quarter, which includes investment that shifted out of the third quarter due to the timing of brand building events. For the full year 2026, we expect our marketing investment to be 15.9% of net sales, unchanged from the midpoint of our previous guidance.

General and Administrative: We expect G&A expense of approximately $46.1 million in the fourth quarter of 2026 and now expect G&A expense of $178 million for the full year 2026 as we continue to prudently invest in key growth opportunities for the long term.

And lastly, we are narrowing our **effective tax rate** guidance to a range of between 25% and 26% for the full year 2026.

To recap, as we move through this investment year and look ahead to 2027, I'm encouraged by the momentum we're seeing in the business and the progress on our longer-term growth initiatives, the combination of which I believe lays the foundation for profitable growth, margin expansion and continued share gains.

Now we'll open it up for your questions.